Defining a Cooperative

What is a Cooperative?

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Cooperative Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.
The property to be acquired is in New York City.

The programming proposed in the property supports culture, small business, cooperation, and/or provides community benefit.

The programming in the property benefits populations that have traditionally faced barriers of access to stable places to assemble and/or do their work.

The property and programming proposal are financially sound, so that we will be able to pay members back; we aim to minimize the risks we are taking with our money and resources.

The property acquired is restricted from being transferred as a market commodity in the future, through legal mechanisms in its deed (e.g. covenants, conservation easements, community land trusts); we can make this a prerequisite for working with us.
Cooperative Principle 1

Cooperatives are voluntary organisations open to all persons able to use their services who are willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

What this means for your investment cooperative

The cooperative is open to all who wish to use its service: offering a way to invest in real estate that supports culture, small business, cooperation and community benefit for the long term. *Anybody* can join if they can meet the requirements of membership, which must be clearly outlined.
Questions to ask

- How do we define membership in your cooperative? What are the requirements for becoming a member? Do we limit membership to only those who live in the place where you intend to invest or open up membership to anyone?

- Under what circumstances can membership be terminated?

- What are the responsibilities of members?

- How will your cooperative allocate business development resources in the form of time to recruit member-owners in neighborhoods where we are considering investing?
Cooperative Principle 2

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. People serving as elected representatives are accountable to the membership.

What this means for your investment cooperative

Member-owners have equal decision-making power (for example: one member, one vote) no matter how much time or money they contribute to the investment enterprise. The NYC REIC may elect, appoint or hire representatives who answer to the membership, carrying out its vision.
Questions to ask

• Will the cooperative be governed by an assembly of all its member-owners?

• What decisions will the member-owners empower smaller groups to make (e.g. a board/council, committees/workgroups or administrators/managers)?

• Are all persons in these smaller empowered groups required to be member-owners?

• How is the leadership chosen formed? Is it elected from the membership? Appointed? Something else?

• What decisions/functions are best centralized? Which are best decentralized to, e.g., a local governing board for each neighborhood?
Member Economic Participation

Cooperative Principle 3

Members contribute equitably to, and democratically control, the capital of their cooperative.

What this means for your investment cooperative

Member-owners of the cooperative contribute their money to invest collectively in real estate. This means that all member-owners are co-owners of the cooperative’s capital. Everyone will invest with money and we hope that some day our time spent developing investment opportunities through “sweat equity” will be compensated as well.
Questions to ask

- Does distributing returns on investment to member-owners require a general vote? Can distribution decisions be made autonomously by the board/council, committees, working groups or administrators/managers hired by the NYC REIC?

- How will the investment cooperative allocate business development and operating resources? Who can decide to spend this? What kind of restrictions should we put on these decisions?
Cooperative Principle 4

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

What this means for your investment cooperative

If the cooperative partners with another investor, lending institution or community group as it carries out real estate projects, those relationships must not infringe upon the autonomy of the cooperative nor how it is controlled democratically by its members.
Questions to ask

• How will institutional members who are contributing to the pool of capital the cooperative has be represented in decision-making?

• Are institutions “members” on equal footing with human individuals within the cooperative?

• As investor, what relationship should the cooperative have with the ultimate owners of the properties that we invest in? If we help set up community land trusts (CLTs) to hold the deeds to the land upon which those properties sit, will we require that the CLTs reserve seats for investment cooperative members?

• How do we make sure that local community organizations and residents have decision-making power about cooperative investments so they can influence projects that will impact the places they are rooted in?

• Should there be a place in your cooperative’s leadership for government representatives?

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Cooperative Principle 5

Cooperatives provide education and training so that their members, elected representatives, managers, and employees can contribute effectively to the development of their organization. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operative organizations.

What this means for your investment cooperative

You will need to think of ways - like this game! - to educate member-owners so can make informed decisions about the fate of pooled capital.
Questions to ask

• How should members be notified about upcoming meetings or elections or other relevant information?

• How do we make participation in workgroups and other activities meant to build capacity to prepare to make decisions as an organization more diverse and open to our membership? Not all members speak English or feel comfortable with online communication tools.
Cooperation among Cooperatives

Cooperative Principle 6
Cooperatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

What this means for your investment cooperative
Our investment cooperative exists in a diverse and exciting global ecosystem of cooperatives and can work with local, national, regional and international networks to achieve our mutual goals. Locally, your cooperative can work with worker cooperatives, housing cooperatives, credit unions, consumer cooperatives, and food cooperatives to strengthen a movement that aims to bring power back to the people, whether it regards our investments, labor, consumer choices or spaces.
Questions to ask

• How can your cooperative build relationships with and support other co-operatives?

• Will your cooperative’s governing bodies have dedicated representation for other members of the NYC cooperative ecosystem?

• How will your cooperative decide what organizations or coalitions to join? Are these decisions made by the board, the general membership, or by smaller groups?

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### Cooperative Principle 7

Cooperatives work for the sustainable development of their communities through policies approved by their members.

### What this means for your investment cooperative

Investment cooperatives are attempting to create a long-term model for investing in real estate to provide space for groups that have traditionally faced barriers of access to stable places to assemble and do work, while creating wealth for its members. We will develop our communities by literally developing our city, and our governance structures, legal structures, and finances must be set up so that the benefits are shared and sustainable.
Questions to ask

• What policies will ensure that our investments in permanently affordable commercial space can be sustained in the long term?

• How do we develop properties without displacement?

• What is the relationship between the investment cooperative and the communities who live and work in the neighborhoods in which it aims to invest in properties?

• How do we ensure that the voices of community members are heard and considered in investment decisions? Should community members be recruited for membership in the organization or participation in governance?

• Should there be a mechanism for people rooted in a neighborhood to have more voice than those simply investing with time or money in that neighborhood?

• Should the cooperative spend project development funds and member-owners time to develop local governing boards that have oversight of potential projects in their neighborhoods?

• What role should the cooperative play in incubating community land trusts to hold title to properties we invest in?