



San Francisco Community Land Trust
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Scaling Cooperatives in SF: SFCLT's Challenges & Opportunities

Co-op Hearing November 1st, 2021
1:30pm

Transportation & Land Use Committee,
SF Board of Supervisors



Presented by
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Executive Director

SFCLT Vision & Strategy

- Founded in 2003 with an original mission of creating homeownership opportunities for those of low and moderate income. Today, we emphasize creating BIPOC homeownership in SF through the LEHC and CLT model in order to address decades of structural racism in the housing market.
- Today 12 Permanently Affordable Properties
- 70% of our residents identify as BIPOC and an average AMI of 55%
- How do the Community Land Trust & Co-op Model work together?
 - Permanent affordability :The CLT owns the land and leases it to the LEHC which collectively owns the structure.
 - Long-term asset building and homeownership opportunities
 - Opportunities for democratic participation and governance through both the LEHC resident board and CLT tripartite board.



The Success Story of Columbus United Cooperative: Coops don't have to be a hot mess.

Early POC tenant
organizing against
displacement

Creation of 21 units of
LEHC homeownership

Creative financing
leveraging public
dollars

Achieving Financial
Sustainability

Role of the Resident
Education & Outreach
Coordinator

Asset Management vs. Stewardship

ASSET MANAGEMENT

- ASSESSING & MAINTAINING FINANCES & PROPERTY CAPITAL NEEDS.
- ENSURING PHYSICAL MAINTENANCE OF THE BUILDING IN BOTH SHORT-TERM & LONG TERM.
- COORDINATING PROPERTY MANAGEMENT for all buildings
- COMPLIANCE WITH CITY & STATE REGULATION INCLUSIVE OF FAIR HOUSING LAWS.
- IN SF: FILLING VACANCIES THROUGH THE DAHLIA SYSTEM OR OVERSEEING STAFF TO DO SO.

COOP STEWARDSHIP & RESIDENT EDUCATION

- EDUCATION & SUPPORT FOR RESIDENTS TO ACHIEVE SELF SUFFICIENCY WITH REGARD TO ALL OF THE TASKS OF AN ASSET MANAGER OVER TIME.
- 5 PART EDUCATION SERIES
 - SELECTING NEW MEMBERS & FILLING VACANCIES IN COMPLIANCE WITH FAIR HOUSING
 - GOVERNANCE, ELECTIONS, COMPLIANCE, & CONFLICT RESOLUTION
 - CO-OP FINANCES
 - PROPERTY MANAGEMENT
 - CAPITAL RESERVE STUDY

Advantages of LEHCs over Permanently Affordable Rentals

Opportunity to build equity for individuals while creating a permanently affordable asset for the community.

Opportunity to own a home by pooling resources.

Entitlements akin to homeownership: inheritable right.

Opportunities for self-governance and democratic participation.

285 Turk: Creating 40 units of BIPOC Homeownership in SF

- Centering Racial Equity at the heart of our acquisition strategy
- 40 Units
- Majority Filipino, black and LatinX community-a majority of the LatinX community are Mayan Indigenous from the Yucatan
- 5-year Timeline to LEHC conversion
- Critical support of a Resident Education & Outreach Coordinator

SFCLT Challenges to Scaling LEHCs in SF

High Cost of Land & Housing

The Bad Rap that Coops get in SF

Access to Small Sites and other City,
Regional and State Funding

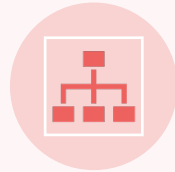
Lack of Capacity Dollars for Maintaining
Coops

Inefficiencies of filling vacancies through
DAHLIA

Making Capacity Needs for Scaling Co-ops Sustainable



Every property at least in the transition period of converting to LEHC requires a .5 FTE Resident Outreach & Education Coordinator (REOC) which at \$60,000-\$75,000 annually is roughly \$100,000/ year inclusive of benefits, medical, sick and vacation leave.



This can be built into the project budget of a project, however, to scale and maintain Co-ops, we have identified the need for a centralized REOC 1 FTE who communicates with property-specific REOCs and provides continuing Co-op Education to existing Coops.



Total cost: 1FTE \$100,000 (across 5 coop properties) + .5 FTE \$50,000 per project.

Comparing GHCs with LEHCs

Group Housing Cooperative

- GHCs may or may not involve ownership but usually do not and often remain permanently affordable rentals.
- The “Co-op” part of GHCs is their self-management (ideally eliminating the need for property management).
- GHCs, even on CLT land, have a high rate of failure due to the difficulties created by high turnover, increased potential for interpersonal conflict in sharing close quarters.
- GHCs usually involve a smaller # of units (since rooms in a home) and thus cannot take advantage of the economies of scale.

Limited Equity Housing Cooperatives

- LEHCs provide tenants with ownership entitlements in their home which grows with time and is inheritable by the tenants’ successors.
- LEHCs are “Co-ops” in both senses of self management, as well as, in collective or cooperative ownership.
- LEHCs across the country are a major success story, particularly in cities which have experienced high rates of displacement of BIPOC communities such as Washington DC. LEHCs on CLT land are a success story across the nation. Low rates of foreclosure.
- Economies of Scale.