

CO-OP CONNECTIONS



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MISSION STATEMENT

The mission of the California Center for Cooperative Development is to promote cooperatives as a vibrant business model to address the economic and social needs of California's communities.



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CO-OPS AS A SOLUTION TO THE HOUSING CRISIS

California is the most populous state in the nation and is also distinguished as the state with the second lowest homeownership rates. (US Census, 2016). Moreover, housing costs in California are the 3rd most expensive in the US (Out of Reach, 2016). For the purpose of subsidies, the government assumes that a household pays 30% of its income on housing (US HUD), yet a study by the National Center for Housing Policy (2014) reveals that among all 50 states, California has the highest fraction of working renters who spend half or more of their income on housing.

The "housing crisis" is not limited to California. There is a nationwide crisis, with varying perspectives on the causes and consequences. There is no "one size fits all" remedy, but the Limited Equity Housing Cooperative is part of the solution.

In a Limited Equity Housing Cooperative, residents co-own the housing development, and each household has an occupancy right to a particular unit. Development can be financed through traditional



Dos Pinos Housing Cooperative in Davis, CA

affordable housing sources, and residents can use similar funding to assist with purchasing their share for co-op membership/co-ownership. The community is democratically governed on the basis of one vote per household. Long-term affordability is maintained by limiting the resale value of shares. This provides members moderate increases in equity, incentives to invest and improve their homes, and still keeps the resale price affordable to new members.

(CONTINUED ON PAGE 2)

COOPERATIVE FARMS FOR THE FUTURE OF FARMING



Cloverleaf Farm members and potential members cooperatively operate the farm and business

Within the next two decades California is projected to see a massive transition of land and farm ownership. Major drivers in the projected changes include the increasing average age of farmers (just under 60), a decline in family farm transition from one generation to the next, and the high cost of land. Since the leading loss of agricultural land is development, will ag land remain in the hands of farmers, or will it transition to housing developers? A surge of interest in farming

among young adults makes keeping land in the hands of farmers plausible, but they will be unable to do it without creative strategies and sufficient support.

CCCD is working to educate the farming industry about establishing worker co-op farms as a strategy for maintaining the state's farmland and related agriculture production. We are partnering with a number of other organizations in this initiative, including California FarmLink, an organization that provides a range of services to farmers and Kitchen Table Advisors, who support the sustainability of small farms by providing business tools, knowledge, and resources.

In addition to a widespread education campaign, CCCD is also assisting in the development of two worker cooperative farms: one in Nevada City and the other in Dixon. The cooperative model allows them to aggregate their resources, skills and experience to afford land and operate dynamic farm businesses.

(CONTINUED ON PAGE 3)

AGRICULTURAL COOPERATIVE DIRECTORS AND EXECUTIVES LEADERSHIP PROGRAM

JAN 31 - FEB 1, 2019
SACRAMENTO, CA

Program features full day seminars on agricultural marketing, cooperative finance, and case studies in cooperative success, failure, and transformations.

CALIFORNIA CO-OP CONFERENCE

APRIL 28 - 29, 2019
SACRAMENTO, CA

Multi-sector co-op event serves diverse interests through concurrent workshops for the co-op novice to the co-op expert. Includes workshops for consumer and worker co-ops on a range of important issues, courses on starting a co-op, and on using the co-op model for community and economic development.

CO-OP DAY AT THE CAPITOL

SPRING, 2019
SACRAMENTO, CA

Cooperatives and cooperative supporters come together to educate legislators and the public about the cooperative business model.



(CONTINUED FROM PAGE 1)



Housing units in Dos Pinos Limited Equity Housing Cooperative

Dos Pinos is a Limited Equity Housing Cooperative in Davis, CA. In 2016, the share price for a 3 bedroom, 2 bath townhome at Dos Pinos was \$32,915 and the monthly carrying charges were \$1,142. A 3 bedroom, 1.5 bath condo in the same region in 2016 would require a \$60,000 down payment for a unit that cost \$300,000, with monthly house payments of \$1,824. A 3 bedroom, 1.5 bath apartment rental in that region required a rental fee and security deposit of \$4,000 and the monthly rent was \$1,770. Share prices at Dos Pinos can increase up to a maximum of 10% per year, plus the value of improvements. The reasonable monthly assessments are particularly valuable to residents. During a recent tour CCCD conducted at Dos Pinos, parents of a 4-year-old explained that the affordability at the co-op enabled the mother to be a stay-at-home mom. A mother of a recent high-school graduate shared that the savings enabled her to pay for her son to attend college. Another family shared that they were able to go on their first vacation last year.

The "American Dream" includes owning a home. Besides the economic advantages and the security and satisfaction experienced by homeowners, there are social benefits to the status. A recent study confirms decades of research showing that homeownership positively effects the young adult outcomes of children. The more time that a child resides in a resident-owned home, the more positively it effects their work experience, high school and graduation rates, and negatively impacts teen pregnancy, criminal convictions, and the likelihood of being on welfare.

CCCD Perseveres in Promoting LEHCs

A California statute passed in 1986 regulates Limited Equity Housing Cooperatives; the law is sound, allows flexibility in equity increases (up to 10% per year), and prevents speculation by limiting any final sale or transfer of the entire development to a charitable non-profit. Still, after an initial flurry of developments, LEHC development has been disappointingly low over the past two decades. CCCD has been working to correct this by promoting co-op housing development.

It is good that CCCD has a long-term commitment to cooperative housing because the work has turned out to be rife with obstacles. We found that there were legislative challenges, many of them being technical. For example, financing for development of a housing co-op requires a blanket mortgage that covers the entire property. The state's Subdivided Lands Act

(SLA) prohibited the sale of shares when the units are subject to a mortgage secured by a blanket mortgage. Co-op housing developers needed to spend thousands of dollars on attorney fees to get an exception for the co-op. The combination of this and similar impediments made development very difficult. CCCD was able to work with a committee of housing co-op experts to encourage legislation that changed the SLA and some of the other challenges.

Another important goal is to educate legislators, affordable housing developers, and others about Limited Equity Housing Co-ops (LEHCs). CCCD has presented workshops at conferences, met with non-profit housing developers, and submitted legislative testimony for the state's new housing plan. Funding is another important hurdle to address. In some cases, funders' ignorance about the model leads them to disallow its use (even though co-ops should be able to qualify for the funding). Part of the challenge is cultural--affordable housing is a field entrenched in tradition, and hesitant to welcome new ideas.



Two Co-op members garden at Dos Pinos

The Diversity of LEHCs

Limited Equity Housing Cooperatives are adaptable to specific populations. It is a model effectively used throughout the country for senior housing. Veterans can use the model to secure affordable home ownership. First-time homeowners can use the model as a stepping stone to traditional home ownership. The limited equity housing co-op model is useful in creating affordable homes to attract employees, such as educators, young professionals, and industrial workers to regions with high home prices.

The soul of the cooperative model is the ability to solve problems by bringing people together to address mutual needs. The Limited Equity Housing Cooperative is structured to meet the need for affordable home ownership, not just for initial members, but to continue to offer opportunities when new members enter the co-op.

E. Kim Coontz

Blau, David M, Nancy L. Haskell and Donald R. Haurin: The Impact of House Characteristics and Homeownership on Child Development and Young Adult Outcomes. MacArthur Foundations How Housing Matters to Families and Communities program: 09-94094-000-HCD. -December 21, 2015.

CO-OP FARMS FOR THE FUTURE OF FARMING (CONT'D)

(CONTINUED FROM PAGE 1)



Kaitlin Oki and Katie Fryhie, Cloverleaf Farm

The four farmers in Nevada City recently incorporated their worker co-op as “Flying V.” They met when they were farm employees and bonded over a common desire to own and operate a diversified farm. Their values, experience, and skills complimented one another, with respective experience in livestock, orchard, and vegetable production.

The farmers in Dixon are organized as Cloverleaf Farm, which is currently a partnership including farmers Emma Torbert and Katie Fryhie. Growing farm sales are primarily through community supported agriculture (CSA), a farm stand, product sales in the (nearby) Davis Food Co-op, and the local Farmer’s Market. As demand for their products grow, they need to keep pace by bringing in additional labor. Torbert explains “We want to give employees an opportunity to invest in the business that they’re helping expand.”

For both Flying V and Cloverleaf, cooperative development solves business and operating issues, and helps members afford lease payments, but the heart of the issue is secure farming land. Each group is currently leasing land from farmers who desire to keep their land in production, but the leases are not long-term. CCCD’s education programs are designed to help retiring farmers, (who do not envision transitioning their farms to their children) understand that an alternative successor can be worker co-op farms. Interest among farmers will undoubtedly need to be linked with programs that assist in such transitions.

Mai Nguyen and E. Kim Coontz

HOLISTIC EDUCATION FOR COOPERATIVE DEVELOPMENT

Jujubes (*Zyzyphus jujube*) are a common fruit to many Middle Eastern and Asian immigrants, especially people from China, Korea, and Vietnam. Jujubes look like round and smooth palm dates but have a texture like an apple, and when dried they become more like a date: chewy, with concentrated sugar, and molasses-like flavor. CCCD has been working with a group of first and second generation Korean immigrants to make this fruit as common as palm dates and cranberries. Developing the market, researching agronomic practices, and supporting cooperation between producers makes cooperative development more complex. Our work with the community of jujube growers in the Lucerne Valley of San Bernardino County has stretched CCCD to think about what cooperative development encompasses. It turns out the co-op development puzzle has many pieces.

Jujube growers in the valley wanted to form an association to coordinate sales of their dried jujubes and reach out to larger distributors and specialty market chain stores throughout the US. Without naming it, they were talking about forming a cooperative. Luis Sierra, CCCD’s Assistant Director, visited growers and introduced the concept of the ‘Marketing Cooperative,’ and within a few weeks, leaders incorporated the California High Desert Jujube Cooperative.

In Luis’s first visit to the members’ farms, he discovered a wide range of farming, harvesting, processing, and packaging practices. It was clear that while everyone was an entrepreneur, almost everyone was a novice farmer learning as they went along – which worked for their small scale. When it came to reaching out to larger buyers, we knew that ‘Food Safe’ farming and processing practices would be an issue buyers would want to know about, and Good Agricultural Practices (GAP) certification would show buyers they were all conforming to industry-wide standards. HDJC directors and CCCD agreed to tackle this issue first.

Over the next 2 years, CCCD brought in food safety experts, including those from the Produce Safety Alliance and Dried Fruit Association of California. We needed a way to get members food safety certified through Group GAP certification. In order to effectively assist farmers, CCCD’s Luis Sierra became a certified Lead Trainer for Food Safety trainings and an accredited Auditor for USDA Group GAP program, which allows the cooperative to internally audit their farmers’ food safety practices, and have USDA conduct sample audits of their own to verify the accuracy of the internal audits.



HDJC member (David Paeng) shows Dr. Yao his Jujube orchard

We also found and brought in the only agricultural researcher in the United States who specializes in jujubes: Dr. Shengrui Yao of New Mexico State University. Luis encouraged her to visit HDJC members farms and share with them ‘best practices’ for growing high quality jujubes, which culminated in a field day with Dr. Yao and other New Mexico State faculty from the Food Science and Agricultural Engineering departments. Next steps for the collaborative group are to explore methods of improving the drying practices and low-cost mechanical pitting and slicing of the fruit so that it can be more easily used as an ingredient for baked goods and snacks.

When we think about developing cooperatives, we mostly approach our projects by focusing on building the understanding of the cooperative business venture, and help groups through the process of incorporation, financing, and membership development. Our work with High Desert Jujube Cooperative has opened our eyes to the need to address fundamental farming and processing issues, that are as important as the ‘co-op’ piece.

Luis Sierra

How Californians get their food, and how they eat it, continues to change. Trends show that more of us expect our grocery stores to look and act like restaurants as much as a conventional grocer. We also expect that every store is able to offer us certified organic, locally produced foods, reduce packaging waste, and cater to all kinds of special dietary needs.

This poses a set of serious challenges for consumer owned food cooperatives, many of which have their origins in the 1970's. Food co-ops kick-started the organic movement, made bulk-buying an acceptable and expected way to provide dry foods, and more recently, satisfied the Buy Fresh/Buy Local and Fair Trade expectations.

What have California Food Co-ops done to maintain themselves as relevant and forward-looking businesses? In the past 2 years, we've seen some changes implemented across all consumer food cooperatives. Co-ops have increased their prepared foods offerings through kitchen expansions. When the Sacramento Natural Foods Coop (SNFC) realized they had outgrown their store, they built a new and larger store, which allowed them to seriously expand their baked goods and prepared foods, and now they have a taqueria, pizzeria, and gelato bar, in addition to an expanded salad and buffet bar, in-house prepared sushi, and juice and coffee bars. These all help make the SNFC relevant to the busy lives of their members.

What happens when a food co-op operates as if it were in a past decade? San Luis Obispo Natural Foods Coop (SLONFC) was late in adapting to the changes in their member's purchasing habits. When a group of concerned members was elected to the board in 2011, they were able to mobilize a Slow Money loan to get the co-op moved into a larger storefront, which allowed them to offer more products and services in a more customer-friendly environment. They went from a dwindling membership (200) in 2012 to more than 1,100 in 2017. Since the move, the co-op has seen growth in sales each year. In addition to giving more reasons for the community to shop at SLONFC, they updated their member benefits package. Changes include switching to annual patronage dividends as a way of managing their equity, which permits them to more adequately plan for future growth. CCCD has been fortunate to be able to help with this progress.

Luis Sierra



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Technology Administrator

CCCD has an ongoing student intern program. Interns enrich CCCD's programs with their vital contributions while learning about cooperatives.

Why Wait? Become a CCCD Member or Renew TODAY!!

CCCD is a 501(c)(3) non-profit that is supported by memberships, donations, and project-related grants. **Our goal is to have every cooperative and cooperative supporter in California be a member of CCCD.**

Why should you/your cooperative be a member of CCCD?

- 1) CCCD is California's only non-profit dedicated to providing information and education about all different types of cooperatives;
- 2) As a non-profit, CCCD is an independent, non-political voice to explain how cooperative businesses are unique and why they need special legal, tax and other considerations;
- 3) Members receive discounts on CCCD education programs for cooperative boards and staff;
- 4) CCCD is uniquely positioned to bring together different types of cooperatives for their mutual benefit;
- 5) CCCD is connected nationally and within the state, which enables us to help members address specific issues by linking them to appropriate resources;
- 6) CCCD's role in developing cooperatives brings more visibility to cooperatives and increased recognition of the positive contributions they bring to the California economy;
- 7) Your membership will be listed on our website (unless you prefer otherwise).

(Please Check Member Level on Appropriate Line)

CO-OP/ORGANIZATIONAL MEMBERSHIP (Based on Annual Revenue)

\$1 billion & above: \$750
 \$100 M - \$999 M: \$500
 \$3 M - \$99 M: \$350
 \$1 M - \$2,999,999: \$250
 \$700,000 - \$999,999: \$200
 \$400,000 - \$699,999: \$150
 \$200,000 - \$399,999: \$100
 Less than \$200,000: \$50

SPECIAL MEMBERSHIP (co-op organizational or individual)

Cooperative Champion: \$5,000
 Cooperative Leader: \$3,000
 Cooperative Innovator: \$1,000

INDIVIDUAL MEMBERSHIPS: \$50-\$200 (self-assessed ability to contribute) \$25 Individual Low Income/Student

Name: _____ Co-op/Org: _____ Telephone: _____

Email Address: _____ Mailing Address: _____ Enclosed Please Find \$ _____

Return this form via mail: CCCD; 979 F St. Suite A-1; Davis, CA 95616; fax: 530-297-1033; or email: coops@cccd.coop. Please make checks out to CCCD. Credit card payments are accepted on our website at www.cccd.coop/membership. CCCD is a charitable non-profit; member subscriptions are tax deductible donations.

THANK YOU FOR YOUR SUPPORT!

JESSICA NELSON
PRESIDENT
Golden State Power Cooperative

LUCAS FRERICHS
VICE PRESIDENT
Past President:
Davis Food Co-op & Yolo Mutual Housing Assoc.

LEE RUTH
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Cooperatives Program Director
Director of Economic Democracy
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CCCD staff joined Cooperators from across the US for a 3-day training on Home Care Cooperatives organized by the Cooperative Development Foundation

WORKER CO-OPS CREATE WIN:WIN IN HOMECARE SERVICES

Workers and Clients Benefit from Cooperative Business Model

CCCD is joining a growing number of cooperative development centers engaged in developing Homecare Worker cooperatives. Homecare refers to a broad palate of non-medical support services for seniors and disabled people, including bathing and shopping, that enable them to live at home.

Why Worker Cooperatives?

The homecare industry has undergone significant transformations over the past decade. It is characterized by low wages and benefits for caregivers, prompting high turnover and inconsistent, sometimes low-quality care for clients. Current and future prospects for care services prompted a surge in corporations entering the industry, however over the last five years there has been a decline in traditional corporate involvement because of factors that restrict profit in homecare services. The industry is labor-intensive and there tends to be a threshold for what most people can pay. This, coupled with low reimbursement rates for those eligible for public subsidies, restricts the wages for those providing care. Low wages contribute to challenges in the recruitment and retention of service providers.

Worker cooperatives offer advantages for the homecare industry. They can operate more efficiently because profit is allocated to worker-members rather than investors. Workers also control the work environment, which improves working conditions. The combination of these advantages contributes to a win-win for both workers and clients. Home care cooperatives recruit caregivers who enjoy the work, and since they are better compensated and co-own the business, they are more likely to stay. These factors result in stable, quality care for clients.

Home Care Co-op Movement

Under the adept leadership of the Cooperative Development Foundation (CDF), cooperative developers across the nation have been learning about homecare cooperatives and sharing their successes and lessons learned. Indeed, CDF's foresight in the potential of the worker cooperative model in the delivery of homecare support to seniors and

the disabled prompted them to establish a robust program of education and training to encourage their development. After following the progress of CDF and related development successes, CCCD staff participated in training last fall and began conducting feasibility studies for homecare cooperatives in Yolo County and in San Diego County.

Build and Recruit Cooperative Development Model

So far, our work on the feasibility studies is showing business promise in each community. Once business feasibility is confirmed, CCCD will engage in developing home care cooperatives in Yolo and San Diego counties using the Build and Recruit model of cooperative development. CCCD will work with volunteer, non-worker steering committees in each community during the development process. Volunteers will have an interest in the business model and industry, as well as connections within the community which will promote clientele and business start-up success. Once the business planning, bylaws and incorporation are complete, and a start-up cooperative facilitator/manager is secured, the co-op will recruit member candidates. Member candidates will work as employees during a specified probationary period, which allows them, as well as the initial board, to assess member-owner suitability.

As worker members are admitted to the co-op they gradually replace the volunteer board. The "cooperative facilitator" is an employee of CCCD and supports the co-op by providing management services, implementing the business plan, and providing mentor-based training for new members. This type of build and recruit model, designed by CCCD, consciously promotes business success and worker empowerment by placing workers in the position of making important work decisions from the beginning; the facilitator is not the "boss," and the volunteer board works in partnership with members to assure that members are true owners of their co-op.

Stay tuned for updates to CCCD's development initiatives in the home care industry!

E. Kim Coontz



CO-OP CONNECTIONS

COOPERATIVES: ENDURING, PROBLEM SOLVING ENTITIES

Cooperatives have enduring and impressive legacies as problem solving entities. Within the first two decades of the 1900s, cooperatives were woven into California agriculture. Farmers formed co-ops to market their products, and cooperatives provided access to water and financing. During the Great Depression, large groups of people in Compton and Oakland formed barter and mutual aid cooperatives as a survival strategy. Farmworker struggles in the 1960s and 70s birthed farmworker housing cooperatives in the Salinas Valley. The modern-day availability of organic and natural food has its roots in consumer food cooperatives formed in the 1960s and 70s. Throughout the twentieth century democratically controlled cooperatives empowered members to achieve what they could not gain alone. In every case, the benefits of the cooperative transcended the members by contributing local businesses, jobs and services in their communities.

This heritage of problem solving through co-ops continues today. Cooperatives provide a path for younger generations to transition into farming and owning businesses. Worker co-op farms offer a way for young farmers to afford land and equipment costs, and an opportunity for aging farmers to pass their land to a new farming generation. Small business owners yearning for retirement are learning that they can sell their business to their employees to own cooperatively. Such cooperative transitions retain local businesses and jobs.

CCCD serves as a resource for people interested in learning about and forming cooperatives. We are helping young farmers form worker cooperatives. We are



CCCD Staff & Intern (from left) Back row: Melissa Hong, Patricia Keehan, Kevin Crooks, Luis Sierra, Iev Khov, Yarissa Ramirez; Front row: Angelica Medina, Nicole Dennis, Alexis Peterson, E. Kim Coontz, Jamie Duong, Kyra Steversherwood (Not pictured: Melissa Oh)

leading a campaign to promote the growth of housing co-ops to address California's housing crisis. During 2019, we will engage in the development of home care worker cooperatives to provide in-home support services for the elderly and disabled. We will help nascent farming groups improve governance and marketing opportunities. Our projects for the coming year also include providing support for existing cooperatives through our annual conferences and direct technical assistance.

I am proud to be among the many people who fuel the work of CCCD—staff, interns, board members, and supporters like you! Besides project-based grants, CCCD's financial resources depend on donor members. If you are not already a CCCD member, please join—let's work together to promote and support cooperatives!

E. Kim Coontz
Executive Director



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