

 CO-OP WE OWN IT.

# Do We Own It?



**Presented by Noah Compo  
NASCO Institute 2016**

# Welcome!

- Introductions
  - Name
  - Preferred pronouns (if you wish)
  - Access needs
  - What cooperative(s) are you a member of? *Do you own it?*
  - Reason for attending/one hope for this workshop

# Do We Own It?

- We Own It!



- But...do we?

# Do We Own It?

- Why talk about ownership?
  - To better understand your rights and obligations as an owner and co-op member
  - Understanding the systems in which we participate increases individual and collective agency
    - This applies to both legal systems and social dynamics
  - To have the “right” information in our decision-making

# Do We Own It?

- Explored in this workshop:
  - What is ownership?
  - What is equity?
  - What’s the difference between market-share, limited, and group equity cooperatives?
  - How are our co-ops structured?
  - Legal vs. psychological ownership
  - Who is “we”?

# Varieties of Cooperatives

- Different types of cooperatives will have different models of ownership:
  - Consumer co-ops
    - Ex: food co-ops, credit unions, retail co-ops
  - Worker co-ops
    - Ex: worker-owners, ESOPs
  - Agricultural co-ops
    - Ex: production, marketing agricultural co-ops
  - Housing co-ops
    - This is the focus of this workshop

Ownership! What is it good for?

# Ownership! What is it good for?

- Private property
- Knowing what's “mine” and what's “yours”
- Ownership is a bundle of rights
  - The right to
    - Use
    - Exclude others from using
    - Alter irreversibly
    - Sell, rent, or give away
    - Retain possession and rights in the future

# Ownership! What is it good for?

- Ownership is also a bundle of liabilities
  - Paying taxes
  - Following relevant regulations, such as zoning and building codes
  - Liability for lawsuits brought against you
  - Responsible for upkeep
- “As long as you follow all the rules, you can do whatever you want.”

# Ownership! What is it good for?

- Ownership is legitimated by the laws of the land, which are implemented through the justice system, which is backed up by the state's monopoly on the legal use of force.
  - This can be used to enforce the mundane (police getting stolen property back, kicking trespassers out of your house, towing cars parked in your house's parking spots) to the large scale and political (Occupy, deporting undocumented immigrants).

# Ownership! What is it good for?

- Sometimes ownership is not the best option
  - Liabilities are too burdensome
  - Resources are limited
  - Don't want to invest long-term
- Alternatives
  - Renting/leasing
  - Squatting
  - Collective living!

Equity! What is it?

# Equity! What is it?

- In business:
  - $\text{Equity} = \text{assets} - \text{liabilities}$
- In the context of real estate:
  - Home equity = value of property – mortgage debt
- Private Equity:
  - If an individual privately owns a house with a market value of \$200,000 but still owes \$50,000 on their mortgage, they have \$150,000 of equity.

# Equity! What is it?

- Shared Equity Mortgages (or Equity Sharing)
  - Joint ownership by property dweller and lenders
    - Outside investors assist homebuyers with their down payment. Larger down payments means smaller loans and lowers interest payments. This makes home ownership more affordable and lowers the barrier to home ownership.
    - If a property is sold, profits are split between the property dweller and the lender.

# Equity! What is it?

- Market (Share) Equity Co-ops
  - Units or shares can be purchased and resold based on market value
    - Example: some apartment-style co-ops, condos
- Limited Equity Co-ops
  - Members buy a share, are granted a room or unit in the co-op, and share decision-making power
  - Limit is imposed on the return members can get from resale of their shares
  - Help ensure affordability
  - Residents do not own their units outright, but hold long-term leases with the cooperative

# Equity! What is it?

- Group Equity Co-ops
  - Assets of the co-op are owned collectively by the group or organization
  - When moving out, members do not resell or profit from their time living there
  - This equity model includes many student cooperatives, as students are interested in living somewhere but likely lack the resources to build equity through home ownership.
  - NASCO Properties: a decentralized co-op of co-ops

\*There are exceptions to all of these models, and your co-ops may use other ownership structures.

# Ownership, Control, & Use

# Ownership, Control, & Use

- Maybe you don't own it, but you probably control and use it!
- 2<sup>nd</sup> Rochdale Principle is democratic member control
  - Even if your members don't legally own the property you live in, you probably collectively control its daily operations

# Ownership, Control, & Use

- Remember that bundle of rights and liabilities?
  - The right to
    - Use
    - Exclude others from using
    - Alter irreversibly
    - Sell, rent, or give away
    - Retain possession and rights in the future
  - Liabilities
    - Paying taxes
    - Following relevant regulations
    - Liability for lawsuits brought against you
    - Responsible for upkeep

# Ownership, Control, & Use

- Depending on your co-op, you retain many of these rights while redistributing the liabilities to the group or organization.
- Moreover, because the organizations that run these cooperatives are built around models of democratic member decision-making, it is the members who decide what many of the “relevant regulations” are, in the form of house policies and rules.

# Ownership, Control, & Use

- Cooperative housing organizations
  - Built around member participation
    - This is KEY!
  - Many prioritize community stability and affordability over profits
  - The burden of risk is more distributed or taken on by the organization
  - Either lower the barrier to home ownership or provides something comparable (or arguably better...)

# Ownership, Control, & Use

- Psychological ownership (Dyne, Kostova, and Vandewelle 1995)
  - “...that state in which an individual feels as though the target of ownership (or a piece of that target) is theirs.”
    - This is “my” house, “my” job, or “our” organization
  - Associated with a sense of responsibility
    - I should probably clean MY kitchen.
  - Found that higher levels of psychological ownership resulted in more extrarole behaviors (“constructive work efforts that benefit the organization and go beyond the required work activities”) and higher measurements of satisfaction.
- “Nobody ever washed a rented car.”
  - What if they felt psychological ownership of the car?

# Ownership, Control, & Use

How can we build psychological ownership?

What are obstacles to building psychological ownership?

So, do we own it?

# So, do we own it?

- Legally, it's the individual(s), group, or organization who possess the rights and liabilities associated with ownership who own it.\*
- Psychologically, it's whoever *feels* responsible for the cooperative, whoever carries a sense of ownership.
  - We control it. We use it.

\*Bummer footnote: More likely than not, if there is a loan out on the property, technically a bank or other lender owns part of it...

Who is “we”?

# Who is “we”?

WE is whomever we count among our communities, from our neighborhoods to the entire human family.

So, as a thought experiment, let's say that WE is everyone, and the world is just a terribly dysfunctional co-op.

If so, then of course WE own it. WE could simply be a lot better organized...

# Who is “we”?

Our legal and economic systems are social systems. It is people that create, implement, and maintain these systems.

The cooperative movement aims to bring cooperative principles into the varied institutions and systems that shape our lives.

WE are people building and participating in more equitable social systems that empower people instead of exploiting them.

# Cooperatives all the way down...

One example of how cooperative principles can be incorporated into each layer of large systems:

Instead of this:

Bank loan



Private ownership



Renters

We can do this:

Co-op loan fund



Group Equity  
Ownership



Co-op Members

# Resources & Further Reading

- <https://www.nasco.coop/development/handbook/equity>
- [http://www.housingforall.org/Coop\\_paper\\_FV.pdf](http://www.housingforall.org/Coop_paper_FV.pdf)
- Vandewalle, Don, Linn Van Dyne, and Tatiana Kostova. "Psychological ownership: An empirical examination of its consequences." *Group & Organization Management* 20.2 (1995): 210-226.

Contact: [ncompo@gmail.com](mailto:ncompo@gmail.com)