California Cooperatives:

Today's Landscape of Housing Cooperatives

{ Project Equity }

California Center for Cooperative Development

Sustainable Economies Law Center

The James Irvine Foundation

A NOTE FROM THE AUTHORS

This paper has been a labor of love. We appreciate the opportunity to share our passion for cooperatives and the positive impact that they are making — and can make — throughout California. Our desire is that the information and perspectives shared here will inspire you to participate in and support cooperatives, both personally and professionally, and to advocate for coops as a way to address the social and economic challenges facing our state.

To our knowledge, the information about worker, housing and childcare cooperatives presented here has not been previously compiled in one publication. Our goal is to present the worker, housing and childcare sectors in the context of the cooperative movement, and to provide easy-to-use information about each cooperative sector. To this end, the report includes landscape and strategy analyses, brief historical backgrounds and recommendations, as well as data, stories, and coop profiles that together demonstrate the impact of cooperatives. Also included are relevant legal statutes; the location and names of California cooperatives in each sector; and references to additional information. To help those who want to take a deeper dive into cooperatives, we compiled annotated bibliographies for each sector, which are included in the appendices of the separated, sector-specific versions of the report.

Thank you to all who contributed to this paper and to everyone who works toward building and strengthening the legacy of our vibrant coop community in California.

Hilary Abell, Kim Coontz and Ricardo Nuñez

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for supporting and funding this publication from the initial concept through to completion. Your partnership has been invaluable!

This report is the outcome of a team effort. The primary authors each took responsibility for specific sections, but collaborated on overview sections and provided edits and feedback to one another. Coordination assistance from Annie Palacios and Franzi Charen, and editorial discussions with Karen Kahn were invaluable.

The following pages are part of a larger report called *California Cooperatives: Today's Landscape of Worker, Housing and Childcare Cooperatives*. The entire report is the outcome of a team effort. The primary authors each took responsibility for specific sections, but collaborated on overview sections and provided edits and feedback to one another. Coordination assistance from Annie Palacios and Franzi Charen, and editorial discussions with Karen Kahn were invaluable.

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TABLE OF CONTENTS: CALIFORNIA HOUSING COOPERATIVES

ABSTRACT

The dire state of housing in California demands a solution. In this chapter, we demonstrate that a particular form of cooperative housing–the limited equity housing cooperative (LEHC)–is uniquely positioned to address this crisis.

LEHCs have several advantages over other types of affordable housing: resident ownership, democratic decision making, and statutory mechanisms that preserve affordability (through resale restrictions) and perpetuity of purpose (transfer of property can only be for nonprofit purposes). By creating an affordable and inclusive housing opportunity for low- and moderate-income households, LEHCs bring a measure of racial and economic justice to the housing sector. LEHCs have a long history of success in California and throughout the country and exist within a well-established national cooperative ecosystem.

INTRODUCTION:
A SOLUTION TO CALIFORNIA'S HOUSING CRISIS

California is in the midst of a long, protracted housing crisis. The median home price, $600,000, is twice that of the national median (Buhayar & Cannon, 2019). Across all income levels, 42% of homeowners and renters are cost-burdened, meaning that 30% or more of their income is spent on housing. This is the highest level of cost-burdened households in the country, a condition brought on by a severe housing shortage coupled with a lack of strategies to maintain affordability.[1] The state ranks 49th in housing units per resident (Buhayar & Cannon, 2019).

As California tackles its housing crisis, cooperative housing models, particularly limited equity housing cooperatives (LEHCs), are an underutilized, proven strategy for creating stable, affordable housing. A mutual self-help model, sometimes referred to as an intermediary form of homeownership (as compared to single-family homeownership), housing cooperatives offer multiple benefits:

- Self-sustainable, democratically controlled ownership opportunities;
- Quality housing for people with low and moderate incomes, and an option for middle-income households priced out of traditional ownership;
- Permanent price-stabilization; and
- Fewer financial risks for families, who benefit from group purchasing power and avoid individual financial responsibility for unexpected repairs and an individual mortgage (payments that can overwhelm a household during difficult economic times).

[1] Most construction in California is concentrated on high-tier construction rather than lower-priced beginner homes, because this yields builders the highest profit (Crane et al., 2019).

Recommendations to Further the Development of LEHCs

1. Increase visibility through education and technical assistance to broaden knowledge and understanding.

a) Educate policy makers, financial institutions, and affordable housing developers about LEHCs, including financing mechanisms.

b) Provide LEHC purchase preferences for surplus property and include technical assistance for residents to form and finance LEHC development.

c) Require (and finance) annual governance education as part of the operating budget of LEHCs.

2. Expand LEHC development and innovations.

a) Incorporate the LEHC model into the state's strategy to expand reasonably priced homeownership opportunities and to solve workforce housing shortages.

b) Identify LEHCs as eligible for all affordable housing and home ownership funding programs.

c) Recognize the role LEHCs play in providing affordable units in integrated housing development.

d) Promote housing justice by encouraging innovative models that include LEHC components.

For housing cooperatives to have a real impact on California's housing crisis, however, the legislature needs to create a more supportive legal and regulatory environment. As we discuss below, legislation can open the door to resident ownership through tenant opportunity-to-purchase requirements, which give LEHCs and community land trusts purchase preference when the state makes "surplus properties" available through auction or other means.

In this section we review the dimensions of the housing crisis, particularly racial disparities; the legal definition, operation, and ecosystem that supports housing cooperatives; the history of housing cooperatives and the policies and practices that made LEHCs, in particular, a welcome housing option for people of color; barriers to widespread development of housing cooperatives; and finally, recommendations for expanding the role of LEHCs in solving the housing crisis.

LEHC recommendations, continued

3. Reform legal and regulatory frameworks.

a) Address the myriad of regulatory conflicts that stymie LEHC development and seek long-term remedies, such as distinguishing cooperatives from other "common interest" developments.

b) Develop opportunity-to-purchase initiatives for tenants in rental properties and manufactured home parks.

c) Adopt statutes that foster the conversion of manufactured home parks (MHPs) to resident cooperatives to preserve naturally occurring affordable housing.

d) Allow LEHCs to qualify for welfare tax exemptions when they have households that qualify for housing subsidies.

SECTION 1: WHAT IS THE VALUE OF HOME OWNERSHIP?

Americans value homeownership, and research demonstrates that homeownership offers real social and economic benefits for families.[2] Homeownership increases the financial predictability and stability of households and has been linked with higher rates of life satisfaction, political participation, and voluntarism (McArthur & Edelman, 2017). The benefits of homeownership are also associated with improved "life chances" of children, including a significant positive effect on educational achievement (associated with higher wages as adults), reduced engagement with law enforcement, and reduced teen pregnancy rates (Herbert & Belsky, 2006).

It is not homeownership per se that likely contributes to better life chances; it is what homeownership brings: stability. People who own their homes are less vulnerable to the precarities of renting: price increases, displacement due to landlord actions or resident reactions to their housing situation, and a persistent lack of affordable housing.

[2] Studies control for factors such as income, race, and age.

Because homeownership has social value, the federal government has used public policy to fuel its growth, including widely used federally insured home loans that benefit middle- and upper-income households. Federal homeownership programs, however, have not provided equal opportunities for all. As we discuss in more detail below, past racial discrimination in housing programs and access to credit has resulted in very uneven homeownership rates among racial groups, which contributes to the ever-widening wealth gap we see today (Jacobus, 2010; also see sidebar, "A Housing Crisis with Disparate Impacts," p. 5). Housing cooperatives offer an alternative ownership model that addresses some of these historic injustices.

Housing Security or a Piggy Bank?

Single-family homeownership is increasingly viewed through the lens of equity and wealth generation. In fact, for many households, equity in their home is used much like a savings account. Single-family homeowners often rely on refinancing their home or using reverse mortgages to exchange equity for cash to pay off debts, finance a child's education, or enable retirement (McArthur & Edelman, 2017).

As such, homeownership has been touted as the best and sometimes only opportunity for low- and moderate-income households to build wealth. This view, however, overlooks the economic constraints of credit, income, and wealth (Jacobus & Emmeus, 2010). While the speculative nature of home ownership can reap financial benefits, there are also significant risks, and those risks are higher for some than others.

> "LEHCs offer housing security and reduced housing costs, which opens the door for residents to save and invest in other ways."

The effects of predatory lending during the 2008 housing crisis, for example, fell hardest on low- and moderate-income households, particularly people of color. The U.S. Department of Justice filed lawsuits against Wells Fargo and Bank of America, accusing the lenders of steering thousands of minority borrowers into costlier subprime loans while whites with similar credit scores were given prime loans. Both banks settled the discrimination lawsuits (Baradaren, 2017). Still, these sub-prime mortgage practices and the subsequent Great Recession devastated communities of color. Homeownership rates fell most for Black households, followed by Hispanic households (Choi et al., 2019; Rothstein, 2017).

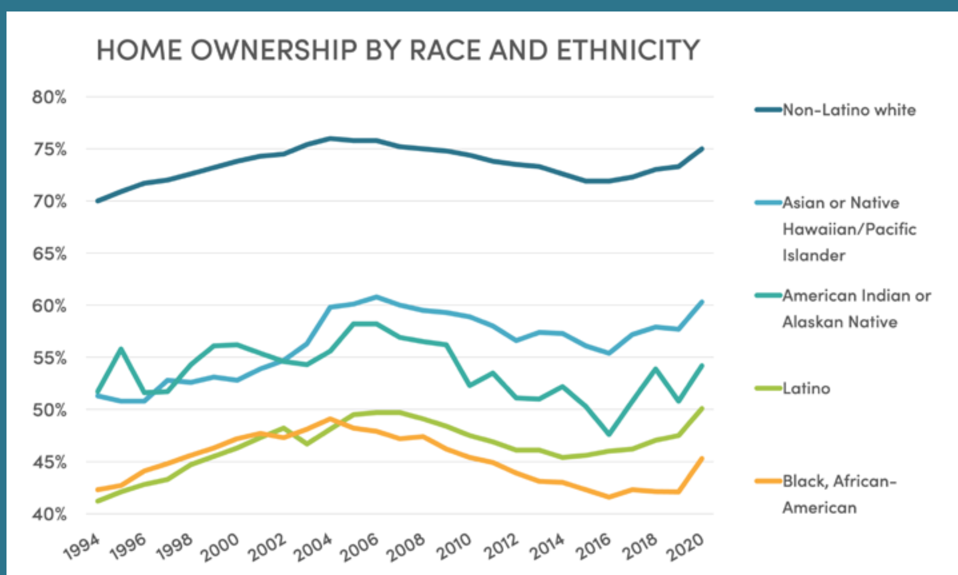
LEHCs fared better than any other form of housing during the 2008 recession because they did not fall victim to predatory lending (Fisher, 2018). This is because LEHCs are not a tool to reap wealth through appreciation. Rather, they offer housing security and reduced housing costs, which opens the door for residents to save and invest in other ways. Limiting appreciation retains affordability over time and replaces the speculative nature of housing with home, community, and security.

A HOUSING CRISIS WITH DISPARATE IMPACTS

For a decade, California has been among the states with the lowest home ownership rates (U.S. Census) and the highest rates of homelessness (NAEH, 2020). But the housing crisis is not evenly distributed: people of color and young adults have the lowest homeownership rates, as demonstrated in the charts below.

Race

California's low homeownership rates are not evenly distributed. Among whites, 63% own their homes; among Latinos and Blacks, the rates of homeownership are 41.9% and 34% respectively (American Community Survey, 2014-18). The chart below displays these differences nationally, over more than two decades, demonstrating how racist and unethical lending practices culminated in the disproportionate impact of the 2008 housing crisis. The crisis "turned the persistent racial wealth gap into a chasm that wiped out 53% of total black wealth" (Baradaran, 2017, p. 249).



Source: Carmel Ford, March 13, 2019: National Association of Home Builders
http://eyeonhousing.org/2019/03/homeownership-rates-by-race-and-ethnicity

Age

Owning a home is increasingly out of reach for young adults (Erdmann, 2019). For Californians age 18 to 30 (millennials), the home ownership rate has dropped significantly since 1960, falling from 25% to 15% (Uhler, 2015). Furthermore, millennials of color are faring decidedly worse than their white and Asian peers in homeowner status as well as other socioeconomic outcomes (Cramer et al., 2019, p. 30).

Not a Preference to Rent

Low homeownership rates cannot be explained by a preference to rent. Almost 55% of California rental households are cost-burdened, with more than 30% of their income going toward rent.[3] Thirty percent of Californians pay more than 50% of their income toward rent and utilities (JCHS, 2017). Statewide restrictions on rent hikes and evictions have been used to protect already vulnerable renters from homelessness but there is cause for concern, particularly with regard to the pandemic: 60% of California renters reported loss of income as of March 2020, and 14% reported being behind on their rent as of August 2020. These numbers were higher for Black and Brown Californians (Reid & Heisler, 2020).

These trends have remained consistent for over a decade, contributing to California's high rate of homelessness (Petek, 2020). To prevent egregious rent hikes, California's legislature passed the Tenant Protection Act of 2019, prohibiting rent hikes of more than 5% plus the local rate of inflation. Some areas of the state also have local rent-control ordinances.

[3] All rent costs include the cost of utilities.

SECTION 2:
WHAT IS A HOUSING COOPERATIVE?

In general, cooperatives form to meet a pressing need or problem. They provide a collective rather than an individual solution. Housing cooperatives in California have been used to counteract the effects of racial redlining; to create affordable, stable, quality housing for workers; and to provide an alternative to slum housing for farmworker households.

Definition: Democratically Owned & Governed

A housing cooperative is a real estate development that is owned and democratically controlled by the resident members. The community is owned through a corporation or similar entity, and each household owns a share that entitles it to cooperative membership and an occupancy right to a particular unit. Typically, the cooperative is financed through a blanket mortgage, which covers the entire property, and members pay monthly carrying charges to cover mortgage and operating expenses. Democratic governance is based

LEHCs: a permanently affordable housing option

California law *(Civil Code Section 817-817.4)* recognizes and regulates LEHCs, promoting continued purpose and affordability by:

- Limiting share price increases in a sale when a member leaves the cooperative. The law permits increases of no more than 10% per year in share prices. Most cooperatives have caps that are lower, and some are "zero equity," which keeps the share price consistent from one owner to the next.

- Preventing a sale or conversion of the entire cooperative by specifying that any proceeds be dedicated to a public or charitable purpose (i.e., members may not benefit financially).

on the household, not the individual occupants. Most housing cooperatives have restrictions on renting and prohibit investment shares so members cannot own more than one household/share in the cooperative.

Instead of owning an individual home, members own a share in the corporation. When a member enters or leaves the cooperative, the transaction comprises the purchase and sale of that share which is separate from the mortgage that finances the entire development. Share pricing is specified in the coop's bylaws and policies and usually varies by the type of unit the member occupies (e.g., the share price of a one-bedroom home will be less than that of a three-bedroom home). While the blanket mortgage finances the cooperative corporation, member shares are generally financed through a personal loan known as a *share loan.* Share prices vary widely among cooperatives, from as little as one hundred dollars to thousands. No matter what type of housing cooperative, home size, or price, every household has one vote.

Types of Construction

Housing cooperatives provide any number of housing options: townhomes, apartments, single-family residences, mobile home parks–virtually any type of housing construction. While they are usually located on one parcel of land, scattered-site cooperatives join multiple dwellings on separate parcels. Because housing cooperatives are established to address the identified needs of its members, they can include upscale developments for economically privileged households who want to control their community, as well as developments established to provide ownership opportunities for those who are economically locked out of the traditional homeownership market. Cooperatives can also be established for special-purpose populations such as seniors, students or employee groups. Cooperative models reflect these varying purposes.

This provision assures that members do not sell the property to a real estate speculator, who will convert to market rate housing for sale or rent.

• Requiring owner occupancy. This assures that members of the cooperative are the beneficiaries of the housing and that each member has only one home and one vote. Most LEHCs allow for short-term rentals to assure that a temporary household relocation does not force a member to leave the cooperative.

A subset of LEHC law specifies special considerations for workforce housing (Civil Code 817.1), including recognizing that two classes of membership are represented on the board: one class elected by the residents and one appointed by the sponsor organization. The law requires that residents comprise the majority of the board members.

Cooperative Housing Models

Of the three types of housing cooperatives, limited equity housing cooperatives (LEHCs) are the most common in California. Market rate housing cooperatives and leasehold housing cooperatives offer two additional alternative housing models.

Limited Equity Housing Cooperatives (LEHCs), which are recognized and regulated by California law *(see sidebar, p. 6-7),* offer permanently affordable home ownership opportunities for low- and moderate-income households. A combination of public and private funds generally finances the LEHC blanket mortgage. The share price, or cost to buy in to the cooperative, is considerably lower than a typical mortgage down payment, making ownership affordable for those priced out of the single-family home market.

An LEHC may be combined with a Community Land Trust (CLT). The land trust is a community-based nonprofit that owns the property and is governed by a board of community members that may also include LEHC residents. In this relatively new approach, the LEHC usually owns the units and leases CLT land. When the CLT owns both the land and the units, the LEHC holds a master lease on the development.

Combining a CLT with a LEHC achieves three goals, two of which are relevant to California. First, a CLT may be positioned to more easily secure land, which can be leased by the LEHC. Second, the nonprofit CLT staff can oversee stewardship, assuring training for cooperative members and professional oversight (Davis, 2017; Jacobus & Davis, 2010; Temkin et al., 2010; Baiocchi, 2018).

The third purpose of the land trust, to preserve the affordable housing in perpetuity, is of low importance in California since the LEHC statute already prohibits residents from selling the cooperative for monetary gain, thereby ensuring affordability in perpetuity.

The CLT/LEHC combination has a downside for the cooperative: residents own the buildings but not the land underneath them, and in some cases, they may only own a lease on the land and buildings. Unless cooperative members comprise the land trust board, the CLT dilutes the democratic control exercised by residents. If the CLT is not governed by residents, conflicts of interest may arise as each entity has different survival needs. The CLT needs to cover its operating costs and the interest of all of their properties, while the coop is focused on their community. Operating costs may also be higher for the LEHC because the CLT needs to finance its management and administration costs and is likely to pass them on to the LEHC residents.

Pros and Cons of Combining the LEHC with a CLT

INDEPENDENT LEHC	LEHC ON CLT
PROS	**PROS**
Resident ownership of land and homes	Nonprofit ownership of tax-exempt land
Democratic governance by residents	Stewardship/oversight of resident governance
Financial efficiency of owning both land & units	CLT may be better able to secure donated land or land at a reduced price
CONS	**CONS**
Potential ineffective governance due to a of lack of training and support	Less autonomy for coop; if board does not consist of LEHC residents, potential conflict of interest issues
Need for residents to identify technical assistance resources on their own	Possible higher operating costs when CLT administrative costs are passed on to the LEHC

Market Rate Housing Cooperatives operate in the private market. They are sometimes referred to as stock cooperatives. Households arrange private financing for share purchases and when a member moves, their share may be sold at its full market value. Market rate coops are common in the luxury housing milieus in New York City, however in California they are usually found in relatively moderate housing markets. Consistent with other cooperatives, renting or subletting are usually restricted.

Lease-hold Housing Cooperatives are usually established to provide resident-governed affordable housing in situations where turnover is relatively common, and a very low- (or no-) cost entry is imperative. There is no share purchase or ownership in this type of cooperative; instead, the cooperative leases the property from a nonprofit or other entity, and membership is defined by the lease agreement. Cooperative membership is usually restricted to a particular class: for example, in a student housing cooperative, the member must be a student, and in mutual housing, which is usually subsidized housing for multi-family or senior households, the member must fall within the income guidelines.

Cooperative members comprise, in whole or in part, the board of the entity that owns the property of the lease-hold cooperative. For example, in student cooperatives, a student association typically owns the property and board members are elected by the cooperative membership. Cooperative Services Inc. (CSI), a national nonprofit dedicated to affordable senior housing, uses the mutual housing model. The nonprofit owns the properties and each mutual has a resident board, elected by the members, that governs their community. The board of CSI includes representatives from the individual communities.

The following displays how each cooperative model is commonly used to address member needs and desires.

COOPERATIVE MODEL	Limited Equity Housing Cooperative	Market Rate Housing Cooperative	Lease-hold/ Mutual Housing Cooperative
Multi-family (non-restricted) community	Yes	Yes	Yes
Senior housing	Yes	Yes	Yes
Student housing	No	No	Yes
Shared house*	Yes	Yes	Yes
Property ownership in a manufactured home park**	Yes	Yes	No
Workforce cooperative	Yes	Yes	No
Coop in a CLT	Yes	No	Yes

*Share entire house, or divide into rooms or sections of the home

**Cooperative ownership of property; individual ownership of manufactured homes

An Innovative Initiative: The Permanent Real Estate Cooperative

Innovations that use the cooperative model can make important contributions to housing opportunities. As a strategy to increase affordable housing stock and democratically governed neighborhoods, the Sustainable Economies Law Center created the Permanent Real Estate Cooperative (PREC), a multi-stakeholder cooperative. PREC's diverse membership of investors, residents, and community members aggregate their financial, legal, and technical capacity to purchase property, remove it from the speculative market, and repurpose it to create housing and other cooperatives in communities of color. The role of the PREC and its staff is to support community members to raise non-extractive capital from their community to fuel purchases, halt gentrification, and create communities that are stable and sustainable.

SECTION 3:
WHAT ARE THE BENEFITS OF LIMITED EQUITY HOUSING COOPERATIVES?

We focus on LEHCs because the model offers long-term stable and affordable housing for the member-owners. These cooperatives date back to the 1920s and are sustained by their members with remarkable success and longevity. As a result, considerable research, summarized below, attests to the benefits of the model.

Advantages for Residents

For low, moderate, and middle-income families and for particular groups such as seniors and farmworkers, LEHCs provide a host of benefits not available through other affordable housing options. These include:

• **Asset building.** While most LEHCs allow for equity accumulation, it is limited in order to maintain affordability over time. In addition to limited equity, asset-building opportunities in the LEHC come through reduced housing costs. Low monthly costs allow LEHC members to redirect savings from reduced housing costs to diverse uses such as a child college funds, a down payment on a single-family home, or a traditional savings account. Less financially stressed homeowners can enjoy the arts, take a vacation, travel, or purchase a second car or recreational vehicle (Temkin, Theodos, & Price, 2010; Green, 2018).

• **Affordability and security.** Cooperative ownership shields members from the vulnerabilities of renting such as poor maintenance, rent hikes, and displacement if a landlord sells or decides to terminate the lease. The cooperative operates at cost, and the board, elected by members, hires and oversees management and finances. Consequently, the monthly "carrying charge" – the member's portion of debt service and operating costs–is significantly less than comparable rental or mortgage payments, especially when replacement and maintenance costs are factored in (Tempkin et al., 2010).

• **Improved economic stability, health, and well-being.** Unaffordable housing costs force households to spend less on other basic necessities such as healthcare and food, and may cause them to seek lower-quality childcare or underinvest in important assets like education or retirement savings (Kimberlin, 2017). The affordability of monthly carrying charges promotes economic stability and offers members multitudes of non-economic benefits, including improved physical health, better educational performance, increased racial and economic integration, and greater personal and family security (Lawton, 2014).

• **Affordable, community-oriented living for seniors.** Senior cooperative housing is an effective alternative for seniors and enriches their lives. The senior housing LEHC offers preservation of equity and access to homeowner tax advantages. Limited Equity and Mutual Housing (zero-equity model) cooperatives offer seniors access to high-quality affordable housing and social benefits including control of their housing and lives and integration into a community that is supportive, safe, and independent (Sudo, 2019; Lewis & Higgins, 2004).

> "Senior cooperative housing is an effective alternative for seniors and enriches their lives."

• **Quality housing for farmworkers.** In Salinas Valley, where farmworkers transformed buildings that were in a state of squalor into communities owned and democratically controlled by farmworker residents *(see Profile:* San Jerardo Housing Cooperative), cooperatives continue to provide affordable housing to this day (Heskin & Leavitt, 1995; California Center for Cooperative Development, 2017).

Efficient Use of Government Funds

LEHCs have proven to be a highly effective use of public funding; in addition to expanding home ownership opportunities, they:

• **Preserve naturally occurring affordable housing.** For half of a century in the United States, LEHCs have proven their ability to preserve housing affordability and support long-term residential stability (Green, 2018).

• **Reduce public expenditures.** A one-time public investment continues from one owner to the next through equity appreciation limits that maintain affordability over time, reducing per-beneficiary costs of public funding (Jacobus & Emmeus, 2010).

• **Out-perform other forms of housing.** LEHCs have proven to be more stable than typical affordable housing options. Even during economic downturns, LEHCs have had lower foreclosure rates than other forms of homeownership (Saegert & Benitez, 2005). They also have high rates of longevity and effective operations. A study of LEHCs in the District of

Columbia revealed nearly 80% of currently operating limited equity coops formed over 25 years ago were in stable or excellent condition (Figueroa et al., 2004).

Community & Social Benefits

LEHCs have been proven effective both in addressing barriers to traditional homeownership and in generating larger social benefits. The collective ownership and limited equity appreciation in LEHCs minimize housing externalities (such as neighborhood crime, vandalism, and drug use), increase financial stability, promote a sense of community, and protect low-income residents from gentrification (Perkins, 2007). For example, LEHCs:

- **Reduce costs while improving resident outcomes.** Conclusions from a variety of sources reveal that specific LEHC advantages include: lower operating costs than other forms of publicly subsidized housing, better housing conditions, promotion of resident economic resiliency, protection from gentrification, and lower vacancy/turnover rates compared to other alternative ownership forms (Sazama & Wilcox, 1995; Mushrush et al., 1997).

- **Encourage civic participation.** Research on 32 mutual housing associations (leasehold or zero-equity cooperatives) offers strong evidence that cooperative ownership gives rise to communities characterized by a strong sense of identity and civic engagement (Szylvian, 2015 and 2016).

- **Improve social outcomes.** A study in Humboldt County that compared outcomes from three affordable housing types (cooperative, traditional rental, and voucher housing units) revealed that the cooperative model had the most positive results in all social indicators measured: crime, community involvement, social-emotional support, and overall satisfaction (Mushrush, et al., 1997).

SECTION 4:
WHAT MAKES HOUSING COOPERATIVES SUCCESSFUL?

Some 224 cooperatives in California include 17,247 households and 2,164 student residents. These cooperatives provide homes for differing types of households and for particular communities–for example, housing for farmworkers, seniors, low-income people, intentional communities, college students, and other special purposes. All share the common features of a housing cooperative: the residents co-own the development (either directly or through a nonprofit), democratically govern it, and equally share rights and responsibilities associated with that co-ownership.

To succeed over the long term, housing cooperatives need support. In this section we review the ecosystem of supporting organizations that assist with training and education, finance, and operations. In addition, we review best practices that have emerged as crucial to long-term success.

The Ecosystem

Housing cooperatives are surrounded by a robust ecosystem of supporting organizations. Cooperative Housing International, a division of the International Cooperative Alliance, promotes awareness and network building among housing cooperatives across the globe. Below is a description of the primary programs serving LEHCs in California today.

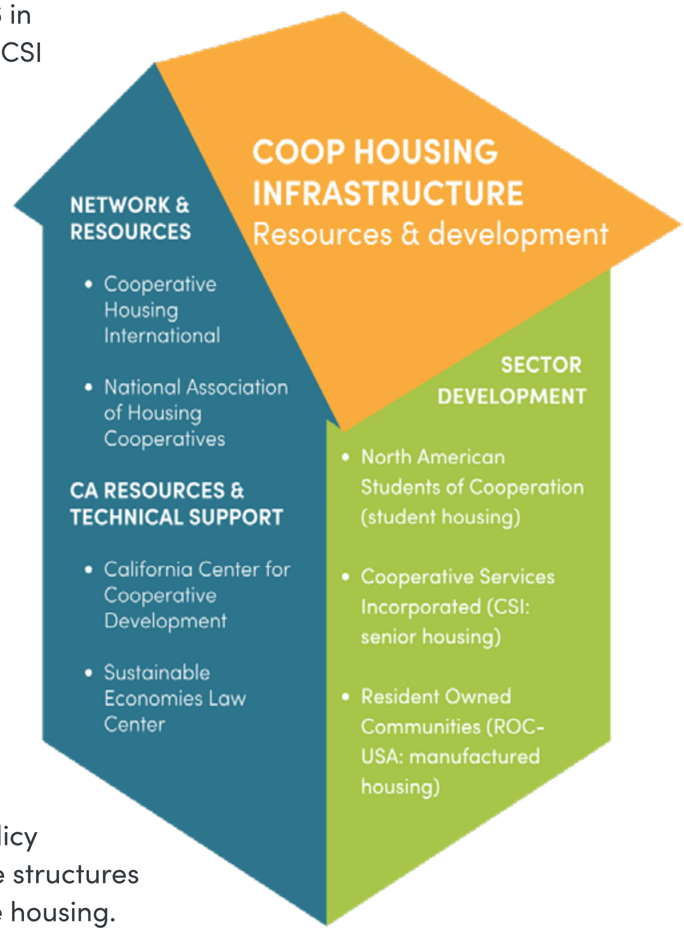
The National Association of Housing Cooperatives (NAHC) was founded in 1960 and provides research, training, education, and other services to members who represent 1,060 housing cooperatives with 118,329 units of housing across the nation. They convene a popular annual conference that typically includes between 360 to 400 attendees. Consistent with the history of urban LEHC development, a large percentage of NAHC's members are Black.

Twice a year NAHC offers courses in its Registered Cooperative Manager (RCM) certificate program; coop managers must be recertified every three years.

ROC USA® is a national nonprofit that provides financing and technical assistance to support the conversion of MHPs to resident ownership. Today, ROC USA works through a network of 13 certified nonprofit technical assistance provider affiliates in 12 states, including the California Center for Cooperative Development (CCCD). Nationally, affiliates have converted more than 260 manufactured home communities to cooperative ownership, for nearly 18,000 families.

The North American Students of Cooperation (NASCO) launched in 1968 with the support of existing national cooperative organizations. Its goal was to expand the cooperative movement across college campuses. Following a strong lobbying effort, federal legislation allowed programs to make direct low-interest loans for student housing coop development, which was used for housing development and rehabilitation at University of California's Berkeley and Los Angeles campuses. Housing cooperatives are usually the least expensive on- or near-campus housing for students. Although this legislation is still in existence, there is no longer any funding, which has slowed new development. Today NASCO includes 50 cooperatives that provide housing for about 4,000 students; member coops are eligible for NASCO training and education programs.

Cooperative Services Inc (CSI), a nonprofit that develops and manages senior housing, developed its first cooperative in 1965. Their mission to provide high-quality, affordable, resident-governed communities for seniors has remained constant as they have grown to 50 communities, with 7,000 members in four states–16 in California. Using the lease-hold/mutual housing model, CSI residents are low income and do not purchase a share; instead, residency is the basis for membership. CSI is committed to the cooperative model: residents are represented at every layer of CSI, including board representation at the national and state levels. Each community has its own governing board that directs their cooperative, from creating and overseeing the budget to selecting the color of the walls. Sources of funding for initial development of the communities included the U.S. Department of Housing and Urban Development (HUD), low-income housing tax credits, private foundations, and state and local governments.



Other support for housing cooperatives in California is provided by the California Center for Cooperative Development (CCCD) and the Sustainable Economies Law Center (SELC). CCCD provides technical assistance, including training and education, for existing cooperatives and development support to new cooperatives. SELC is a legal resource for cooperatives, providing advice, movement-building support, and policy advocacy for cooperative housing, CLTs and innovative structures creating affordable, community-controlled sustainable housing.

Best Practices

Cooperative members, developers, and researchers, over decades, have identified critical best practices that contribute to long-term success.

Education and Training

Principle five of the seven cooperative principles (see "Introduction") refers to the importance of ongoing education, training, and information for cooperative members. All members, but particularly those elected to the board of directors, need education and training to meet the demands and responsibilities of cooperative ownership. The board oversees management, engages in long-term planning, establishes policies, and leads the cooperative in accordance with the coop bylaws. Training in governance, roles and responsibilities, and financial oversight is essential to success.

A 25 year study of LEHCs formed in Washington, DC found that the most successful cooperatives had "an active and engaged board and membership" (Figueroa, 2004). While finding that LEHCs result in significant social benefits, one study noted that the biggest challenge to LEHC success is lack of information due to inadequate board training. Appropriate training, the researchers found, improves communication, participation, and cooperation among members (Lewis & Higgins, 2004).

Best practices include incorporating ongoing training into the annual operating budget and including training in the coop's annual calendar. Many cooperatives send members to national and regional conferences, such as the annual conference of the NAHC. Some cooperatives hire trainers to educate their boards. Other cooperatives form networks to share best practices and convene collaborative trainings. It is not uncommon for funders of cooperatives to require ongoing board education and training in the loan conditions.

Property Management

The property management needs of a cooperative share some similarities with rental housing, but they are also very different. In a coop, management reports to the resident board; in rentals, residents are subordinate to management. It is often difficult to secure management that is comfortable with, and respectful of, resident governance. Trust, transparency, and good communication between management, the cooperative board of directors, and the members are crucial.

The board should expect (and, if needed, insist) that management provide the financial information needed to govern the community, including monthly financial reports, vacancy rates, and reports on property conditions and maintenance issues. Best practices include sharing with the board regular analyses of financial reserves and a 30-year plan that includes major capital expenditures for expected replacements (e.g., roof, fencing), as well as large maintenance activities (e.g., exterior painting).

The more managers know and understand about the cooperative model the better; therefore, they should be encouraged to participate in educational activities, such as the NAHC RCM certificate program. In addition, NAHC's annual conference includes a track for property managers; the tradition of cooperative leaders and managers attending the same conference reinforces their mutual focus on success.

SECTION 5:
HOW HAVE LEHCS BEEN USED TO ADDRESS HOUSING INEQUITIES OVER THE COURSE OF THEIR HISTORY?

The development patterns of cooperatives in California, and in the rest of the nation are deeply related to housing development trends, regulations, and sources of funding. As shown below, they are also vulnerable to the social conditions, biases, and politics of their period in history—and these effects can last for decades.

The Exclusion of People of Color from Housing Programs

The United States established its first publicly funded housing programs as part of President F. D. Roosevelt's New Deal. These programs were explicitly racist. The Department of Public Works constructed public housing that was segregated by law. The Federal Housing Administration (FHA), created in 1934, insured bank loans for homes and subsidized builders who were mass-producing suburban homes for whites. African Americans were excluded from these housing developments and from the federally insured loans that allowed white families to purchase the homes (Rothstein, 2017). These practices continued even after California passed the Unruh Civil Rights Act, outlawing racial discrimination in 1959 (Ruffin, 2014); the U.S. Fair Housing Act of 1968 became law; and the Nixon administration developed new housing programs in the 1970s (Taylor, 2019).

Structural racism has persisted, continuing to shape the evolution of housing in the U.S. and California. Racist policies, regulations, and prejudices created practices such as redlining, deed restrictions, and development covenants as well as limited access to banking and credit (Taylor, 2019). Cooperative approaches to housing, credit, and banking, by contrast, offer alternatives designed to overcome these overwhelming racial barriers to fair housing (Gordon Nembhard, 2014). Cooperatives served to insulate members from some of the discriminatory practices because individuals do not have to qualify for a mortgage. As a result, the model became a significant source of homeownership for people of color.

> "Structural racism has persisted, continuing to shape the evolution of housing in the U.S. and California."

Early Housing Cooperatives Founded with High Ideals

Ethnic groups, unions, and nonprofit developers used New York State funding programs to develop the first affordable housing cooperatives. In 1930, the Amalgamated Clothing Workers Union developed a LEHC in New York City that spawned a "Coop City" that included 1,400 housing units. The cooperatives provided housing for Jews who were subjected to housing discrimination. Amalgamated principles stated that membership would be open to all without any restrictions to race, creed, or color, but there were few Black residents until the late 1960s. The cooperative continues to this day (Vozick Hans, 2007).

In 1949, in response to urban renewal and new legislation, education and religious institutions and community leaders joined with David Rockefeller to create a mixed-race housing development on the site of a once-thriving Black commercial epicenter-turned-post-Depression slum in Morningside Heights. The result: Morningside Gardens, a cooperative that housed 972 families when it opened in 1957 and continues its commitment to affordability through resale equity restrictions. The development has always housed mostly middle-class families, with about a third of the residents employed by neighborhood educational institutions. Notably, Morningstar Gardens has been home to prominent Black figures, including W.E.B. Du Bois, artists Aaron Douglas and Elizabeth Catlett, civil rights activist Roy Wilkins, and Justice Thurgood Marshall (Thompson, 2016).

California history, too, offers examples of how racism shaped developments trying to fight against it. In 1945, Stanford University faculty purchased land to develop Ladera Cooperative, a multiracial planned community. A year later, a group of Los Angeles animators founded Community Homes Cooperative as a racially integrated complex. Meanwhile, another development, Crestwood Hills, composed primarily of Jewish professionals, also sought to establish an integrated community in Los Angeles. In addition to challenges posed by neighborhood "white only" covenants, all three were refused loans from the FHA and faced extensive discrimination from other government agencies and private parties. Each fought their cases; Ladera and Community Homes ultimately decided to disband rather than abandon their plans for racial integration. Crestwood Hills, however, facing the added challenge of antisemitism that kept Jewish residents out of many communities, gave into pressure and finally built the development as an all-white community (Denzer, 2009).

The need to house workers also fueled the development of many California housing cooperatives. Atchison Village, an LEHC in Richmond, California, was built during World War II to lure needed shipbuilders. Despite the efforts of some to integrate, Atchison's origins were as an all-white segregated community (Szylvian, 2015).

After the war, businesses and unions pushed for integrated workforce housing. The International Longshoremen's and Warehousemen's Union (ILWU) sponsored the development of St. Francis Square Cooperative in San Francisco. ILWU secured funding from the federal 213 program to support development.[3] Designed as an inclusive, ethnically diverse working-class community, it provided homes for workers of color who were blocked by redlining from moving into suburbia. The cooperative opened in 1964 with 299 units (Botein, 2015; https://sfsquarecoop.com).

[3] Section 213 insures mortgage loans to facilitate the construction, substantial rehabilitation, and purchase of cooperative housing projects. The program still exists but is significantly underfunded.

In the 1950s, when the Ford Motor Company moved their California plant from Richmond to Milpitas, the United Automobile Workers (UAW) assigned Ben Gross, chair of UAW Local 560's Housing Committee, to assure that all workers, regardless of race, had comfortable and affordable housing in Milpitas. To combat redlining that prevented Black workers from obtaining housing, the UAW initiated the development of a housing cooperative. Challenges fueled by racism were common: FHA refused a mortgage because of "design flaws," and local regulators and private contractors also challenged development. At one point the county tried to charge the development 100 times the cost that is usually charged for a sewer hook-up (Rothstein, 2017). Ben Gross used the law, as well as his own creativity, to overcome these obstacles. Gross' son related the following in an interview (paraphrased):

> ***There was a new home development of 63 homes in Sunnyhills [Milpitas] that would not sell to Blacks. Gross recruited Black congregants of the Methodist Church to bring their children and fly extravagant kites in the field adjacent to the model homes. The kites could be seen all around. White people would come to check it out, see that the families were Black, and drive by the model homes, assuming that they were for Blacks. This became a major concession from the contractors—stop those kids from coming down and flying those kites! (Sunnyhills, Milpitas School District, 2020)***

The persistence of Ben Gross paid off: The all-white community remained, but the developers stopped fighting the UAW's planned multiracial community. Sunnyhills Cooperative began construction in 1955 and grew to include 420 homes. In 1966, Ben Gross, Sr., became the first Black mayor of Milpitas.

1970s Federal Housing Policy Opened Cooperatives to People of Color

The growth of affordable housing cooperatives follows affordable housing policy and funding systems. In the 1950s, federal funding for the development of housing cooperatives grew, followed by new programs for low-income residents developed in the 1970s, including project-based Section 8 vouchers that are assigned to specific units for very low-income households. Cooperatives with very low-income residents continue to use these vouchers today.

Direct federal financing for housing cooperatives was incorporated into the Kennedy-Johnson legislation unofficially called the War on Poverty; while financing subsequently changed in structure, it continued for another two decades. These programs[4] were instrumental in a surge of LEHC development during that period (Sazama, 2000). The Low-Income Housing Preservation and Resident Homeownership Act (LIHPRHA) of 1987 spurred additional growth. LIHPRHA created a conversion program to salvage earlier affordable projects whose owners were either leaving the affordable rental market at the end of their required 20-year holding period or were facing foreclosure by the U.S. Department of Housing & Urban Development (Fisher, 2018). The programs permitted transfer/purchase (for as little as $1) to housing cooperatives or tenant association ownership.

[4] These HUD funding programs included Section 213, 236, BMIR, and project-based Section 8 assistance.

The racial diversity of contemporary LEHCs is in part attributable to the HUD financing programs. For example, in the LIHPRHA program, the structural racism that kept Blacks out of suburbia and within inner cities placed them in the failed projects that became eligible for conversion to cooperatives under the law (see Rothstein, 2017). Despite the properties being plagued with the multitude of problems typical of mortgage defaults (such as deferred maintenance and high vacancy), residents took over ownership and most of the cooperatives have thrived over the long-term (Fisher, 2018; Figueroa, 2004).

SECTION 6:
WHAT FACTORS INHIBIT LEHC DEVELOPMENT?

A number of challenges and obstacles have inhibited LEHC development, including public policies, attitudes, and financing options.

Incompatible Policies and Regulations

Despite California having been the first state to formally charter LEHCs in 1979, its quagmire of housing regulations presents significant obstacles to LEHC development. Development regulations at the state level are found in the Civil Code, the Corporations Code, the Business and Professions Code, and Government Code. Because a cooperative is categorized as a "common interest" development, it is subject to California's Subdivided Land Laws, which govern condominiums, community apartments, and planned developments. These laws are not a good fit for cooperative development.

The Roberti Act

The 1979 Roberti Act instructs the California Department of Transportation (Caltrans) to give preference to resident groups forming LEHCs in the sale of surplus properties. Intended as a boost to cooperative development, it has become an impediment because of its limitations. Only a small number of properties have been successfully developed as LEHCs, including the so-called Route 2 developments established in the heart of Los Angeles in the 1980s. These developments succeeded because local champions, including some in city government, provided assistance to residents in organizing, navigating the system, and accessing funding.

The act has failed to facilitate the development of more cooperatives because of the way the regulations are structured. Residents have limited time to organize and bid on properties: 60 days to respond to notice of "Conditional Offer Prior to Sale," then 30 days to accept the sales agreement, and an escrow period of no longer than 120 days (with a possible 60-day extension). Those timelines are tight even in a traditional transaction, and with no provisions for any technical assistance to support residents in organizing or deciphering the many legal requirements, it is almost impossible.[5]

[5] These limitations explain why when legislation in 2018 ended a Caltrans' plan to extend Highway 710 in L.A. County, residents were unable to purchase homes for an LEHC. The tight timelines and lack of assistance for resident purchase left about 163 surplus homes vacant in an area with rampant homelessness, including homes in El Sereno, where police removed women and children who occupied the vacant homes in late November, 2020 (Los Angeles Daily News, 11-27-20).

California's Subdivided Land Laws and the Davis Stirling Act

California's housing cooperatives are regulated as common interest developments under the Subdivided Lands Law and Subdivision Map Act, the same laws that govern condominiums. These laws require parcel maps and subdivision public reports as prerequisites for building or converting an existing development to a cooperative, even though there are no divided parcels because the cooperative is one parcel of land financed with a mortgage on the entire development. An exemption from these requirements is possible, but sometimes more complicated than completing the Map Act requirements. Moreover, due to the Bureau of Real Estate's lack of familiarity with housing cooperatives, it can take up to six months to process a subdivision report for a housing cooperative.

The Davis Stirling Act is a lengthy set of regulations for common interest developments, intended to protect consumers in condominiums and planned developments. While many of the protections are applicable to cooperatives, many parts are not. Some sections are positioned as if residents own individual parcels, which is not consistent with the cooperative ownership of the entire property, and other sections have meeting and reporting requirements that are difficult for cooperatives. As additions or modifications to Davis Stirling are added, there is seldom consideration given for how they will affect cooperatives.

Remedies: More effectively define cooperatives and consider separating them from common interest developments. Work with the CA Department of Real Estate to streamline processes. To counteract problems with the Roberti Act, provide funding and technical assistance to tenant groups that organize to purchase state surplus properties. Distinguish cooperatives in Davis Stirling Act and exempt them from segments that do not apply.

Misperceptions, Generalizations, and Ignorance

A lack of awareness and misunderstanding of the cooperative model along with the valorization of single-family homeownership hampers the development of LEHCs.

> **"The reality is that foreclosures of cooperatives are lower than for every other form of affordable housing."**

Most LEHCs are successful and little noticed. But when a coop is dysfunctional or fails financially, it becomes highly visible and its troubles are often attributed to the cooperative structure. The reality is that foreclosures of cooperatives are lower than for every other form of affordable housing (Fisher, 2018; Saegert & Benitez, 2005).

The generalizations that arise from a cooperative's failure are related to perceptions of poor leadership or lack of competence among the resident owners. Widespread bias leads people to believe that people of color, low-income people, or people without a high level of formal education are unable to cooperatively own and govern their community. Such conclusions are prevalent even when the cooperative has professional property management or is incorporated into the portfolio of an affordable housing nonprofit. In fact, struggles to develop cooperatives can be a fight as much for "more dignity and self-respect than for property and more for gaining at least partial control over one's life than for accumulation" (Heskin & Leavitt, 1995).

Remedies: *Substantial research demonstrates the successes of LEHCs, which should be used to further education and outreach. However, this is not enough to counter negative perceptions of the competencies of people of color and structural racism. Policies that actively promote empowering housing strategies like LEHCs are needed to address institutional prejudice and discriminatory challenges.*

Institutional Entrenchment

Given the number of longstanding, thriving housing cooperatives in California and research documenting the success of the model, it is hard to understand why state leaders have ignored LEHCs as a solution to California's housing crisis. A case in point: the California Department of Housing and Community Development's 10-year plan, *California's Housing Future: Challenges and Opportunities* (2018), does not even mention housing cooperatives.

Considering the report's detailed assessment of California's severe housing affordability and equity challenges, the remedies presented are very general, focusing almost exclusively on encouraging more housing development by implementing and enforcing policies to increase production.[6] The report does not identify or discuss specific approaches to meet the varying housing needs presented, even though effective approaches, like cooperatives, are available. This gap does not appear to be an oversight as the California Center for Cooperative Development encouraged the inclusion of cooperatives in responses to the draft report issued by the state's Department of Housing and Community Development.

Remedies: *The California Department of Housing and Community Development needs to shift to a "problem-solving" approach and become more open to diverse strategies to address the state's severe housing crisis. The department could explicitly make LEHCs eligible for existing funding programs and embrace, in policy and practice, LEHCs as an effective strategy to address California's affordability crisis. Greater support for LEHCs would make other funders, including foundations and Community Development Financial Institutions (CDFIs), more likely to support their development as well.*

Financing Challenges

As a unique form of housing, LEHCs and their members face financing obstacles. LEHCs cannot be completely funded by residents. Many of the federal programs that previously provided funding for cooperatives have experienced decades of budget cuts. Moreover, in California, cooperatives are not explicitly recognized as an affordable housing option, making it more

[6] This traditional market driven approach lacks strategy and is unlikely to produce ownership opportunities for low and moderate income households. Most construction in California is concentrated on high-tier construction rather than lower-priced beginner homes, because this yields builders the highest profit (Crane et al., 2019; Rodriguez-Pose, 2019).

difficult to access public subsidies for development. Finally, large financial institutions have inconsistent loan policies from state to state–for example, many national HUD-certified private financial institutions recognize cooperatives as eligible for loans in NY, but not in California. Other banks avoid lending to cooperatives altogether because they are unfamiliar with them.

Remedies: *A first step to easing financing challenges is to increase awareness of existing sources of share loans and blanket mortgages. To expand the number of lenders, financial institutions must be educated about LEHCs and their needs. Because of their lack of familiarity with cooperatives, these institutions do not necessarily know that cooperative blanket mortgages are low risk or that a share loan is no different than other personal loans. Where banks and financial institutions in California have branches in New York that finance cooperatives, they should be encouraged to expand these programs to our state. California also needs to explicitly make cooperatives eligible for all affordable housing financing initiatives. Designing programs specifically for LEHCs could expand development more quickly. Finally, the federal government should expand its support for LEHCs by fully funding existing HUD programs.*

Disinterest among Nonprofit Affordable Housing Developers

Nonprofit affordable housing developers show little interest in developing LEHCs, despite that opportunities brought by cooperatives are consistent with their mission to provide stable, affordable housing for low- and moderate-income residents. LEHCs are explicitly permitted under federal law to accept public subsidies, including project-based Section 8 subsidies and vouchers and, therefore, can provide housing for very low-income residents. LEHCs can also provide a needed next step for residents in affordable housing who have experienced income gains that put them above the required threshold for subsidized housing but for whom market prices remain challenging.

Among the reasons nonprofit developers have resisted developing LEHCs is financing. In 1986 Congress enacted the Low-Income Housing Tax Credit (LIHTC) to incentivize investors to finance the acquisition, construction, and rehabilitation of rental housing for low-income households. State laws were passed over the years to complement the LIHTC and it has become the go-to financing source in the affordable housing industry. Restrictions make it almost impossible to use LIHTC for cooperative development in California. Although there are other strategies for funding LEHCs, affordable housing developers have become so dependent on tax-credit funding that they no longer believe that affordable housing can be developed without it.

“California needs to explicitly make cooperatives eligible for all affordable housing financing initiatives.”

Nonprofit developers steer clear of cooperative development for another reason as well: many share with policymakers and others the perception that low-income households/members are incapable or unwilling to take responsibility for their housing (Sazama & Wilcox, 1995; interviews with developers). This interferes with their role in preparing residents to become involved in and manage the cooperative. Nonprofit developers are neither trained in—nor comfortable with—providing this education.

Remedies: *Provide incentives and resource materials for nonprofit developers to encourage interest in LEHC development as a new-to-them approach to expanding housing affordability and help them become more comfortable with non-LIHTC funding sources. Affordable developers can partner with cooperative specialists to engage resident members and provide governance training and support.*

Loss of Existing, Naturally Occurring Affordable Housing: Manufactured Home Communities

California shares with many states two contemporary trends. First, mobile home parks are mainstays of affordable housing. Second, major investors are purchasing these parks and driving up the purchase price and land rental fees for residents who own the manufactured home but rent the space it sits on (Forhoohar, 2020).

A John Oliver segment sheds some light on investor interest in MHPs. Oliver introduces Frank Rolfe, who in his audio training course "How to Buy, Operate, Turnaround and Sell a Mobile Home Park," makes the case: "One of the big drivers to making money is the ability to increase the rent .... If we didn't have them hostage, if they weren't stuck in those homes in the mobile home lots, it would be a whole different picture" (Oliver, 2019).

Remedies: *Promote cooperative ownership of MHPs. California has funding to assist residents in obtaining ownership through two financing programs: the state-funded Mobile Home Park Rehabilitation and Resident Ownership Program (MPRROP) and the national nonprofit ROC USA. But the state does not require park owners to inform residents of their intention to sell or provide residents the first opportunity to purchase the park. Such Opportunity-to-Purchase laws exist in other states and are effective in preserving affordable housing. California should adopt similar legislation and consider standardizing and strengthening related change-of-purpose laws to limit the ability to convert MHPs into individual single-family home or condo parcels, which can displace residents.*

SECTION 7:
RECOMMENDATIONS

To overcome the barriers to LEHC development discussed above, we recommend a set of actions to increase visibility and understanding of the model; integrate LEHC development into California's affordable housing strategies; and reform legislative and regulatory frameworks that inhibit development.

1. Increase visibility of LEHCs through education and technical assistance to broaden knowledge and understanding.

a) Educate policymakers, financial institutions, and affordable housing developers about LEHCs, including financing mechanisms. A widespread lack of awareness and pervasive misperceptions have stymied the development of LEHCs. Effective outreach and education will increase the visibility of the model so financial institutions include them in their eligibility portfolio, policymakers recognize LEHCs as a cost-effective use of public funding, and developers are more aware of the model.

b) Provide LEHC purchase preferences for surplus property and include technical assistance for residents to form and finance LEHC development. Caltrans Surplus Land Regulations[7] that specifically prioritize resident purchase as a cooperative are underutilized, demonstrating the importance of coupling such statutes with technical assistance and reasonable timelines to enable the opportunity. Resident purchase as an LEHC should also be given priority in the purchase of other surplus properties at the state and regional levels, with cooperative conversion, legal, and other technical assistance provided for resident groups interested in forming and financing a cooperative to remain in their homes or to make vacant properties available for occupancy. Incorporating sufficient time for the purchase is also essential.

c) Require (and, when necessary, finance) annual governance education as part of the operating budget of LEHCs. Effective governance is strongly associated with cooperative success and is also a cooperative principle. This should be recognized by funders as a crucial budget item for cooperatives.

[7] Govt Code § 54237(d)(1)(B).

WHAT IF... $25 Million for LEHC Strategy?

We asked ourselves a provocative question: how could California utilize a significant investment in cooperatives, $100 million for example, to address the crises in housing, quality jobs and childcare? Our "WHAT IF" scenario allocates $25 million to housing coops.

How could a major investment in Limited Equity Housing Coops (LEHCs) best be used to address California's housing crisis? We recommend the bulk of the funding be used to incentivize nonprofit housing developers. Also important are funds to educate stakeholders and support resident organizing.

1. $20 million funding for pre-development grants to nonprofit housing developers to initiate LEHC development (up to $2 million each).

2. $4 million for technical assistance for residents to organize cooperatives and initiate due diligence to purchase surplus property for LEHCs.

3. $1 million to educate policymakers, financial institutions, developers, and the public about LEHCs.

2. Expand LEHC development and innovations.

a) Incorporate the LEHC model into the state's strategy to expand reasonably priced homeownership opportunities and to solve workforce housing shortages. California's housing plan should require new development to include LEHCs and similar structures to assure affordability and inclusive ownership opportunities. The state should partner with regional governments to create regulations that promote LEHCs for workforce housing to meet the needs of teachers, service workers, nurses and other medical personnel, university staff, and others.

b) Identify LEHCs as eligible for all affordable housing and home ownership funding programs. Explicitly naming LEHCs as eligible for state housing financing programs will reduce confusion and promote growth. Cities can support cooperative housing development by similarly highlighting LEHC eligibility and by exempting LEHCs from incompatible ordinances that relate to other common interest developments such as condo conversion ordinances.[8]

c) Recognize the role LEHCs play in providing affordable units in integrated housing development schemes. Cities that incorporate affordability requirements into approvals for new housing development should incorporate diverse strategies to achieve these goals. By expanding existing ordinances to include strategies that promote LEHC development, cities can effectively use public funds to create ownership opportunities for those locked out of the traditional homeownership market.

d) Promote housing justice by encouraging innovative models that include LEHC components. California needs diverse strategies to address its housing crisis, and models that incorporate cooperative principles should be encouraged. As discussed above, a promising approach is combining the LEHC with a CLT.[9] Scalable models, like ROC USA, that position residents of MHPs as competitive buyers is another innovative approach. New approaches, such as the East Bay Permanent Real Estate Cooperative, which uses a multi-stakeholder cooperative model, should also be encouraged.

3. Reform legal and regulatory frameworks.

a) Address the myriad of regulatory conflicts that stymie LEHC development and develop long-term remedies, such as legally distinguishing cooperatives from the broad swath of common-interest developments. By doing so, the legislature could exempt cooperatives from incompatible requirements in the Subdivision Map Act and Subdivided Lands, as well as those in the Davis Stirling Act, which present barriers to cooperative development. A clearer definition of cooperatives would also avoid problems that continue to be created by laws developed to solve problems with common interest developments but which inadvertently hurt cooperatives.

b) Develop Tenant Opportunity to Purchase (TOPA) initiative for tenants in rental properties and MHPs. Notifying residents when the property they reside in will be offered for sale, and then giving residents the first opportunity to purchase, is a legal requirement in many other states and should be a part of California statutes. When the purchase results in an LEHC, the result affects immediate as well as future members by enabling them to remain in their neighborhoods despite gentrification, providing them with the stability of ownership, and promoting more diverse and healthier neighborhoods.

[8] Some cities have such ordinances so there are examples for replication.

[9] This model is not superior to the development of independent LEHCs (see chart, p. 9) but it is a useful addition to the landscape and can be effective in scaling the development of LEHCs.

c) Adopt statutes that foster the conversion of manufactured home parks to resident cooperatives to preserve naturally occurring affordable housing. Investors are actively buying up this bastion of affordable housing in California and around the nation. Reforms could limit investor predatory practices and resident displacement by regulating land-use conversions (including condominium conversions); providing residents the first Opportunity-to-Purchase; and minimizing obstacles to resident ownership, including recognizing that a transition to resident ownership is not the same as a "change in use."

d) Allow LEHCs to qualify for welfare tax exemptions when they have households that qualify for housing subsidies. Affordable rental housing automatically receives a welfare tax exemption, while LEHCs with the same income composition do not. One reason given for this is that coop members are eligible for the Section 218 homeowner's tax exemption. The welfare tax exemption should be granted for LEHCs that qualify by exchanging the very small tax benefit to individual coop members with a much larger tax benefit to the cooperative, which will reduce costs to members. The exemption could be apportioned according to the percentage of members who are income-eligible so as not to undermine local tax revenues.

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San Jerardo Housing Cooperative:
40 Years Strong

Salinas, California

Mercedes Amezquita, cooperative member
(Image: Real Rural/Lisa M. Hamilton)

San Jerardo Housing Cooperative, a 60-unit limited equity housing cooperative (LEHC) located in the agricultural area south of Salinas, has brought benefits to multiple generations over 40 years. It emerged out of the struggle to improve living conditions and homeownership opportunities for farmworkers in the Salinas Valley. San Jerardo is one of the many success stories of the United Farm Workers.

In the mid-1970s, La Posada Trailer Park, which housed farmworkers, was sold, leading to evictions. In response, farmworkers squatted on Camp McCullum, which included barracks and offices built by the U.S. Army and was used, in the 1950s, as housing for farmworkers in the Bracero program. Following negotiations, the owner of the Camp McCullum property agreed to sell the property to the farmworkers. With assistance from the California Coastal Rural Development Corporation, the workers were able to secure financing to buy the land and buildings. The LEHC structure, which would keep the property affordable in perpetuity, was the best way to address farmworkers' specific circumstances and to manage the financing.

Upon taking possession of the land and vacant buildings, the group was cash poor, so cooperative members volunteered their time to bring the buildings to a habitable state. The volunteer labor enabled the cooperative to establish affordable monthly payments that continue to this day. San Jerardo residents pay monthly assessments (the equivalent of a mortgage or rent) of $500 for two-bedroom units and $900 for four-bedroom units in a region where two-bedroom apartments rent for $1,200. The low monthly payments leave members with disposable income, which they have used to pursue dreams that were previously unattainable.

Horacio Amezquita pictured
(Image: Real Rural/Lisa M. Hamilton)

With housing stability provided by the cooperative, founding families did not have to worry about constant rent increases or evictions and instead started saving. The founders saved for their children's college funds, and those children were the first to graduate with degrees. Some saved to start independent businesses, such as a bakery, a trucking business, and a construction company that are still in operation. While housing multiple generations of some families, the cooperative also welcomes new members who share in the benefits of affordability and the opportunities the coop offers.

Today, the cooperative is managed by Horacio Amezquita, a California State University Monterey Bay graduate in business administration, and son of one of the founding families. The second generation of residents has benefited the most from living in San Jerardo Cooperative. Of the 40 founding members, 25 still live there, now mostly retired. As of 2020, none of the founding members' families are field workers; instead, those in agriculture are in management positions. With new members joining all the time, the coop continues to provide vital housing for farmworkers.

Horacio Amezquita, San Jerardo's General Manager (Image: Real Rural/Lisa M. Hamilton)

The cooperative uses creative strategies to keep assessments low, while providing additional services to the larger community. For example, the cooperative's clubhouse, which is designed to host large gatherings, is available to the larger Salinas community to rent. It is an attractive venue for hosting birthday parties, wedding receptions, baby showers, and even a monthly church service and yoga class.

In the 1980s, the cooperative secured financing from the Joe Serna Farmworker Fund to renovate a building they had not been able to remodel on their own. It was converted to a Head Start childcare center. Initially, the program was for the children of the founders, but now these families' incomes are high enough that they do not qualify for Head Start. The San Luis Obispo Community Action Partnership rents the building for a program serving the children of migrant farmworkers whose needs are greater.

Some 40 years after struggling to secure housing, San Jerardo Cooperative faced a new challenge. The three wells providing the community's water were found to be tainted with toxic agricultural chemicals. This impending disaster could have resulted in displacing the residents, but their advocacy, supported by law students from University of California, Hastings College of the Law, engineering students from California Polytechnic State University, San Luis Obispo and others, ultimately led to the construction of a new water system by Monterey County. Post construction, the county placed the water system up for private sale. Members of San Jerardo, who would be the only customers of the privately run system, worried that a new owner would raise water prices unreasonably, so the coop submitted a bid to purchase the water system.

After satisfying the county's concerns that San Jerardo could operate their own water treatment facility, members worked on acquiring the necessary funding. The cooperative formed a mutual water company with community residents as its shareholders. In addition to loans from financial institutions, the cooperative asked the children of the founders (some who were members and others who were not) for assistance. So far, 15 of these family members have agreed to put in $6,000 each to help pay off the loan. The cooperative is on track to gain full ownership of the water system in late 2021.

The members of San Jerardo Cooperative have used the affordability and stability of their cooperatively owned housing to improve the quality of life for more than 400 people who have lived there over the last four decades. As the coop moves to provide these benefits to new members, they are also assuring that the next generation of members have the same access to affordable, high-quality housing, as well as vital community infrastructure with clean water.

California Statutes & IRS Codes Regulating Housing Cooperatives

Housing Cooperatives under California Law

Housing cooperatives and housing cooperative trusts provisions exist in multiple sections of California's statutory codes, including Civil Code Part 2, Real or Immovable Property, sections 817 to 817.4 and Part 5, Common Interest Developments, section 4190, as well as in California Business and Professions Code 11003.4. Other relevant statutory provisions that impact the development of housing cooperatives are explained more fully in the Housing Cooperatives Chapter of this report including the Davis-Stirling Act, the Subdivided Lands Law, and Subdivision Map Act.

Defining housing cooperatives:
Housing cooperatives are considered "stock cooperatives" under the California Civil Code 4190 which means the cooperative is "a development where a corporation is formed or availed of, primarily for the purpose of holding title to ... improved real property, and all or substantially all of the shareholders of the corporation receive a right of exclusive occupancy in a portion of the real property, title to which is held by the corporation. The owners' interest in the corporation, whether evidenced by a share of stock, a certificate of membership, or otherwise, shall be deemed to be an interest in a common interest development and a real estate development for purposes of subdivision (f) of Section 25100 of the Corporations Code." Corporations Code Section 25100 provides a series of exemptions to the offer, sale, filing, and nonissuer transaction requirements of securities under California law.

Limited equity housing cooperatives requirements:
The definition and requirements of limited equity housing cooperatives (LEHCs) can be found in Civil Code sections 817. An LEHC is a corporation organized on a cooperative basis that meets the following requirements:

• **Not-for-profit incorporation:**
LEHCs are meant to provide housing that is not based on the speculative nature of the market and, therefore, must be incorporated to meet that purpose. LEHCs are usually incorporated as either a nonprofit mutual benefit corporation or a nonprofit public benefit corporation. If the corporation is a nonprofit mutual benefit corporation then the title for the property must include a condition for reversion of the property to a public or charitable entity upon dissolution of the corporation.

• **Built-in non-extractive regulations:**
LEHCs also have essential regulatory mechanisms that keep their property affordable and off the speculative real estate market, for example by limiting share price increases in a sale when a member leaves the cooperative. Section 817 (b) (1) requires the corporation, to limit the transfer value of memberships in their articles of incorporation or bylaws to the aggregate of the following:

- the consideration paid for the membership by the first occupant;
- the value of any improvements installed at the expense of the member with the prior approval of the board; and
- accumulated simple interest based on an inflationary index, such as a cost-of-living index, that is limited to no more than a 10% annual increase.

• **Prohibitions on transfers for current members:**
The LEHC Board of Directors is prohibited from returning transfer value, either in full or in part, to an existing member, and members are prohibited from receiving the return of their transfer value while they are still a member.

• **Corporate equity for perpetuity of purpose:**
The law prevents a sale or conversion of the entire cooperative by specifying that any proceeds be dedicated to a public or charitable purpose (i.e., members may not benefit financially). The law states (817 (d)) that any *corporate equity*, which is defined as the excess of the value of the property over the sum of the transfer values reduced by the principal balance of outstanding loans, can only be used for the benefit of the corporation or the improvement of the real property, the expansion of the corporation by acquisition of additional real property, or for public benefit or charitable purposes. This includes at the sale of the property or dissolution of the cooperative where the corporate equity is required to be used for a public or charitable purpose. This provision assures that members do not sell the property to a real estate speculator, who will convert the market rate housing for sale or rent.

• **Supermajority threshold for amendments:**
To increase resident-owner member protections, it is legally mandated that amendments to the bylaws and articles of incorporation have an affirmative vote of at least two thirds of the members.

Protections of LEHCs:
The California Business and Professions Code Section 817.2 provides protective procedures for the dissolution of LEHCs that receives or has received a public subsidy, such as holding a public hearing, giving notice to all interested parties (which may include all other LEHCs and cooperative development organizations in the state provided by the California Center for Cooperative Development), and merger requirements with the geographically closest cooperative or trust.

Housing Cooperatives & the Internal Revenue Service

The IRS has a definition for housing cooperative corporations in their section on tax deductions for housing cooperatives found in 26 U.S. Code § 216. The tax benefit they would receive from this section isn't as relevant to many housing cooperatives in California because they are typically formed as nonprofit corporations and, therefore, need to comply only with the California state and local regulations around housing cooperatives. Under the IRS definition, a *cooperative housing corporation* means that the corporation:

A. Has one and only one class of stock outstanding,

B. Each of the stockholders who are entitled, solely by reason of their ownership of stock in the corporation, to occupy for dwelling purposes a house, or an apartment in a building, owned or leased by such corporation,

C. No stockholder who is entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the corporation except on a complete or partial liquidation of the corporation, and

D. Meeting one or more of the following requirements for the taxable year in which the taxes and interest described in subsection (a) are paid or incurred:

(i) 80% or more of the corporation's gross income for such taxable year is derived from tenant-stockholders.

(ii) At all times during such taxable year, 80% or more of the total square footage of the corporation's property is used or available for use by the tenant-stockholders for residential purposes or purposes ancillary to such residential use.

(iii) 90% or more of the expenditures of the corporation paid or incurred during such taxable year are paid or incurred for the acquisition, construction, management, maintenance, or care of the corporation's property for the benefit of the tenant-stockholders.

Many LEHCs in California have either 501(c)(3) or 501(c)(4) tax status and are therefore exempt from income tax. All LEHCs are nonprofit; they operate at cost, and LEHCs that operate under specific affordability conditions can usually qualify for 501(c)(3) status because they are organized and operated to provide low-income housing to the public on terms specified by either the safe harbor or facts and circumstances test of Rev. Proc. 96-32.

LIST OF CALIFORNIA HOUSING COOPERATIVES

COOPERATIVE NAME	COOP TYPE	DESIGNATED POPULATION[1]	STRUCTURE[2] (if aplicable)	CITY	# UNITS[3]	YEAR FOUNDED (if known)
1080 Chestnut	Market Rate			San Francisco	55	1960
1090 Chestnut Street	Market Rate			San Francisco	60	1927
1274 Filbert Street	Market Rate			San Francisco	8	1941
1901 California Street Association	Market Rate			San Francisco	11	1949
1940 Vallejo Street	Market Rate			San Francisco	11	
2000 Washington Street	Market Rate			San Francisco	7	
2100 Pacific Avenue	Market Rate			San Francisco	18	1962
2127 Broadway Street	Market Rate			San Francisco	7	
2288 Broadway Street	Market Rate			San Francisco	9	
2298 Pacific Avenue	Market Rate			San Francisco	9	1953
2500 Steiner Street/Alta Plaza Apartments	Market Rate			San Francisco	12	
2555 Larkin Street Corporation	Market Rate			San Francisco	5	
45th Street Artists Cooperative	Limited Equity			Emeryville	60	1973
4-Streets Coop of RTE	Limited Equity			Los Angeles	40	1982
9th Street Cooperative	Limited Equity			Berkeley	5	1986
Acama Ardmore Cooperative Estates	Limited Equity			Studio City	24	1958
Addison Court Housing Cooperative	Limited Equity			Berkeley	10	1996
Agpar Cooperative	Limited Equity			Emeryville	6	2003
Alta Apartments	Limited Equity			San Francisco	12	1926
Amar Plaza	Limited Equity			La Puente	96	1972
Amma Corp	Limited Equity			San Francisco	57	1947
Ammel Park Cooperative Homes	Limited Equity			San Francisco	120	1974
Anchor Down Owners Association	Limited Equity			El Cajon	68	1997
Antonelli Mobile Home Park		Senior	MHP	Santa Cruz	57	1972
Aptos Knoll Mobile Home Park		Senior	MHP	Aptos	75	1998
Astoria Gardens	Limited Equity			Sylmar	136	1994
Atchison Village Mutual Homes Corporation	Limited Equity			Richmond	450	1956
Baker's Dozen	Limited Equity			Wrightwood	12	1970
Baldwin Imperial Apt. Homes	Limited Equity			Los Angeles	15	1958
Banneker Homes	Limited Equity			San Francisco	108	1967
Base Line Coop	Limited Equity	Senior		San Bernadino	75	1950

LIST OF CALIFORNIA HOUSING COOPERATIVES, *continued*

COOPERATIVE NAME	COOP TYPE	DESIGNATED POPULATION[1]	STRUCTURE[2] (if aplicable)	CITY	# UNITS[3]	YEAR FOUNDED (if known)
Crown Towers Apartments	Market Rate			San Francisco	23	1952
Croydon Park Homeowners Association	Limited Equity			Pasadena	20	2002
Derby Walker House Cooperative	Limited Equity		Shared Home/ Land Trust	Berkeley	6	
Desert Dorado Villas	Limited Equity			Palm Springs	49	
Diamond View Residents Assn.	Limited Equity			San Francisco	58	1993
Dos Pinos Housing Cooperative	Limited Equity			Davis	60	1984
Dover Mobile Home Park	Limited Equity		MHP	Fairfield	210	
Doyle Street Cohousing	Cohousing			Emeryville	25	1992
Eastern Gardens Cooperative	Limited Equity			Sacramento	112	1971
El Bethel Arms	Leasehold	Senior		San Francisco	255	1972
El Rio Mobile Home Park	Limited Equity		MHP	Santa Cruz	48	1987
Eucalyptus Towers Coop	Leasehold	Senior		Moreno Valley	70	2004
FAHA Palms Cooperative		Senior		Sonoma	16	1986
Fairview House	Limited Equity			Berkeley	5	
Fish House Cooperative	Limited Equity		Shared Home	Berkeley	4	
Florin Gardens Coop	Limited Equity			Sacramento	72	1966
Florin Gardens Coop East #2	Limited Equity			Sacramento	52	1972
Florin Gardens Cooperative East #1	Limited Equity			Sacramento	112	1970
Fontana East Apartment Corporation	Limited Equity			San Francisco	135	1966
Fort Awesome	Limited Equity		Shared Home	Berkeley	2	
Fort Radical	Limited Equity		Shared Home	Berkeley	2	
Fountain Manor Estates	Limited Equity			Los Angeles	20	1958
Freedom West I	Limited Equity			San Francisco	192	1973
Freedom West II	Limited Equity			San Francisco	190	1973
Fruitvale Housing Collective	Limited Equity		Shared Home	Oakland	3	1997
Gardena Valley Towers Coop	Leasehold	Senior		Gardena	80	1999
Glenridge Apartments	Limited Equity			San Francisco	275	
Glenridge Cooperative	Limited Equity			San Francisco	209	
Golf Green Mobile Home Estates	Limited Equity		MHP	Sacramento	185	
Grandview Mobile Home Park	Limited Equity		MHP	Lomita	40	
Hacienda Family Park	Limited Equity		MHP	Fallbrook	25	
Heron Court Cooperative	Limited Equity			Redwood City	104	1983
Hogan House	Limited Equity			Oakland	3	1999

LIST OF CALIFORNIA HOUSING COOPERATIVES, *continued*

COOPERATIVE NAME	COOP TYPE	DESIGNATED POPULATION[1]	STRUCTURE[2] (if aplicable)	CITY	# UNITS[3]	YEAR FOUNDED (if known)
Hollywood West Apts.	Limited Equity			Los Angeles	20	
Homestead Cooperative	Limited Equity			Davis	21	
J Street Cooperative	Leasehold			Davis	9	1986
Jackson Terrace	Limited Equity			San Francisco	9	
John Muir Homes #1				Martinez	72	
John Muir Town Homes	Limited Equity	Senior		Martinez	162	1968
Jones Memorial Homes II	Limited Equity			San Francisco	103	
Kimberly Gardens Mobile Homes	Limited Equity	Farmworker	MHP	Lake Forest	159	
La Buena Esperanza Coop	Limited Equity			King City	40	1984
La Mirada	Limited Equity			San Francisco	70	
La Ronde Cooperative	Limited Equity			Los Angeles	20	1982
Laguna Heights	Limited Equity			San Francisco	12	
Las Casas de Madera Cooperative	Limited Equity	Farmworker		Salinas	75	1982
Las Casitas de Voluntario	Limited Equity	Farmworker		Santa Barbara	11	
Leisureville Mobile Home Park	Limited Equity	Senior	MHP	Woodland	150	
Loren Miller Homes	Limited Equity			San Francisco	105	
Los Angeles Eco Village	Limited Equity			Los Angeles	14	1993
Magnolia Towers Coop	Leasehold	Senior		North Hollywood	200	
Maplewood Apartmen	Market Rate			Los Angeles	16	
Marathon Cooperative	Limited Equity			Los Angeles	66	1993
Mariposa Grove CoHousing	Limited Equity			Oakland	20	1998
Mariposa Villa Coop	Leaseholds	Senior	Land Trust	Irvine	40	
Martin Luther King Marcus Garvey Square Apartments	Limited Equity			San Francisco	211	
Mayfair Golden Manor	Limited Equity	Senior		San Jose	210	
Maywood Manor Coop	Leasehold	Senior		Maywood	55	
Meadowlark Manor Coop	Leasehold	Senior		Gardena	74	
Midtown Park Apartments	Limited Equity			San Francisco	140	1958
Moorpark Ardmore Coop Estates	Market Rate			Studio City	12	
Mountain Brook Mobile Park	Cohousing	Senior		Scotts Valley	44	
Muir Commons Homeowners Association	Leasehold			Davis	26	
N Street Coop	Limited Equity			Davis	19	
Neary Lagoon Cooperative	Limited Equity			Santa Cruz	95	

LIST OF CALIFORNIA HOUSING COOPERATIVES, *continued*

COOPERATIVE NAME	COOP TYPE	DESIGNATED POPULATION[1]	STRUCTURE[2] (if aplicable)	CITY	# UNITS[3]	YEAR FOUNDED (if known)
Ninth Street Cooperative	Limited Equity		Land Trust	Berkeley	5	1986
Northridge Cooperative Homes	Limited Equity			San Francisco	300	1984
Nu-Way Mobile Home Park	Limited Equity	Senior	MHP	Carson	39	1962
Oak Crest EstatesCooperative	Limited Equity	Senior	MHP	Fallbrook	105	1984
Oak Knoll Apartments	Limited Equity			Sausalito	7	1965
Oregon Park Senior Apartments Coop	Market Rate	Senior		Berkeley	47	
Oxnard Ardmore Cooperative Estates	Leasehold			North Hollywood	60	1960
Palm Terrace Coop I	Leasehold	Senior		Ontario	91	
Palm Terrace Coop II	Limited Equity	Senior		Ontario	48	
Parker Street Cooperative	Limited Equity			Berkeley	24	
Parkview Manor - Lockland	Limited Equity	Senior		Los Angeles	28	
Pecan Park Mobile Home Estates	Limited Equity		MHP	El Cajon	128	1972
Pilgrim Terrace Cooperative Homes	Limited Equity	Senior		Santa Barbara	83	
Ponderosa Estates	Limited Equity	Senior		Marin City	56	1980
Ponderosa Pines Mobile Home Owners	Limited Equity		MHP	Grass Valley	139	1985
Prince Hall Apartments	Limited Equity			San Francisco	92	
Purple House	Limited Equity			San Francisco	10	2012
Purple Rose Collective	Limited Equity			San Francisco	11	1978
Queensland Manor Cooperative South	Limited Equity			Los Angeles	96	1959
Ratzlesnatch Cooperative	Market Rate		Shared Home	Berkeley	3	1977
Redding Gardens Cooperative	Limited Equity			Redding	120	
Redwood Gardens	Limited Equity	Senior		Berkeley	169	1986
River Community Homes	Limited Equity			Arcata	40	
Riverside Braemar	Limited Equity			Riverside	90	1957
Rossmoor First Mutual	Limited Equity	Senior		Walnut Creek	1878	
Rossmoor Mutual Eight	Limited Equity	Senior		Walnut Creek	103	
Rossmoor Second Mutual	Limited Equity	Senior		Walnut Creek	1387	
Royal Adah Arms	Market Rate			San Francisco	142	
Royal Palms Apartments	Market Rate			Covina		1955
Royal Towers Apartment Corporation	Limited Equity			San Francisco	75	1964
San Jerardo Cooperative	Limited Equity	Farmworker		Salinas	67	1979
San Pedro Townhouse #1/ Allenhurst Apartments	Limited Equity			Los Angeles	8	

LIST OF CALIFORNIA HOUSING COOPERATIVES, *continued*

COOPERATIVE NAME	COOP TYPE	DESIGNATED POPULATION[1]	STRUCTURE[2] (if aplicable)	CITY	# UNITS[3]	YEAR FOUNDED (if known)
San Pedro Townhouse #2	Limited Equity			Los Angeles	4	
San Rafael Manor	Market Rate			San Rafael	160	1994
Sandyland Coop Apartments	Limited Equity			Carpinteria	24	1978
Santa Rosa Creek Commons	Limited Equity			Santa Rosa	27	1982
Savo Island Cooperative Homes	Limited Equity			Berkeley	57	1980
Seminole Springs Mobile Home Park	Market Rate		MHP	Cornell	215	1986
Seven Acres Coop	Limited Equity			Soquel	4	
Sherwood Lake Mobile Home Park	Limited Equity	Senior	MHP	Salinas	150	1960
South Bay Coop	Leasehold	Senior		Lawndale	56	
South Park Manor	Leasehold	Senior		Gardena	126	
Southgate Town and Terrace Homes	Limited Equity			Sacramento	100	
Sparks Way Commons	Limited Equity			Hayward	45	1985
St. Francis Square Cooperative	Limited Equity			San Francisco	299	1962
Sunset View Estates	Limited Equity			Ukiah	106	1955
Sunwise Cooperative	Leasehold			Davis	3	1978
The Comstock Apartment Corporation	Limited Equity		Shared Home	San Francisco	130	1959
Turning Point Commons Apartments	Limited Equity			Chico	66	1982
Union Terrace Corporation	Market Rate			San Francisco	29	1920
Unity, Peace & Freedom (Unity Homes)	Limited Equity			San Francisco	94	1973
University Avenue Cooperative Homes	Limited Equity			Berkeley	47	1905
Villa Santa Cruz Cooperative	Market Rate	Senior		Santa Cruz	121	1985
Vista de la Terraza Cooperative	Limited Equity	Farmworker	MHP	Salinas	40	
Vista Del Monte Coop	Leasehold	Senior		Palm Springs	51	
Vista Serena Coop	Leasehold	Senior		Palm Springs	51	1975
Walnut House Cooperative	Limited Equity			Berkeley	22	1959
Winton Grove Homes	Limited Equity			Hayward	62	2021
Woods Cooperative Association	Limited Equity	Senior	MHP	Little River	109	1966
Woodstock Homes	Market Rate			Alameda	200	

LIST OF CALIFORNIA HOUSING COOPERATIVES, *continued*

COOPERATIVE NAME	COOP TYPE	DESIGNATED POPULATION[1]	STRUCTURE[2] (if aplicable)	CITY	# UNITS[3]	YEAR FOUNDED (if known)
University of California, Berkeley						
UCB: African American Theme House Student Coop	Leasehold	Student		Berkeley	21	1997
UCB: Andres Castro Arms	Leasehold	Student		Berkeley	56	1971
UCB: Casa Zimbabwe	Leasehold	Student		Berkeley	124	1966
UCB: Cloyne Court	Leasehold	Student		Berkeley	140	1946
UCB: Davis House	Leasehold	Student		Berkeley	36	1969
UCB: Euclid Hall	Leasehold	Student		Berkeley	24	1948
UCB: Fenwick Weavers Village	Leasehold	Student		Berkeley	102	1981
UCB: Hillegass Parker House	Leasehold	Student		Berkeley	57	1977
UCB: Hoyt Hall	Leasehold	Student		Berkeley	60	1953
UCB: Kidd Hall	Leasehold	Student		Berkeley	17	1960
UCB: Kingman Hall	Leasehold	Student		Berkeley	50	1977
UCB: Lothlorien	Leasehold	Student		Berkeley	58	1975
UCB: Northside Apartments	Leasehold	Student		Berkeley	26	1960
UCB: Ridge House	Leasehold	Student		Berkeley	38	1946
UCB: Rochdale Apartments	Leasehold	Student		Berkeley	259	1971
UCB: Sherman Hall	Leasehold	Student		Berkeley	40	1938
UCB: Stebbins	Leasehold	Student		Berkeley	64	1936
UCB: The Convent	Leasehold	Student		Berkeley	25	1977
UCB: Wilde House	Leasehold	Student		Berkeley	38	1999
UCB: Wolf House	Leasehold	Student		Berkeley	29	1974
University of California, Davis						
UCD: Agrarian Effort Coop	Leasehold	Student		Davis	14	1972
UCD: Davis Student Coop	Leasehold	Student		Davis	14	1972
UCD: Pierce Coop	Leasehold	Student		Davis	15	1972
UCD: The Domes	Leasehold	Student		Davis	26	1972
University of California, Santa Barbara						
UCSB: Biko	Leasehold	Student		Isla Vista	18	1997
UCSB: Dolores	Leasehold	Student		Isla Vista	15	1994
UCSB: Manley	Leasehold	Student		Isla Vista	17	1984
UCSB: Merton	Leasehold	Student		Isla Vista	18	2011
UCSB: Newman	Leasehold	Student		Isla Vista	30	1981
UCSB: Persimmon	Leasehold	Student			14	2016

LIST OF CALIFORNIA HOUSING COOPERATIVES, *continued*

COOPERATIVE NAME	COOP TYPE	DESIGNATED POPULATION[1]	STRUCTURE[2] (if aplicable)	CITY	# UNITS[3]	YEAR FOUNDED (if known)
University of California, Los Angeles						
UCLA: Essene Hall	Leasehold	Student		Los Angeles	100	1936
UCLA: Hardman-Hansen Hall	Leasehold	Student		Los Angeles	200	1936
UCLA: Robinson Hall	Leasehold	Student		Los Angeles	104	1936
Univeristy of California, Santa Cruz						
UCSC: Turing Haus	Leasehold	Student		Santa Cruz	12	
Stanford University						
SU: 576 Alvarado	Leasehold	Student		Stanford	30	1896
SU: Columbae	Leasehold	Student		Stanford	50	1900
SU: EBF (Enchanted Broccoli Forest)	Leasehold	Student		Stanford	50	1965
SU: Hammarskjöld	Leasehold	Student		Stanford	33	1896
SU: Kairos	Leasehold	Student		Stanford	36	1911
SU: Synergy	Leasehold	Student		Stanford	50	1901
SU: Terra	Leasehold	Student		Stanford	54	1967

[1] Population: When no designation appears, the housing does not limit residency to a particular designated population

[2] Structure: While coops can be any type of construction, the only structures noted here are MHP (manufactured home park), shared home, and land trust

[3] Please note that “shared home” rooms are adjusted to approximate units. Also, student units are approximated by dividing “spaces” by 3.

Annotated Bibliography: Housing Cooperatives

Baiocchi, G. (2018, March). Communities over Commodities: People-Driven Solutions to an Unjust Housing System. Homes For All Campaign of Right To The City Alliance. https://homesforall.org/wp-content/uploads/2018/03/Communities-Over-Commodities_Full-Report.pdf

This report is part of the organization's "Homes for all Campaign" a national campaign of the Right to the City Alliance. The campaign focuses on creating sustainable, affordable, and dignified housing that is democratically controlled by residents for all people. The report evaluates housing models based on five interrelated principles that the authors believe are necessary for fair housing for all: community control, affordability, permanence, inclusivity, and health and sustainability. Following an analysis of racial inequality in housing, the report presents four remedies, including LEHCs and Community Land Trusts CLTs. The authors assert that LEHCs offer a more stable alternative than renting on the open market.

Bandy, D. (1993). Characteristics and Operational Performance of California's Permanent Housing Cooperatives. University of California, Davis Center for Cooperatives. https://cccd.coop/8-characteristics-and-operational-performance-californias-permanent-housing-cooperatives

The report examines LEHCs and stock housing cooperatives (stock cooperatives), comparing the models on metrics related to financing, demographics, share prices, unit types, as well as member education, member participation, and other related issues. The study also assesses the models on operational issues (e.g. management, finance) and evaluates the viability of limited equity housing cooperatives as a form of affordable housing.

The study finds that LEHCs are often much more diverse in terms of the ethnic make-up of residents than stock cooperatives, and LEHCs are much more likely to have families and single-parent homes that are low-income. While most stock cooperative and LEHC members are satisfied with the cooperative structure, the majority of cooperatives provide little to no education for members on their own cooperatives. As for financing and operations, while almost all stock cooperatives are in good financial and operational condition, the study found that many LEHCs struggle financially and/or operationally. The author concludes that in order for LEHCs to remain a viable option for affordable housing, they must reorganize in a way that creates more financial stability and also learn to operate in a more efficient manner. According to Brandy, this would mean involving residents in the operations and creating support organizations for the LEHC.

Bandy, D. & Weiner, R. (2002, October). California's Farmworker Housing Cooperatives: Lessons on Farmworker Ownership and Management. California Coalition for Rural Housing. https://cccd.coop/1-california%E2%80%99s-farmworker-housing-cooperatives

This study evaluates the effectiveness of cooperative models in providing affordable homeownership to farmworkers in California. Farmworkers face multiple challenges to homeownership, including limited incomes and lack of access to funds for a down payment. Zoning constraints and high land costs are additional obstacles. These constraints have led to restrictions on the type of housing that is being built on the specific rural sites. Cooperative housing benefits farmers and farmworkers because of the lower share purchase costs and more accessible financial qualification standards. The study looks at a number of farmworker coops, detailing each, and then analyzes how they are faring. Although the coops are not problem-free, they have endured and continue to provide stable, affordable housing for farmworker families.

Baradaran, M. (2017). *The Color of Money: Black Banks and the Racial Wealth Gap.* Harvard University Press.

In this book, Baradaran weaves historical laws, policies, and programs dating to the Freedman's Bank in 1886 through the 2008 financial crisis and beyond, and describes how they systematically exclude or disadvantage Black people. Focusing on the banking industry, she demonstrates how structural racism created insurmountable roadblocks for independent Black banks and financial institutions, despite the actions of Black leaders who sought to prevail over or change the system. The book provides a deeper understanding of structural racism and how biased racial profiling serves to perpetuate an unfair system by blaming Black people for systemic and institutional failures. While Black people developed economic structures to serve and strengthen local economies (much like white immigrant groups that settled in the United States), they faced insurmountable legal, programmatic, and racist challenges because they were not white. Baradaran explains how federal programs that helped to build the middle class—including the many programs in the New Deal, federal housing programs, and banking regulations—explicitly and implicitly excluded Black people.

Botein, H. (2016). Labor Unions and Race-conscious Housing in the Postwar Bay Area: Housing Projects of the International Longshoremen's and Warehousemen's Union and the United Automobile Workers. *Journal of Planning History,* 15(3), 210-229.

This article discusses the post-WWII growth in segregated suburbs and in cities that fueled private investment. Middle-class Blacks were shut out of the suburbs, pushing them into city housing where they faced unaffordable prices or unsafe conditions. Influenced by post-war liberalism, cooperative housing offered a solution. The article assesses two labor union-sponsored LEHCs in the Bay Area that were founded in response to the need for housing for workers of color: St. Francis Square, founded by the International Longshoremen's Union in San Francisco, and Sunnyhills, founded in Milpitas by the United Auto Workers. Both housing projects were funded with financing from the federal Section 213 funding. Both projects were developed to be multi-racial, and Blacks ultimately were a minority at each development.

Choi, J. H., McCargo, A., Neal, M., Goodman, L., and Young, C. (2019, October 10). Explaining the Black-WhiteHomeownership Gap: A Closer Look at Disparities across Local Markets. Urban Institute. https://www.urban.org/research/publication/explaining-black-white- homeownership-gap-closer-look-disparities-across-local-markets

This report from the Urban Institute discusses the racial gap in homeownership and its role in driving disparities in wealth accumulation. The report discusses the results of research seeking to determine the key variables that explain the black-white gap in homeownership. By controlling for income and other variables, the authors reveal the ways that racism, rather than factors like income and education, explains the gap in homeownership rates. Credit scores adversely impact Black residents because they are less likely to have credit cards and loans that build credit. Factors like the neighborhoods Black families live in and marital status are additional impediments to qualifying for home loans. The authors include policy recommendations to close the homeownership gap.

Currier, E., Key, C., Biernacka-Lievestro, J., Lake, W., Elmi, S., Kypa, S., and Lantz, A. (2018, April). American Families Face a Growing Rent Burden: High housing costs threaten financial security and put homeownership out of reach for many. The Pew Charitable Trusts. https://www.pewtrusts.org/-/media/assets/2018/04/rent-burden_report_v2.pdf

While not explicitly focused on coops, this article from the Pew Charitable Trust discusses contemporary housing challenges. Rent in the U.S. has been increasing while homeownership has been declining. Especially since the 2007 recession, families have increasingly struggled to own a home and even struggle to pay rent. The rising demand and low supply of rental properties has created an imbalance that contributes to the high rates of rent burden. The authors found that this rent burden has negative impacts on stability for renter households and the economy.

Davis, J.E. (Ed.). (2010). The Community Land Trust Reader. Lincoln Institute of Land Policy. https://www.lincolninst.edu/sites/default/files/pubfiles/the-community-land-trust-reader-chp.pdf

This publication provides a compendium of resources that analyze the origins and evolution of Community Land Trusts (CLTs). The author reflects on the current state of CLTs, describing them as a work in progress: "If the best days for the CLT still lie ahead, the best writing about the CLT is still to be done" (xii). CLTs have been relevant in the U.S. housing sector since the 1960s when the civil rights movement fueled their growth within the Deep South. At the beginning, families and funders did not want to invest in CLTs, and they remained limited in scope. By contrast, today CLTs are active in 45 states, including the District of Columbia, as well as other countries. CLTs provide families the opportunity for below-market pricing, affordable housing, and equitable taxation.

Davis, J. E. (2010). More than Money: What is Shared in Shared Equity Homeownership? *Journal of Affordable Housing & Community Development Law,* 259-277. https://www.jstor.org/stable/25782879

Davis explains that Shared Equity Housing (SEH) is a re-branding of what was previously called Limited Equity Housing (LEH), which he defines as non-governmental, resale-restricted, owner-occupied housing. The new term aims to correct the LEH emphasis on what the individual gives up— economic gains of market rate equity— and instead shifts the focus to what is shared— community wealth, housing security, and affordability. He argues that the benefits of shared equity housing go beyond preserving affordability over time, including the benefits of occupancy, housing quality, and homeowner security. The model promises a better outcome for people of modest means because it prevents the loss of affordably priced homes, particularly within widely fluctuating housing markets. The community also benefits from this model because it stabilizes the housing market, maintains affordable homeownership opportunities, and reduces losses associated with foreclosures that impact the wealth of the entire community.

Davis, J. E. (2017). Common Ground: Community-Owned Land as a Platform for Equitable and Sustainable Development. *University of San Francisco Law Review,* 51, 1. https://community-wealth.org/content/common-ground-community-owned-land-platform-equitable-and-sustainable-development

This paper puts forward a framework for a "common ground" approach to housing, arguing that CLTs—which the author defines as community-led development of individually owned buildings on community land—are an effective way to promote equitable and sustainable development in residential neighborhoods. The author traces the history of this approach, noting that using community owned land as an incentive to promote development was established by Ebenezer Howard in 1898. This concept relied on all residents, rich and poor, present and future, to maintain the land and determine its future, principles which still undergird current conversations about CLTs. CLTs can be leased out for the development of many different sectors beyond housing, such as community centers, day care centers, and offices for nonprofits. "What [community land trusts] are 'really about' is equitably and sustainably replanting the contested ground at the intersection of property, power, and place" (p. 50).

Denzer, A. (2009). California's Postwar Suburban Cooperatives: Race, Design, and the FHA. Society for American City and Regional Planning History. http://dx.doi.org/10.17613/ja83-8174

Denzer presents the history of three different interracial housing cooperatives in California as they attempted to develop and secure funding for their projects to create safe spaces for people of all races. All three cooperatives faced similar challenges from the FHA, and each had to send representatives to Washington, DC, to appeal to the FHA to attempt to secure a loan. Out of the three, only one gained FHA financing: the project that agreed to be segregated and restricted to white residents. The cooperatives also faced pushback from local communities because of racism and fear that that allowing interracial cooperatives would lead to reduced property values. Each of these cooperatives represented a battle to give interracial and families of color a chance to push the narrative on desegregating the housing industry, which until these projects had been limited to urban areas.

Dubb, S. (2019, Oct 2). A New Kind of Housing Co-op Emerges in San Francisco. *Nonprofit Quarterly.* https://nonprofitquarterly.org/a-new-kind-of-housing-co-op-emerges-in-san-francisco/

Dubb discusses affordable housing in San Francisco, where high housing prices result from a combination of income inequality and a severe housing shortage. With the goal of expanding housing, the City loosened building restrictions to promote the construction of accessory dwelling units (often referred to as granny flats,) which are small dwelling units built on existing single family lots. The article discusses an innovative program developed by Arizmendi Cooperative Association (ACA), known in the Bay Area for its replication of worker-owned bakeries. In a project called Roots and Returns, ACA is linking a worker-owned construction company to the building of accessory units. The project goal is to create non-extractive housing to promote a regenerative economy by organizing the scattered-site affordable units into a housing cooperative.

Figueroa, E., Bunker, B. R., Pohlman, R., and Jackson, T. B. (2004). A study of Limited-Equity Cooperatives in the District of Columbia. Coalition for Nonprofit Housing and Economic Development. https://community-wealth.org/content/study-limited-equity-cooperatives-district-columbia

Since the passage of the Rental Housing Act of 1977, LEHCs have been used as a tool for affordable housing. A LEHC is defined as a cooperative that restricts the purchase and resale prices to keep housing affordable over time. This study was part of an exploration into whether or not limited equity housing has been beneficial to residents in Washington, DC, where housing prices are extremely high. The study affirms the benefits of LEHCs. Out of the 81 LEHCs formed in DC over the last 25 years, 57 are still active. About 80% of currently operating limited equity coops were in stable or excellent condition, with 20% in poor condition. The study reveals that the most successful cooperatives had an active and engaged board and membership, and it affirms that training and resources are vital to effective operation.

Fisher, H. H. (2018). Housing Cooperatives are the only Solution to the Nation's Affordable Housing Crisis. *Cooperative Housing Journal.*

Fisher argues that U.S. policy makers should prioritize housing cooperatives to address the nation's housing crisis. Cooperatives outperform affordable rentals and have lower default rates than traditional federally insured single-family mortgages. Housing cooperatives provide the most cost-effective use of government assistance because of this success, and because they are long lasting, self-sustaining, and offer residents more than just shelter. Rent control regulations are not necessary in cooperatives because they operate on a nonprofit basis and resident governance keeps costs low. The author includes a number of ways that national housing finance initiatives can be structured to encourage the growth of housing cooperatives.

Forhoohar,R. (2020, Feb 7). Why Big Investors are buying up American Trailer Home Parks. FT Weekend Magazine. https://www.ft.com/content/3c87eb24-47a8-11ea-aee2-9ddbdc86190d

Tobias discusses how the housing crisis led more people to take advantage of one of the last affordable forms of housing for Americans: mobile home parks. Housing costs in mobile home parks are less than half the price of traditional rent and mortgages. Over time, mobile home parks have changed, for both the better and for the worse. On the one hand, mobile and manufactured homes have improved in size, durability and aesthetics; parks have more trees, trails, and gardens; and residents have become more diverse. However, affordability is becoming more of a challenge. While park owners have always influenced park conditions and management, major investors—including real estate investment trusts like Equity Lifestyle Properties (ELS) and private equity funds like The Carlyle Group and Apollo—are buying parks and challenging affordability. Mobile home parks are attractive to investors because of the reliable annual rate of return, which, at four percent, is double the average real estate investment trust return. The author presents resident ownership as a remedy.

Gordon Nembhard, J. (2014). Collective Courage: A History of African American Cooperative Economic Thought and Practice. Pennsylvania State University Press.

Collective Courage presents a history of African American cooperative economic development from 1780 to the book's publishing. The historical sweep shines light on the determination, initiative, creativity, and grassroots organizing among Black cooperators. The book demonstrates how they utilized collective economic strategies to promote economic stability and independence, within or against a system of oppression and intricately woven structural racism. In the 19th and early 20th century, Blacks used cooperatives to survive and escape enslavement; they pooled resources for bulk buying, to purchase farmland, to create intentional communities and cooperative schools, and to form mutual aid and benevolent societies. The movement includes familiar civil rights icons like W.E.B. Du Bois, A. Phillip Randolph, Marcus Garvey, E. Franklin Frazier, Nannie Helen Burroughs, George Schuyler, Ella Jo Baker, Dorothy Height, Fannie Lou Hamer, and John Lewis, as well as Halena Wilson, Jacob Reddix, W. C. Matney, Charles Prejean, Estelle Witherspoon, Ralph Paige, and Linda Leaks. Members of the Black Panther Party promoted cooperative housing, cooperative bakeries, and initiated free breakfast programs for children in the 1960s. Black organizers have been active players in the cooperative movement, establishing cooperatives across all sectors: agriculture, credit union, mutual insurance, food, housing, business and marketing, and education. The book includes a plethora of examples, providing an increased understanding of African American collective economic action, social entrepreneurship, and grassroots economic organizing.

Gray, D. G. (2020, September). Resident Participation in HUD Affordable Housing Preservation Projects: What Works? University of California Center for Cooperatives. https://www.cccd.coop/sites/default/files/resources/Resident%20Participation-HUD%20Affordable%20Houisng.pdf

This paper discusses research addressing the "structures and issues" related to resident participation in six different U.S. Department of Housing and Urban Development (HUD) properties in California. Each property went through a buy-out where residents took part in choosing a nonprofit partner or creating their own nonprofit or cooperative corporation to take on ownership of the property. Only the Glen Ridge Apartments in San Francisco chose the LEHC structure. The paper does not compare the structures, but shows that resident governance, participation, and issues that surfaced tended to be influenced by property idiosyncrasies. The report endorses the benefits of resident participation, and provides an in-depth discussion of each of the following recommendations: 1) preserve a system of checks and balances for participation; 2) institutionalize resident training and outreach (including stable funding for assistance); and 3) work with HUD to recognize resident groups as legitimate partners.

Gray, J., Kelly, J., Lewis, T., Marcus, J., and Newcomer, B. (2006). Home Base: The Playbook for Cooperative Development. NCB Capital Impact, https://community-wealth.org/content/home-base-playbook-cooperative-development

This report is a comprehensive manual detailing how to start a housing cooperative, structured as a game where the goal is for the people to become homeowners by purchasing shares in the coop. Comparisons between market rate coops, limited equity coops, condominiums, rentals, and single-family homes are presented. The manual takes the reader through all phases of cooperative development, including planning, financing, site development, acquisition, and operation set-up. The playbook also discusses financing, including detailed explanations of blanket mortgage and share loans.

Green, J. (2018, August). Limited Equity Housing Cooperative. Elements of the Democratic Economy, The Next System Project. https://thenextsystem.org/learn/stories/limited-equity-housing-cooperative

In this brief article, Green discusses how LEHCs have supported long-term residential stability for nearly half a century in the United States. He discusses their prevalence in cities such as New York, NY; Los Angeles, CA; Baltimore, MD; and Washington, DC. Despite their proven success, the expansion of LEHCs on a national scale will be challenging because of the prevalent idealization of individual homeownership in the United States In addition to the LEHC model's benefit of offering affordable, stable housing, it also rewards member commitment and effort, and their stewardship provides a vital community service.

Grier, E. S. (1960). Privately Developed Interracial Housing: An Analysis of Experience. University of California Press.

This book chronicles the experience of a major motion picture union in 1946 whose goal was to develop a cooperative to create a neighborhood with a sense of community. The report details the cooperative development process, including the time-intensive commitments of the coop board of directors and their focus on obtaining advice from local entities. To help fund development, members provided a down payment and paid an application fee. The cooperative had an explicit focus on promoting interracial housing. When people of color applied, they were accepted. When the group eventually found land on which to build their cooperative, there were existing racially restrictive covenants, but the cooperative refused to follow them. Their plans were approved by the local planning commission, but they then had trouble getting insurance and obtaining financing from the FHA. They tried to get funding from other sources but were unsuccessful. The FHA insisted that the funding would only be approved if the racially restrictive covenants were enforced. As the FHA continued to deny them and they struggled to find other investors that could provide comparable resourcing, the cooperative began to lose members and construction costs rose. The group was forced to disband because of the FHA's refusal to approve their plans and provide funding. Financial losses were high, and they even lost money when they sold the land. In the end, the project failed because federally insured financing from FHA refused to fund an integrated housing development, while cooperative members refused to discriminate.

Herbert, C. E., & Belsky, E. S. (2006). The Homeownership Experience of Low-income and MinorityFamilies: A Review and Synthesis of the Literature. U.S. Department of Housing and Urban Development. https://www.huduser.gov/publications/pdf/hisp_homeown9.pdf

While not a coop focused publication, this literature review provides analysis of the landscape of government programs. In the late 1990s , these programs aimed to help low-income and racial-ethnic minority families become homeowners. These programs used regulatory powers to induce the public sector to reduce barriers to homeownership by addressing the lack of information, prohibitive qualifications for mortgage financing, and discriminatory treatment. Mortgage lending programs like the HOME program were designed to increase use of the fund for down payment assistance for first-time homebuyers. Still, homeownership disparities among low-income and racial ethnic minority families persisted. There have also been criticisms that these efforts to encourage disenfranchised communities in seeing the benefits of owning a home have caused more harm than good. The harm generated is that the expansion of mortgage underwriting has made it possible for homebuyers to become financially overextended, too often resulting in losing homes through foreclosures, at significant financial and personal cost.

Heskin, A.D., Bandy, D. (1989, November). Limited-Equity Housing Cooperatives in California: Proposals for Legislative Reform. CPS Brief, California Public Policy Seminar, (1)1

This report examines the reasons that California's 1986 chartered legislation to define and ease the development of limited equity cooperatives in California was not resulting in new LEHC development. The report makes a number of specific recommendations that provide a framework that would remove some of the regulatory obstacles to the growth of LEHCs.

Follow-up: A study group convened by the California Center for Cooperative Development met from 2012 to 2014 to identify and discern strategies to untangle the many constraints on LEHC development, and considered the recommendations in this 1989 report. The committee developed legislative recommendations that resulted in passage of AB 569 in 2014. While the regulatory changes were helpful, Chapter 661 included only about half of the recommendations of the committee.

Heskin, A. and Leavitt, J. (1995). The Hidden History of Housing Cooperatives. Center for Cooperatives: University of California.

This collection of essays documents the history of housing cooperatives around the world, including perspectives on their diverse purposes, social variables, and community structures. The theme of the articles is that understanding cooperatives is important because they can help to ensure affordable housing where federal, state, and local entities have failed. Such failures have led to a more intense look at remedies from the third sector, consisting of community-controlled nonprofit and cooperative housing. The book includes themed chapters that share the experiences of cooperative housing developments from Canada, Great Britain, and the United States, and includes discussion of the challenges and successes in their endeavors to establish cooperatives.

Jacobus, R., and Abromowitz, D. (2009). A Path to Homeownership: Building a More Sustainable Strategy for Expanding Homeownership. *Journal of Affordable Housing and Community Development Law,* 19, 313. https://www.jstor.org/stable/25782881?seq=1

This law review article discusses strategies for expanding homeownership. While homeownership has been a major goal for many American families and provided genuine social and economic benefits, the federal government has not provided equal opportunities to all. Racial discrimination in housing programs and disparate access to credit has resulted in very uneven rates of homeownership between racial groups. The effects of this continue today and contribute to a wide and growing wealth gap. The authors argue that housing programs that increase homeownership face challenges because they do not address the wealth barriers that keep people from owning homes. They argue for creating shared equity housing that remains affordable over time.

Jacobus, R., and Abromowitz, D. (2010, February). A Path to Homeownership: Building a More Sustainable Strategy for Expanding Homeownership. Center for American Progress. https://www.americanprogress.org/issues/economy/reports/2010/02/24/7282/a-path-to-homeownership/

This report from the Center for American Progress discusses strategies to expand homeownership. Until the housing crisis of 2007-2008 and the foreclosure crisis that followed, the federal government focused primarily on efforts to expand homeownership. The crisis prompted families to rethink the importance of homeownership and the costs of attaining it. Although it is still a goal for many, and continues to provide both economic and social benefits to families, the federal government must find a way to encourage homeownership by helping racial ethnic minority families overcome the credit and income barriers. Too many low-income families are trapped by the barriers to homeownership, as they cannot afford the sizable down payment needed to purchase a home and are at greater risk of foreclosure when they do buy. Shared equity housing is presented as an alternative and a means to address the gap in homeownership between racial groups.

Jacobus, R. (2007). Shared equity, Transformative Wealth. Center for Housing Policy. https://groundedsolutions.org/tools-for-success/resource-library/shared-equity-transformative-wealth

This article looks at a variety of homeownership options that would generate wealth while still remaining affordable to residents and examines three types of program models: Shared Appreciation Loans, the Area Median Income (AMI) Index Resale Formula, and the Affordable Housing Cost (AHC) Resale Formula. Each model balances restrictions on the return on equity with the risks of foreclosure, with each model having its own benefits and liabilities. Jacobus argues that compared to these models, shared equity models have lower risk and ultimately offer the highest return on investment of the three programs presented. Jacobus asserts that middle-class residents who already own homes benefitted from a broad array of programs, policies, and institutions established in the 1930s. He argues that public action is needed to help groups that were excluded from these programs due to racial discrimination and were unable to become homeowners. Permanently affordable, shared equity homeownership is presented as a practical tool for extending the reach of sustainable homeownership as a wealth creation vehicle. This can impact generations of working families who would otherwise be left permanently behind. Shared equity programs ensure that the housing prices remain affordable while also preserving a stock of housing so that it can play an asset building role in the lives of one family after another.

Jacobus, R., and Davis, J.E., (2010, January). The Asset Building Potential of Shared Equity Home Ownership. New America Foundation. https://www.newamerica.org/asset-building/policy-papers/the-asset-building-potential-of-shared-equity-homeownership/

This paper introduces shared equity homeownership as a strategy for wealth building among lower-income households, using the owner-occupied housing developed by Champlain Housing Trust (CHT) in Burlington, Vermont as a case study. The study followed wealth building and household mobility among buyers of 424 resale restricted, owner-occupied houses and condominiums developed by the CHT between 1988 and 2008. Members of the shared equity housing were able to reduce the per-beneficiary cost: by limiting the amount of equity appreciation that owners can earn, they can maintain affordability in perpetuity with a one-time public investment. The authors found that 76% of CHT homeowners between 1988 and 2008 were able to leave and move into market rate homes. Rather than limiting low-income households, shared equity housing acts as a'springboard towards full-equity, market rate homeownership. Additionally, homeowners benefited from continuous oversight of CHT.

Kennedy, D. (2002). The Limited Equity Coop as a Vehicle for Affordable Housing in a Race and Class Divided Society. *Howard Law Journal,* 46, 85.

Duncan discusses the pros and cons of the limited equity coop (LEC) as a means for subsidized low-income housing through different avenues of progressive legal thought, including critical legal studies, critical race theory, and alternative conceptualizations of property. Residents, developers, and supporters of LECs believe that they can accomplish three goals: affordability, participation in the management of the buildings, and community responsibility. LECs are preferred by shareholders over subsidized nonprofit rental or home ownership opportunities. Donors and nonprofit developers prefer LECs because of their affordability, participation, and community responsibility. While not utopian, LECs can provide a pragmatic form of housing for low-income and people who may otherwise suffer from class and racial divisions in other housing markets.

Lawton, J. D. (2014). Limited equity cooperatives: The Non-economic Value of Homeownership. *Washington University Journal of Law & Policy,* 43, 187.

This paper addresses the non-economic elements of homeownership that are often neglected in discussions about the meaning of homeownership. By limiting the equity appreciation that owners receive upon selling, opponents of LECs argue that they are a less valuable form of homeownership. However, the author argues that the value of a home extends beyond monetary value and subsequently, the value of homeownership cannot be solely measured by equity returns. Rather than viewing LECs as commodities, which are valued for their exchange-value (the value received upon transfer of ownership), the true value of LECs lie with their use-value, the non-economic benefits that homeowners receive while living in the housing coop. These non-economic benefits include but are not limited to: improved physical health, greater civic participation, better educational performance, increased racial and economic integration, and greater personal and family security.

Lewis, T. and Higgins, L. R. (2004, Oct). The Advantages and Disadvantages of Cooperative Housing as an Affordable Alternative. NCB Development Corporation.

This paper looks at the benefits and challenges of the coop housing structure. The authors look at the affordability, social benefits, and quality of housing relative to other housing alternatives. They note that homeownership is becoming more difficult to obtain because of the rising costs of housing, and cooperative housing offers an alternative that is affordable and can lower and stabilize this housing burden. The paper also looks at studies of coop housing in New York and Canada that demonstrate that coops do not sacrifice quality for affordability. The authors discuss the benefits of LEHCs, which include the preservation of hard-earned equity and member control of their housing and lives. This contributes to a community that is supportive, safe, independent, and affordable, and expands the provision of high-quality, safe, affordable housing for low-income families, ultimately generating stable, economically diverse neighborhoods.
The authors also report disadvantages of LEHCs, which are often rooted in the lack of information or knowledge on cooperatives. This emphasizes the importance of board training, cooperation, participation and communication among members, which can counter beliefs that homeownership means single-family ownership.

Lum, C. and Mao, C. (2009). Limited Equity Housing Cooperatives: Background and Policy. University of California, Hastings.

Lum and Mao stress the need for affordable housing in California and propose LEHCs as the solution. They report that California includes nine of the nation's ten least affordable housing markets, and consequently has one of the lowest homeownership rates in the nation. The development of LEHCs is challenged, in part, by regulatory hurdles. One remedy is to restore The Subdivision Map Act to its original form, which exempted stock cooperatives from its requirements. Amending the legislation would help overcome the barriers in forming LEHCs, thereby enhancing the availability of affordable housing. The authors discuss the benefits of LEHCs which include preventing gentrification, economically resiliency, raising homeownership rates, expanded affordability to low-income families, lowered monthly costs, better housing conditions, and homeowner empowerment. Challenges with the LEHC model include that they require members to regulate themselves, their high acquisition costs, and the prevalence of laws that prevent LEHCs from forming.

Miceli, T. J., Sazama, G. W., & Sirmans, C. F. (1994). The Role of Limited-equity Cooperatives in Providing Affordable Housing. Housing Policy Debate, 5(4), 469-490. https://doi.org/10.1080/10511482.1994.9521175

This paper addresses the housing externalities associated with shared-unit housing and discusses how LECs are able to minimize those externalities more affordably than other forms of shared housing. Given the self-governing nature of cooperatives, these externalities can be internalized by the housing coop. Rather than outsourcing management to deal with screening applicants and enforcing resident behavior, these tasks fall to the residents. While LECs are not the cheapest option in the housing market or suitable for everyone, they do offer an affordable opportunity for low-income households to own their home.

Milpitas Unified. (2020, July 22). The Story Of The First Planned Integrated Community In The Country [Video]. YouTube. https://www.youtube.com/watch?v=S5QKBKrNKGo&t=3727s

Documenting the "first planned integrated community in the country," this documentary film is produced by Connie Eiland and David Mosqueda, who grew up in Sunnyhills housing cooperative in Milpitas, California. The producers share their experiences growing up in the community and interview others who were central to the development of the cooperative in 1954. The interviews bring to light the lived experiences of residents and provide insight into the challenges developers faced from community leaders who actively worked to exclude people of color from the suburban development. At the center of the story is one of the founders, Ben Gross, who used his tenacity, intelligence, leadership skills, and position with Local 560 of the United Auto Workers to successfully develop the first racially integrated community in Milpitas, California. In an article announcing the video project, reporter Rhona Shapiro draws attention to the migration of African Americans to Milpitas and the racism they experienced. She calls attention to the crucial role of Ben Gross, who became the first Black Mayor of Milpitas, sharing one of his frequent quotes: "I started life picking cotton. I ended picking presidents."

See also: Shapiro, R. (2019, February 14). Untold Stories on Sunnyhills, Where History Was Made. The Milpitas Beat. https://milpitasbeat.com/the-untold-stories-of-sunnyhills-where-history-was-made/

Mushrush, P., Larson, M., and Krause, J. (1997). Social Benefits of Affordable Housing. Center or Cooperatives, University of California. http://cccd.coop/4-social-benefits-affordable-housing-cooperatives

This booklet presents the results of a study evaluating outcomes from three different types of affordable housing in Humboldt county: cooperative, traditional rental, and voucher housing units. The study assesses these types on a number of social indicators, including crime, community involvement, social-emotional support, and overall satisfaction. The cooperative model revealed the most positive results in all the areas measured.

Oliver, J. [LastWeek Tonight]. (2019, April 8). Mobile Homes: Last Week Tonight with John Oliver (HBO) [Video]. https://www.youtube.com/watch?v=jCC8fPQOaxU

This John Oliver segment, aired on his show and viewable via YouTube , examines the increased interest of investors in purchasing mobile/manufactured home parks (MHP). The segment focuses on one of the biggest promoters of such investments, Frank Rolfe. Rolfe and his partner are the fifth largest owners of manufactured home parks in the nation and operate training programs for new investors. They offer tours and classes through Mobile Home University, and through sales of an audio series that provides instructions on how to buy, operate, turnaround and sell a mobile home park. Oliver's staff attended Rolfe's university and purchased the podcasts, and the segment includes content from these sources Rolfe is quoted saying that owning an MHP is "like running a Waffle House where everyone is chained to the booth." He further details the difficulty for residents during a Mobile Housing University session, stating: "What I've found, and again just as a heartless person, is that the customers are stuck there. They don't have any option. They can't afford to move their trailer. They don't have three grand. So the only way they can, they can [sic]object to your rent raise is to walk off and leave their trailer, in which case it becomes abandoned property and you recycle it—put another person in it. So you really hold all the cards. So the question is what do you want to do? How high do you want to go?" The podcast details the predatory nature of the investment, shown in the following statement quoted by Oliver: "One of the big drivers to making money is the ability to increase the rent... if we didn't have them hostage, if they weren't stuck in those homes in the mobile home lots, it would be a whole different picture."

Papoutsis, N. (2019, March 26). The Limited Equity Cooperative: An Economic and Social Solution to Affordable Housing Crisis. *Georgetown Journal on Poverty Law & Policy,* https://www.law.georgetown.edu/poverty-journal/blog/the-limited-equity-cooperative-an-economic-and-social-solution-to-affordable-housing-crises

Papoutsis describes the workings and financing of LECs. The LEC is an underutilized model that represents a viable economic solution to combat the affordable housing crisis and build socio-economic status for low-income residents. Limiting equity is key to assuring affordability over time. The author advocates for development of more LECs.

Perkins, K. (2007). The Future of Limited Equity Cooperatives. *Cornell Real Estate Review.* https://ecommons.cornell.edu/handle/1813/70627

Millions of U.S. homeowners are cost-burdened and spend a large percent of their incomes on housing. One way to address this problem is through LEHCs. Low- and moderate-income households can buy shares in an LEHC, which will enable them to become homeowners before they can afford the debt required for traditional homeownership. LEHCs also promote and work well with mixed-income housing, which makes it more likely for a coop to be able to cover operating costs and accumulate reserves. LEHCs also stimulate community involvement and organization. In order to be successful, LEHCs will need support from public and private institutions to become a more established form of homeownership. Perkins asserts that making LEHCs eligible for development funding under the Low Income Housing Tax Credit Program would be a great benefit to advance the development of more LEHCs.

PolicyLink (2001, July). Limited Equity Housing Co-op. Equitable Development Toolkit. https://www.policylink.org/sites/default/files/limited-equity-housing-cooperatives.pdf

This article provides an encyclopedic entry on LEHCs, serving as a useful resource. The article presents definitions of limited equity housing and describes what an LEHC is, why it should be used, and how to use it. The article also details different types of coops, LEHC administration, and the process for developing LEHCs. It also includes lists of key players, challenges, success factors, financing mechanisms, policy priorities, case studies, and further resources.

The Private Equity Stakeholder Project (2019, February). Private Equity Giants Converge on Manufactured Homes. https://pestakeholder.org/report/private-equity-giants-converge-on-manufactured-homes/

The Private Equity Stakeholder Project seeks to educate and empower manufactured home communities and families who are affected by private equity firms. This report from the project discusses the effects of private equity firms buying MHPs at rapid rates, which has become the newest investment trend for private equity firms. The report details how residents experience increasing rental rates, and deferred maintenance as a result of these investor purchases. Increased rents overtime can lead to the resident being priced out of the park, leaving their home behind, and enabling the firm to find a buyer who is willing to pay that higher rent.

Rodríguez-Pose, A. and Storper, M. (2019, May). Housing, Urban Growth and Inequalities: The Limits to Deregulation and Upzoning in Reducing Economic and Spatial Inequality, CEPR Discussion Papers, No 13713. https://EconPapers.repec.org/RePEc:cpr:ceprdp:13713

This paper challenges the belief that relaxing zoning and other housing development regulations will increase affordability of the existing housing stock. In order for deregulation to result in reduced housing prices, one assumption needs to hold true: that housing regulations are the principal cause for the shortage in housing development and subsequently, the lack of affordable housing. The authors argue that deregulation has failed to increase housing affordability or improve economic inequality, as it was intended, and instead has led to increased gentrification in neighborhoods that are most vulnerable. The authors assert that housing prices are actually reflective of the wage and income structure of the population in that area. Areas with growth in jobs with routine skills and moderate wages experienced lower housing prices than areas that drew in higher-skilled and higher-paid workers. Deregulating housing markets would increase housing supply, but for areas experiencing high housing demand while simultaneously attracting higher-income and higher-skilled workers, simply increasing supply through use of blanket deregulation would actually increase demand, not improve affordability, leading to gentrification.

Rioux, G.L. (1994). Limited Equity Housing Cooperatives: A Financing Opportunity for California Lenders. Center for Cooperatives, University of California Davis. http://sfp.ucdavis.edu/files/143828.pdf

This booklet addresses the difficulties housing cooperatives experience in obtaining financing from private lenders and suggests that better understanding of the model is a key to financing. Lenders need introductory information about LEHCs and to clarify issues of concern to lenders. Lender concerns include underwriting considerations, which include the loan-to-value ratio, foreclosure risk, debt-coverage ratio, share value, vacancy rates, project management, and secondary mortgage market acceptance. Risk assessment for underwriting is often based on misperceptions about LEHCs. This leads to many problems. The booklet goes through each related issue and makes recommendations. For example, to address the issue that LEHC appraisals are typically undervalued, the authors suggest that lenders work with appraisers to make sure that comparable properties are used in the appraisal, rather than net operating income.

Saegert, S., & Benitez, L. (2005). Limited equity housing cooperatives: Defining a Niche in the Low-income Housing Market. *Journal of Planning Literature,* 19(4), 427-439. https://journals.sagepub.com/doi/pdf/10.1177/0885412204274169

This paper addresses the economic and social potential of LECs as a strategy for providing affordable housing to low-income households. LEHCs are characterized by two main elements: collective ownership and limited equity appreciation. Members are able to take advantage of the homeowner tax exemption, and gain affordable housing; the limitation on the resale price of each share assures that affordability is maintained in perpetuity. The authors briefly compare the economic and social benefits of LEHCs against traditional forms of homeownership, highlighting LEHCs' ability to minimize housing externalities, provide homeownership opportunity and financial stability, promote a greater sense of community and civic participation among members, and protect low-income residents from gentrification. LECs have proven to be stable even during economic downturns, reflected by the lower foreclosure rates observed among LEHCs compared with other forms of homeownership.

Sazama, G. W. (2000). Lessons from the History of Affordable Housing Cooperatives in the United States: A Case Study in American Affordable Housing Policy. *American Journal of Economics and Sociology,* 59(4), 573-608. https://onlinelibrary.wiley.com/doi/pdf/10.1111/1536-7150.00045

This article discusses housing policy in the context of the history of affordable housing coops. The author frames this article by grouping each period of history with a corresponding policy question. Issues through the various periods include: whether limited equity housing cooperatives should be allowed to convert to market rate or condominiums; whether affordable coops should be sponsored by for-profit realtors, nonprofits, or members; involvement of resident members; whether monthly rent should be a flat fee or as percent of household income.

Sazama, G., & Willcox, R. (1995). An Evaluation of Limited Equity Housing Cooperatives in the United States. Economic Working Papers, 199502. https://opencommons.uconn.edu/econ_wpapers/199502

This paper provides an evaluation of LEHCs. LEHCs are evaluated within the following framework: 1) the effect of resident participation on operating costs; 2) the disutility of time and effort that members devote to coop activities; 3) the intangible benefits of coop living; 4) the degree of subsidization; and 5) the financial viability of LEHCs. The paper synthesizes information gathered from interviews of field practitioners and academic experts, the authors' personal experiences, and a review of the literature, revealing that LEHCs are an effective way of providing homeownership opportunities for low-income families in the United States. Some specific advantages noted were the reduction of coop operating costs and negative inter-tenant externalities, accomplished through resident participation in developing and managing the LEHC. Other advantages include the lower operating costs compared to other forms of publicly subsidized housing and lower vacancy and turnover rates compared to other alternative ownership forms.

Sudo, C. (2019, September). Why Co-op Senior Housing is Ready for Primetime. Senior Housing News. https://seniorhousingnews.com/2019/09/05/co-op-senior-housing-starts-to-compete-for-bigger-market-share/

This article discusses cooperative housing for seniors, noting that cooperative housing is an important part of senior housing and a growing sector. Over time, many independent and assisted living facilities may transition into cooperative living. States such as California, Maryland, Massachusetts, and Michigan have a high number of senior cooperative housing units. This article presents the benefits of cooperative housing for seniors that go beyond shelter, including the chance to buy a share of property while also sharing amenities and engaging in decisions about upgrades and changes to the property. Cooperative housing focuses on the wellbeing of its senior residents, allowing it to achieve multiple goals.

Szylvian, K. M. (2016). An Update on Cooperative Housing History Research. *Cooperative Housing Journal,* 11-18.

This article explores the history between organized labor and housing cooperatives. In New York, some of the first housing cooperatives were the product of workers' unions trying to provide affordable and safe housing for their members. One such cooperative was started in New York City by the International Ladies Garment Workers Union to create a community of workers and to provide housing security in for these women. Similarly, in the San Francisco Bay area, housing cooperatives were created by unions to provide their members, mostly people of color, with an alternative housing option because the suburbs were segregated, and the inner cities were often unsafe for families. While these cooperatives were often a collaboration with government agencies for funding, housing cooperatives have never received the same levels of economic, legal, political, and cultural support as the movement for single family homes, which have always been protected and promoted in the United States.

Taylor, K. (2019). *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership.* UNC Press Books.

In this book, the author chronicles the racism and corruption that perpetuated unequal housing and devastating conditions in disinvested urban core areas populated by Black residents, even after passing legislation to correct it. Lyndon Johnson's Housing and Urban Development Act provided guaranteed low-interest bank loans, with $200 down payments, to assist low-income families in purchasing single family housing. The Act was supposed to remedy racial redlining and offer a program that provided the opportunity of homeownership for Black families. The Nixon administration inherited implementation of the Act and at first, Nixon's Secretary of Housing and Urban Development George Romney took it on in earnest. However, the structure of the loans promoted private enterprise and was used by banks and real estate brokers to maximize their own profit. The author presents heart-wrenching examples of the exploitation of Blacks to fuel profit. As the corruption and tangled web of profit seekers ultimately revealed the failure of the housing program, instead of exposing them, blame was shifted to Blacks in the program, and this narrative was embraced by Romney. Their view was that government largess was the failure. Taylor makes the case that this theme continued through subsequent administrations through the crash of 2008. She argues that it was not government intrusion that caused the failure of the programs, but the opposite—that the objective of profit-making by private enterprise outpaced the necessity for safe and sound housing. The heart of the conflict, she asserts, is that real estate profits were rooted in racial segregation; race was turned into profit.

Temkin, K., Theodos, B., and Price, D. (2010, Oct). *Balancing Affordability and Opportunity: An Evaluation of Affordable Homeownership Programs with Long-term Affordability Controls.* The Urban Institute. https://www.urban.org/research/publication/balancing-%20affordability-and-opportunity-evaluation-affordable-homeownership-programs-long-term-affordability-controls

Shared equity homeownership is one of the long-term programs that can help income-eligible families purchase homes at affordable prices. This article details research on the outcomes that homeownership can have on low-income households through specific programs, analyzing seven U.S. programs in their ability to achieve four primary outcomes: 1) affordability; 2) personal wealth; 3) security of tenure, and 4) mobility. Overall, Shared Equity Programs were found to be the most cost effective method to help low-income families build wealth through sustainable homeownership, while also providing a permanent supply of units that remain affordable over time for upcoming homeowners in the future.

Temkin, K., Theodos, B., and Price, D. (2010, Oct). *Shared Equity Homeownership Evaluation: Case Study of Thistle Community Housing.* The Urban Institute. https://www.urban.org/sites/default/files/publication/29296/412245-Shared-Equity-Homeownership-Evaluation-Case-Study-of-Thistle-Community-Housing.PDF

This study analyzes the shared equity homeownership initiatives that offer homeownership opportunities to income-eligible families by examining the Thistle Community Housing program in Boulder, CO. The article evaluates affordability, personal wealth, security of tenure, and mobility outcomes in the Boulder metropolitan area. The Thistle Community Housing program provided below-market prices, and used a community land trust to sell homes to low-income families. When families wanted to sell their house on the market, Thistle limited the sale price. The program is effective, and the findings suggest that the community land trust model does an outstanding job of providing sustainable homeownership to lower-income families. Even though the program limited the resale amount for the families, they still realized a median internal rate of return of 22%, so most resellers saw returns well above what they would have earned if they placed their down payment in either the stock or bond market.

Temkin, K., Theodos, B., and Price, D. (2010, Oct). *Shared Equity Homeownership Evaluation: Case Study of Wildwood Park Towne Houses.* The Urban Institute. https://www.urban.org/research/publication/shared-equity-homeownership-evaluation-case-study-wildwood-park-towne-houses

This case study analyzes outcomes for Wildwood Park Towne Houses, a 268-unit LEHC located in Atlanta, GA. The case study assesses performance in four different areas: affordability, security of tenure, personal wealth, and mobility.

Temkin, K., Theodos, B., and Price, D. (2010, Oct). *Balancing Affordability and Opportunity: An Evaluation of Affordable Homeownership Programs with Long-term Affordability Controls*. The Urban Institute.

This study examines and analyzes the importance of programs that allow people to own homes at an affordable rate, including shared equity homeownership initiatives: CLTs, and resale restricted, owner occupied houses or condominiums with affordability covenants (i.e., deed restrictions) lasting 30 years or longer. Overall, the study found that the programs sold homes and cooperative units to families with incomes ranging from a low of 35% of median family income (MFI) to 73% of MFI. Moreover, the income of subsequent buyers remained relatively low, when compared to MFI for all of the years in which programs sold their homes. Units retained their affordability over time, thereby creating opportunities for lower income families to generate wealth through the savings.

Temkin, K., Theodos, B., and Price, D. (2010, Oct). *Shared Equity Homeownership Evaluation: Case Study of Dos Pinos Housing Cooperative.* The Urban Institute. https://www.urban.org/research/publication/shared-equity-homeownership-evaluation-case-study-dos-pinos-housing-cooperative

This article discusses Dos Pinos Housing Cooperative, a 60-unit LEHC in Davis, California. The authors assess the cooperative in terms of affordability, security and tenure, personal wealth, and mobility for its residents. Over its 26 years of operation, Dos Pinos had 216 home resales. Dos Pinos provided more accessibility to first time and returning home owners. The study compared two other forms of housing on the same street as Dos Pinos: rental housing and condominiums. A comparison of costs for equivalent two-bedroom units revealed that monthly costs at Dos Pinos were significantly less than both the condominium and rental apartment. In regard to personal wealth, the affordability of the cooperative helps unit owners save more money, in comparison to their saving capacity with regular market rate rents. Of the 276 owners at Dos Pinos, 216 of them moved because of growing families or new jobs, with some people purchasing single-family homes. The Dos Pinos case study demonstrates that the LEHC model can provide families with accessibility, mobility, and personal wealth.

Thompson, D. J. (2016). Thurgood Marshall-From Cooperative Apartment to Supreme Court. *Cooperative Housing Journal,* 19-26.

This article documents the historical context and advocacy of Thurgood Marshall, the NAACP, and other civil rights activists to push back against discriminatory practices that prevented the development of interracial housing cooperatives. In many cities across America during the early twentieth century, Jim Crow laws prevented many African Americans from renting or purchasing homes and apartments, leaving housing cooperatives as the only option for many people of color. While fighting against racial housing discrimination, Thurgood Marshall was impacted by it. When he moved to New York to work at the NAACP in 1936, he was only allowed to rent in Harlem in specific buildings that were for Blacks. In 1958 Marshall and his family moved into Morningside Gardens, a housing cooperative that allowed multiracial families. Morningside Gardens was a planned cooperative neighborhood that was a social and economic model for many future cooperatives in New York.

Thompson, D. J. (2020, Nov 18). Postwar Interracial Co-ops and the Struggle against Redlining. *Nonprofit Quarterly.* https://nonprofitquarterly.org/postwar-interracial-co-ops-and-the-struggle-against-redlining/

Thompson discusses the struggle of cooperatives to form racially integrated housing. When African American veterans returned from WWII, they were denied access to the same home loan programs offered to white veterans. Loans through the FHA were blocked if the project was not racially segregated. After much struggle and advocacy from the United Auto Workers, Sunnyhills Cooperative in Milpitas, California became the first interracial cooperative approved by the FHA. They applied for the loan under a new coop funding program, Section 213 of the Federal Housing Act of 1950, which was administered by the Cooperative Development Office of the FHA rather than the FHA's single-family home program.

Vozick Hans, A. (2007, June). *Amalgamated Housing: The History of a Pioneer Co-operative 1927 Bronx, New York*. http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.694.5655&rep=rep1&type=pdf

This report tells the story of the oldest limited equity housing cooperative in the United States: Amalgamated in the Bronx, New York City. At the beginning of the twentieth century, the lower east side of Manhattan had become extremely crowded with people, mostly immigrants, living in terrible conditions with very few amenities or even light in their units. During Worls War I, many of these immigrants were evicted. The Amalgamated Clothing Workers Union saw that their workers were struggling to find housing and proposed a housing cooperative to offer affordable housing with safe living conditions. The limited equity cooperative that they developed required that residents be educated on the democratic process and on cooperative organization. The cooperative continues to provide affordable, democratically governed housing to this day.

California Housing Cooperatives

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