



Cooperative Development Mini-Grant Application MACHA Housing Services Co-op

Applicant information

Madison Area Cooperative Housing Alliance
www.machacoop.org

Gabrielle Hinahara - President
Email - machacoop@gmail.com
Phone - (608) 358-2170

Description of the product(s) or service(s) your co-op will offer

What do we do?

We provide expert management services to housing cooperatives, so they can overcome structural limitations and provide more, higher-quality, affordable housing.

Housing cooperatives have been a part of Madison's culture for generations. With over two dozen housing co-ops and 300 active members, they are also a vital source of affordable housing in a City that is gripped by a housing crisis. However, housing co-ops are not without their challenges. Flat governance promotes equity, inclusivity and community but can also lead to property management challenges. Member-control is democratic, but also creates a loss of institutional memory when members leave. Maintenance, accounting, bylaw updating and recording-keeping, labor arbitration, conflict resolution, lease coordination and enforcement, and so forth are all areas that housing co-ops struggle with from time-to-time.

A worker cooperative that provides a la carte co-op management services to all Madison housing cooperatives would help with many of these areas. There are several advantages to a system like this:

- **Third-party objectivity.** By not owning real estate or having any decision-making control of how any particular housing cooperative is owned/operated/controlled, the worker co-op would decouple itself from the member-owner control of the housing co-op. A

separation of powers is very important because when control is centralized, conflicts can often spread from a central area to many other unrelated areas.

- ***Economies of scale.*** Independently, co-ops need to purchase all of their own tools, hire expensive independent contractors, pay for pricey property management and accounting software and so forth. By offering such services to all 24+ co-ops in Madison, a worker co-op could significantly decrease per unit overhead costs and increase efficiency.
- ***Facilitation of resource and knowledge sharing among co-ops.*** We envision a training program that would be available to any housing co-op and that would draw upon the experience of existing houses. For example, the worker co-op could lead a training on house labor systems, sharing multiple examples of labor systems from co-ops of different sizes and cultures, and helping the co-ops attending the training to come up with their own house labor system specifically tailored to the needs of their house. Other areas for training and resource sharing could include: filing taxes as a co-op, fair housing law, membership policies, decision making structure, and house budgets.
- ***Independent professional property management.*** Property management is a particular challenge to new housing co-ops that have no formal experience managing real estate or even living cooperatively. Most new housing co-ops that form in Madison are either composed of seasoned co-ops who have lived in other co-ops previously, or are created/guided by Madison Community Cooperative (MCC), a cooperative of 11 of the existing housing co-ops, which can offer significant resources to the new house. This does work, but it limits the diversity of new housing co-ops to a pretty standard demographic. One of the core visions of MACHA is to enable the development of housing cooperatives for groups outside of this standard. We would like to see co-ops that specifically cater to immigrant and refugee communities, families with disabled members, elderly who want to age in place, and many others. A management services worker co-op would be immensely helpful to such inexperienced, upstart co-ops.
- ***Increased access to government affordable housing funds.*** Historically, housing co-ops have received very little governmental and institutional support. Most are organically founded and privately funded. In order to receive governmental affordable housing funds, a project needs to prove that it is capable of surviving for the long haul, by showing a full suite of supportive services with staying power and experience. Most upstart housing co-ops do not have such support and therefore cannot receive government funding. A management services entity that provides such resources would help improve the resume of a project team, and make housing cooperatives more competitive for affordable housing funds.

Description of how your co-op contributes to achieving the mission of MCDC

MCDC's Mission: The Madison Cooperative Development Coalition (MCDC) is a collaborative of community-based organizations, labor unions, and cooperative developers. MCDC works to support the growth and creation of worker cooperatives, specifically addressing the factors affecting local communities of color, low wealth and traditionally excluded workforces. The goal is to create a sustainable system that will combat poverty, empower workers, and increase equity in order to strengthen Madison's long-term economic health.

Madison Area Cooperative Housing Alliance (MACHA) is a 501c3 non-profit, non-stock corporation. MACHA's mission statement is "Promoting resilience and equity in the Madison area by supporting the continuation and creation of cooperative housing." For the past two years, MACHA's volunteer members have successfully served housing co-ops within the scope of our mission which includes (1) Education and Outreach, (2) Development and (3) Municipal Process. However, we are finding that more and more co-ops, especially new co-ops, are seeking and could benefit from ongoing services that are outside the scope of MACHA's unpaid volunteer team. Of particular interest is property management services, such as maintenance and help with member coordination. By creating a worker co-op, MACHA can connect a large network of co-op friendly labor in Madison with co-ops that desire services. This provides the logistical support needed to rapidly expand housing co-ops throughout the area, especially to marginalized groups that have not previously had much experience with housing co-ops, while also providing workers a fair wage, self-governance, and opportunity to learn new skills. Multiple members of MACHA's current leadership team are interested in becoming worker-owners of the new MACHA worker co-op, and we also plan to recruit additional worker-owners with the skills and experience needed to fill the various roles of the worker co-op.

List of key organizers and their relevant experience or expertise in cooperatives, unions, and/or business development- Need at least three (3) organizers to be eligible.

Gabrielle Hinahara - MACHA President

hinahara@gmail.com

Gabrielle (she/her) lived at MCC's Ambrosia Co-op for three years, where she served as one of the house's MCC board representatives and was also elected to coordinate the house food share program. In 2016, Gabrielle was part of the core team of people who created Perennial Co-op, which is still Madison's newest housing co-op and where Gabrielle continues to live. Through this project, Gabrielle was involved in navigating City of Madison zoning and building inspection, securing financing for the project, creating legal and organizational documents and policies for the house, etc. In 2017, Gabrielle helped to found MACHA, where she has served as President for the past year.

At MACHA, Gabrielle helped to organize educational and networking events for the co-op community, provide informal consulting to startup co-op projects, and is working with City of Madison staff to amend the City's zoning code to be more friendly to housing co-ops.

Abby - MACHA Vice President

abby.s.davidson@gmail.com

Abby Davidson (she/her) lived at Lothlorien Co-op in the mid-2000's and was an active organizer in the reconstruction after the fire in 2013. She is currently developing a new independent housing cooperative on the 900 block of Jenifer St with two partners. She is on the board of Madison Freewheel Bicycle Co as it transitions to a worker cooperative. Abby is currently a Building Products Engineer at PFS TECO, and her educational background includes a degree in Civil & Environmental Engineering from UW-Madison and in Architecture from Madison College.

Brel Hutton-Okpalaeke - MACHA Secretary

brelinnaemeka@gmail.com

Brel (they/them) serves as Executive Director of NASCO Development Services [<https://nasco.coop/development>] and has helped several cooperatives on their way through incorporation, property purchase, and other development. They began their co-op journey in 2014 in Madison, Wisconsin as a member of Madison Community Cooperative, where they were on staff as Maintenance Coordinator from 2015-2018, coordinating the rebuild of Lothlorien Coop. There they initiated MCC's first expansion in over a decade to 19 Hancock St, the co-op's first ADA-compliant building. Brel teaches at and serves on the board of the Madison Freewheel Bicycle Co. and is in the process of converting it to a worker-owned co-op. Brel sees cooperatives as one of the best ways to affect social change and actively fight gentrification and extractive economic practices. Brel strives to make sure that people of color in cooperatives are represented, supported, and respected by our co-ops. Brel believes in strategic, continual expansion of the co-op sector because we can change the world for the better with these things! Brel has served on all three NASCO Family Boards and is the staff liaison to the NASCO Development Services board.

Paul Schechter

paulschechter@yahoo.com

Paul Schechter (he/him) is passionate about environmental sustainability and affordable housing. He's the Executive Director of Sunny Side Development, a 501c3 affordable housing nonprofit based in Madison, which focuses on community-based housing. Paul started two housing cooperatives in Houston in 2010 and is currently developing a ~25-person housing cooperative on the 900 block of Jenifer St, with two partners.

Seth Nowak

thinktoolbox@gmail.com

Seth's (he/him) cooperative service spans three decades, as director, officer, staff, consultant, and developer for dozens of co-ops. In Madison, he was on staff as Member

Services Coordinator for Madison Community Co-op from 1993 - 2004, participating in the development of Emma Goldman Co-op, Wymyns Co-op, The Phoenix, Ofek Shalom, Orton, Ambrosia, Kianga and other new and redeveloped co-op houses.

List of community-based organizations you will be working with (if any) and how you will work together

We partner with many organizations including:

- Madison Community Cooperative - There are a lot of potential synergies between MCC and the worker co-op, e.g. coordination of staff for mutual benefit, training, Appfolio subscription, tool sharing.
- Madison's 10+ Independent Co-ops- One of the goals of the worker co-op is to provide resource-sharing, training, and property-management to existing co-ops as needed.
- ReJenerate Housing Cooperative- ReJenerate will be Madison's newest housing cooperative. Located on the 900 block of Jenifer St, it is currently being developed by RefineJenifer, LLC a partnership of three individuals who are passionate about affordable, sustainable housing. Being an upstart co-op, ReJenerate would love to utilize the property management services proposed by MACHA's new worker cooperative. MACHA and RefineJenifer have been in conversation about consulting services for several months and putting such services in the framework of a new co-op services worker cooperative, would help move this process forward.
- Voit Farm Project - This newly developing coalition of east side community groups seeks to create a land trust and/or other collective legal structures to cooperatively purchase the famous 64-acre property along Milwaukee St. The long term vision for the property includes a large amount of affordable, sustainable, cooperative housing.
- UW Center for Cooperatives - MACHA will draw upon UWCC's expertise in worker co-ops throughout the development of our worker co-op. MACHA's expertise in co-op housing will also be a resource for UWCC.
- City of Madison - MACHA has already worked closely with staff and elected officials at the City of Madison to increase education and awareness about cooperative housing in Madison. Specifically, MACHA is working with zoning staff and the District 2 Alder to amend the City's zoning code to be more supportive of cooperative housing development. MACHA also hosted several events to teach public officials about housing cooperatives, including a "public-official education dinner" at Hypatia co-op and two large potlucks at Arboretum Cohousing. It will continue to advocate for cooperative housing as one solution to Madison's affordable housing crisis.

Description of how this grant will impact the development of your cooperative. Include at least three (3) expected outcomes.

The grant will impact our development in several areas, most significantly:

- Incorporation and Development of Worker Co-op

- Resources for legal incorporation of the new worker co-op including researching and developing bylaws, structuring finances, responsibilities of member workers, etc.
- Access to training in worker co-op development including decision-making structure, hiring, and delineating the role between MACHA the 501(c)3 and MACHA the worker co-op
- Marketing of Worker Co-op
 - Marketing materials for recruitment of worker-owners.
 - Marketing materials for recruitment of existing housing co-op clients and of projects in development
- Training of Worker Co-op Members
 - Training of worker co-op members to lay the groundwork for a successful business including organizational structure, group decision making, compensation, etc.
- Co-op Consulting and Training Services
 - Initial market research into the specific needs of existing co-op houses and those currently in development, including what trainings are needed, what training structure would work best for houses, and what cost co-ops are able to pay for these services.
 - Development of initial training materials for co-op consultation services

Budget that describes how the grant funds will be spent

Based on anticipated start up costs, we are asking for a total of **\$10,000**

<u>Item</u>	<u>Estimated Cost</u>
Worker Co-op Training (UWCC + other groups)	\$1000
Market Research (MACHA 501c3 - 90 hours at \$15/hour)	\$1350
- Survey-creation, in-person or virtual meetings with co-ops, data processing and analysis	
Develop Worker Co-op Business Plan (MACHA 501c3 in consultation with experts from MCDC's list of preferred providers)	
- Develop Training Program for worker-owners	\$2000
- Develop Policies, Organizational Structure, and Best Practices	\$1000
Website Development	\$2000
Legal Consulting (David Sparer at Herrick & Kasdorf)	\$3000
- Worker Co-op incorporation, legal differentiation from MACHA 501(c)3	

Timeline of development for your cooperative

May - July 2020

- Secure MCDL funding
- Founding members from MACHA participate in worker co-op training with UWCC
- MACHA begins market research for co-op services and trainings
- MACHA works with experts to develop worker co-op bylaws, legal documents, membership setup, training setup, policies, etc.

August - October 2020

- Finalize bylaws and legal documents and legally incorporate worker co-op
- Conclude market research for co-op services and trainings
- Begin development of training resources
- Recruitment for worker co-op members
- Training of worker co-op members

November - December 2020

- Recruit for co-op house clients
- Hold first training for existing co-op houses
- Formalize consulting relationship with co-op startup projects

January 2020

- Continue worker co-op!