

BLOOMINGTON COOPERATIVE LIVING, INCORPORATED

Bloomington Co-operative Living, Incorporated

Business Plan 2008-2009

Emily M. Lippold Cheney

By providing details of the history and day-to-day operations of BCL, Inc.'s low-income housing enterprise, this document intends to better educate internal actors on our mission and goals while sharing with all those outside the organizational walls both how our services benefit the greater community and how any community member can become involved in our organization.

Table of Contents

| | |
|---|-----------|
| SUMMARY | 3 |
| THE IDEA..... | 4 |
| MISSION STATEMENT | 4 |
| VALUE | 4 |
| KEY INNOVATIONS OR ADAPTATIONS..... | 6 |
| COMPETITIVE ADVANTAGE..... | 7 |
| LEGAL STRUCTURE | 8 |
| CURRENT STATUS OF ENTERPRISE | 8 |
| TEAM | 9 |
| MANAGEMENT..... | 9 |
| BOARD | 9 |
| ADVISORS | 9 |
| <i>Leadership, Ethics, & Social Action Program - Marjorie Hershey & Joelene Bergonzi</i> | <i>9</i> |
| <i>School of Public & Environmental Affairs, IU Center on Philanthropy - Leslie Lenkowsky</i> | <i>10</i> |
| <i>Boxcar Books & Community Center, Incorporated - Matthew Turissini.....</i> | <i>10</i> |
| EARLY DONORS | 10 |
| MARKET & INDUSTRY..... | 10 |
| INDUSTRY DESCRIPTION | 10 |
| TARGET MARKET..... | 11 |
| PROJECTED SHARE IN TARGET MARKET..... | 12 |
| MARKETING & FUNDRAISING | 12 |
| TARGETS & STRATEGIES | 12 |
| PRICING PLAN | 13 |
| MARKETING..... | 13 |
| FINANCIAL PLAN..... | 15 |
| GOALS & OBJECTIVES..... | 16 |
| DEFINITION OF SUCCESS | 16 |
| MEASURES OF SUCCESS | 16 |
| EVIDENCE SUCCESS CAN BE ACHIEVED | 16 |
| TIMELINE | 17 |
| RISK ASSESSMENT..... | 18 |
| FINANCIAL..... | 18 |
| LEGAL..... | 18 |
| TALENT..... | 18 |
| BIBLIOGRAPHY | 19 |

Summary

Incorporated in November of 2007, Bloomington Cooperative Living, Incorporated has evolved into an organization that provides affordable rental housing and creates good neighbors. Bloomington, Indiana, home to a Big Ten university, suffers from the ills of a large transient population of seasonal renters. Through the organization, houses are rented or purchased to house transient low-income residents, typically university-affiliates, and to establish a permanent identity as a co-operative household in the neighborhood. By developing a permanent household fixture that persists through changes in the make-up of the household, neighbors and community members are provided an identity for interfacing with each other and for inviting more frequent and rich community interaction.

Bloomington Cooperative Living, Incorporated also engenders more neighborly and responsible behaviors in its member-residents through education in property management and group decision-making. In exchange for a lower living cost, residents of a housing co-operative share household chores, manage the property, and actively engage in running the corporation by scheduling biweekly meetings and arranging for a shared responsibility for the essential household tasks (e.g. bill payment, tax filing, member recruitment, fundraising). Trash does not sit uncared for, quiet hours are always observed, and bills are paid on time, co-operative houses additionally have the ability to host community outreach events to which all neighbors are invited. By living more cheaply through co-operative organization, a Bloomington Cooperative Living, Incorporated member saves money, gains a valuable skill set, and is a good neighbor.

Housing co-operatives geared towards student and other transient, low-income populations exist globally and enjoy much international appeal and success. Bloomington, despite being home to a bike, book, and grocery co-operative, was without a co-operative housing organization until this concept was explored in Emily Lippold Cheney's Leadership, Ethics, and Social Action capstone project at Indiana University. Bloomington Cooperative Living, Incorporated is a welcome solution to the myriad challenges of student renters.

The model is financially self-sustaining through the revenue collected via monthly membership fees. In this way, Bloomington Cooperative Living, Incorporated is a self-sufficient enterprise that remains viable as its target market remains interested. Marketing through word of mouth, online forums, and community events keeps recruitment costs negligible, and, following, the cost of maintaining market interest low.

Prior to the establishment of a housing co-operative, Bloomington experienced a significant need for a solution to renters leaving houses empty for months out of the year, degrading property, causing noise disturbances, and producing heaps of trash. As a college student, Emily Lippold Cheney experienced these ills and was motivated to look for a more suitable living model for herself and her peers. Now in its first year of official operations, Bloomington Cooperative Living, Incorporated provides an alternative to traditional student renting that remains affordable, teaches life skills, fosters community, and bridges the infamous "town-gown gap."

The Idea

The opportunities for social innovation in the housing sector of traditional American “college towns” is two-fold. As home to large transient populations, a large percentage of the housing stock in the community serves as rental properties, which are often vacant for four months of the year. Such in-and-out residency (typically low-income), and the absence of incentives for good property management (i.e. ownership) greatly weaken the social fabric of the neighborhoods surrounding rental properties; it also fails to foster a sufficient amount of social capital and collective action required to undertake ecologically sustainable initiatives or life practices (Putnam: 2000). In this way, the conditions of housing frequently existing in college towns require social innovation to become both more socially and ecologically sustainable.

While Bloomington Co-operative Living, Incorporated is not catered exclusively to students, its targeted demographic of low-income and transient residents is primarily comprised of Indiana University students. The large university presence and its population of affiliates in Bloomington, Indiana make the city an especially viable market for co-operative housing development. Bloomington Cooperative Living, Incorporated surmounts the challenges presented by transient residency through the installation of permanent household structures and a management model which is resilient to changes in residency. These household installations provide neighborhoods with a sense of stability more conducive to social networks and social capital generation. The university attracts a great deal of human capital to the city of Bloomington. Failure to harness and cultivate this wealth - resulting from weak community structures - serves as a significant obstacle or detriment to future economic, political, and social progress.

Mission Statement

Bloomington Co-operative Living, Incorporated provides affordable housing to Bloomington, Indiana’s low-income and transient residents. While meeting the basic housing needs of our members, the ultimate goal of fostering vibrant, sustainable households that all Bloomington residents feel positively about will ultimately contribute to the establishment of local neighborhoods with a strengthened sense of community.

Value

Social Co-operative housing facilitates interaction and relationships that have been identified as strong social capital initiators. Low levels of social capital have been documented to result in higher mortality rates, greater income inequality, and depression (Kawachi et al.: 1997). Where social capital is present, human capital is attracted and more easily created (Coleman: 1988). While social capital is of qualitative value, its measurement is possible through surveys and through observation of particular social capital indicators (e.g. trust, reciprocity, happiness). Neighborhood and city-wide social capital surveying has been undertaken successfully in a number of locations through a variety of organizations (e.g. US Department of Justice, Project on Human Development in Chicago Neighborhoods (PHDCN): Community Survey, 1994-1995). Using these past survey findings as controls,

bi-yearly neighborhood surveys of neighborhoods housing co-operatives will be conducted and compared to those such as the PHDCN.¹

A measurement method that serves as an incredibly powerful internal motivator exists in first-person observation. The effect of an elderly neighbor asking a transient renter and member of Bloomington Cooperative Living, Incorporated to look in on an ailing relative has an immediate and lasting impact on the renter's appreciation and engagement in the community and its activities.² These small experiences have the potential to engender a sense of responsibility to one's neighbors and neighborhood despite the disincentives of transience. While these events are difficult to track and measure in a uniform fashion, they will play a part in the learning of the enterprise and its members through sharing in regular meeting times, as well as their **recording in corporate or household-specific documents (i.e. house journal)**.

Education is an important element of enterprise operations; it ensures the enterprise's survival through times of economic downturn and other periods not hospitable to business growth or operation. It has been acknowledged that small corporations and communities are more resilient when in possession of learning mechanisms (e.g. good communication flow, frequent social exchanges, ability to "unlearn"³). Learning encompasses all of an enterprise's capacity to survive by being fluid and innovative through market and societal changes with the potential to make practices or services of an enterprise obsolete. Bloomington Co-operative Living, Incorporated will surely experience its share of learning about **survival through numerous generational membership changes and in the face of larger societal pressures**.

In a more traditional sense, learning by individual members is a fundamental value sought in enterprise operation. Specifically, member-residents will learn how to manage property, a social enterprise, a small community, and a household. University affiliates - typically students aged 18-24 - are at an ideal age for learning domestic, financial, and administrative skills not usually imparted until the issue is forced through a first job out of college, a domestic union or marriage, birth of a child, or through the self-selection of university study in these areas. The educational advantages of the individual will be easily chronicled in the corporation-wide institutionalized **exit surveys** required of members. Exit surveys of members, since members are the both the primary producers and consumers of the enterprise's social goods, will also provide a snapshot of how well the co-operative is achieving its goals and providing its intended services. Results will inform enterprise evolution by allowing operations to be better tailored to meet the needs of all beneficiaries.

Financial Co-operative enterprise, in its historic form, is a not-for-excessive-profit model that seeks financial returns only to sustain its members, its operations, and its

¹ The most recently developed neighborhood survey for Bloomington residents is included in the Appendix.

² In November of 2008, one of BCL, Inc.'s households was approached by a neighbor to ask if its residents would look in on a resident recovering from an operation. The neighbor also discussed swapping house keys to ease future relations of the sort.

³ *Unlearning* is a concept counter to learning. It involves the shedding of old habits, practices, or techniques when more innovative options become available. A firm's ability to unlearn old tricks and learn new ones is directly related to firm survival rates.

continued growth into new locations or bigger retail offerings. The purchasing or renting of new or additional properties in which to operate households – using capital not spent on daily household operations - allows for the desirable expansion of the co-operative housing model. Financial capital is collected through periodic (i.e. at present, monthly) payment of member dues. The amount gathered from each individual is sufficient to pay for an individual rent/mortgage portion, food, utilities, regular maintenance; it also provides for a small emergency or overhead fund. Any capital not spent during a specific payment period is placed in an interest-accruing bank account to be used for future expansion projects or to be used in times of financial need.

Careful and purposeful expansion is a documented goal of Bloomington Cooperative Living, Incorporated; however, the goal of remaining financially viable through a sustained membership remains the most basic activity of the enterprise. Additional properties will be rented or purchased only as membership-interest - the prime form of financial support - exceeds the currently possessed housing stock. Expansion efforts are balanced with spending on community outreach activities (e.g. neighborhood potlucks, hosting art shows, public radio support, contributions to the co-operative community) to ensure and preserve the ultimate goal of creating a stronger community regardless of the size of membership.

Key Innovations or Adaptations

Co-operative enterprises are not new. The flagship of co-operation as a contemporary economic movement is considered by most to be an artisan producer retail co-operative, the Rochdale Equitable Society of Pioneers, which was established in England during 1844. In Bloomington, Indiana, a grocery, bookstore, and a bicycle maintenance shop have existed as long-term co-operative businesses; co-operative housing is only beginning to become established in the city. Due to both a rather restrictive housing code linked to the high incidences of “party-houses” in the 1970s and a housing stock of low density residences, co-operative housing as an enterprise has high formation costs.

The continued building of low-density residences is a clear illustration of the city’s inability to successfully unlearn and learn during periods of residential expansion. As a result of continued non-urban building practices in the latter half of the 20th century, Bloomington suffers from residential sprawl – a condition of single family unit (SFU) housing extending far beyond the city center and considered by a leading social capital scholar, Robert Putnam, to be a key cause of social capital decline in America. Bloomington Cooperative Living, Incorporated surmounts this obstacle by employing more communal-urban living methods in the SFU properties of Bloomington proper.

Communal living of renters in college towns, however, has been largely responsible for the neighborhood disturbances caused by “party-houses.” The co-operative housing model is an innovation for renters in its extension of the contractual living arrangement into daily life activities. By requiring residents to sign onto a chore system, cooking schedule, quiet hour agreement, and additional contractual elements that require responsibility, a co-operative household creates an atypical or “new” kind of renter who is much less likely to generate three of the most bothersome characteristics of rental housing (as identified by City Councilperson Stephen Volan): parking, noise, trash. Trash is taken out weekly by an appointed member of the household, parking is regulated through car

allowance caps, and noise issues are minimized through quiet hours. These are just a few of the positives inherent in co-operative living.

In these ways, the co-operative housing model transforms the standard appearance and behavior of low-income and transient rental situations with no need for dramatic physical, social, or economic change. While the efforts required for the legal formation of a co-operative venture in the state of Indiana are expansive, its basic operation is not overly complex as it simply requires the initial recognition of need, an exceptional innovation to create a solution, and an enthusiastic entrepreneurship to get the project off the ground. Bringing about this model in communities with large low-income and transient populations allows the adaptation of this novel method of rental housing to easily coexist with permanent resident households. By creating a resilient neighborhood unit - in spite of typical rental disincentives, voluntary migration and segregation of transient and permanent residents - co-operative housing contributes significantly to the creation of socioeconomically homogenous neighborhoods.

Competitive Advantage

Prizes Bloomington Co-operative Living, Incorporated serves a demographic that is usually comprised of students, a group that is considered among “the temporary poor.” It does not primarily provide services to a demographic universally viewed as “in need” or “underprivileged.” While its primary mission is not to correct or lessen the social ills of the poor or under-privileged population, Bloomington Cooperative Living, Incorporated as a not-for-profit, has perceived value and importance that is similar to other not-for-profits, which are typically classified as charitable organizations. When applying for housing development funding and support, the needs of an enterprise such as Bloomington Cooperative Living, Incorporated may be passed over in favor of others with higher perceived need since there is competition for low-income housing funding.

This reality is acknowledged and appreciated by Bloomington Co-operative Living, Incorporated. Still, the global co-operative movement provides an international network of organizations and individuals all subscribed to principle of the duty of co-operatives to help other co-operatives. Co-operative banks, foundations, and funds also exist to support the creation and operation of co-operative endeavors. Within the first year of operation, Bloomington Co-operative Living, Incorporated secured or received commitments of financial support from other co-operative systems and individual co-operative advocates totaling over \$40,000. Distribution of financial support among co-operatives does not create an overly competitive funding pool, as money is consciously sourced and shared as equitably as possible by organizations at various levels (e.g. National Co-operative Bank, National Co-operative Business Association, Northcountry Co-operative Fund, North American Students of Co-operation). Co-operative organizations provide a sound funding base for all co-operative enterprise.

Inaction The unified house⁴ structure of the co-operative in which operations are undertaken by the membership and ownership encourages and supports member

⁴ Unified House, a term typical of economic discussions, refers to a firm or organizational structure in which the ownership and operations of the organization’s day-to-day activities

recruitment. Members, in response to the institutional recruitment efforts included in house-specific bylaws, seek to guarantee a vibrant community within the household and his or her own living space by participating in recruitment initiatives. Due to the universal positives of low cost and strong community, some housing co-operatives enjoy waiting lists of individuals wishing to become members as soon as space in an existing corporate property opens up or the waiting list grows long enough to justify the procurement of another property by the corporation.

Legal Structure

Like other housing co-operative enterprises, Bloomington Cooperative Living, Incorporated has organized itself as a mutual benefit not-for-profit corporation under Indiana State law. Many states have a special co-operative corporation distinction under business law provisions. Indiana is an exception; therefore, there are more costs associated with the creation of a co-operative enterprise in Indiana. Nationally, Bloomington Cooperative Living, Incorporated is aligned with the low-income housing provision designation of a 501(c)(3) not-for-profit corporation.

As an organization, both the needs of its members and those of the greater Bloomington community are met. Bloomington Cooperative Living, Incorporated provides a public good that strengthens the social fabric of the community. In bridging the gap which often exists between transient and permanent residents in neighborhoods, greater social cohesion is fostered by co-operative enterprises. This cohesion or high level of social capital is attributed to them many positives associated with co-operative living: better community health, greater likelihood to undertake environmentally sustainable initiatives, and less income inequality. By serving its own members, Bloomington Cooperative Living, Incorporated also serves the community.

Current Status of Enterprise

Incorporated in the State of Indiana on November 7, 2007, Bloomington Cooperative Living, Incorporated enjoys status as a corporation statewide. Two households are currently in operation; the total housing membership consists of nine individuals. Due to the cost of applying for federal not-for-profit status, official application for 501(c)(3) status was postponed until successful operations were sustained for one year. After meeting with a legal advisor in December, 2008, Bloomington Cooperative Living, Incorporated will soon be able to apply for federal not-for-profit status.

are comprised of the same people or agents. Conversely, publicly held stock corporations separate ownership and operations.

Team

Management

Day-to-day operations are undertaken by the co-operative enterprise's member-owners. Members both produce and consume the services provided by the co-operative. The first generation of members (nine college-age adults) play an extremely vital role in developing the co-operative institution which will potentially be available to successive generations of members. While the original social entrepreneur had never lived in a housing co-operative until the inception of Bloomington Cooperative Living, Incorporated, her experience with housing in Bloomington and the co-operative enterprise model provided her the local knowledge and the national networks necessary to make the venture successful. Through use of internet resources (e.g. online classifieds) and academic social networks, she added eight more members, seven of which had extensive co-operative living experiences. The new members came onboard within months of incorporation; their input has been incredibly valuable. Hailing from seven different states and from seven different housing co-operatives, the human capital they offered was extensive. Their collective experiences became the foundation of Bloomington Cooperative Living, Inc.

Board

Though the most immediate service of low-cost and strong community housing is beneficial to member-residents, the ultimate function of Bloomington Cooperative Living, Incorporated is the provision of a means for strengthening a community and for providing for the public good. In order to ensure organizational follow-through associated with community building, the Board of Directors, - comprised of one-third member-residents and two-thirds community members - are all committed to the establishment of community. The strength of Bloomington Cooperative Living, Incorporated as a community organization is contingent upon the maintenance of a strong Board able to assist in administrative, financial, and development tasks while also enhancing the corporation's image within the larger community. Since the day-to-day membership of the corporation is comprised of transient residents, the existence of the Board, a permanent fixture, is essential to an enduring and successful community presence.

Advisors

Leadership, Ethics, & Social Action Program - Marjorie Hershey & Joelene Bergonzi

The Leadership, Ethics, & Social Action (LESA) program at Indiana University provided the catalyst for the creation of Bloomington Cooperative Living, Incorporated. The concept of a cooperative in Bloomington, Indiana was the topic of Emily M. Lippold Cheney's capstone project, which was completed under the guidance of Marjorie Hershey. The co-operative corporation was the result of three years of study in civic engagement and

leadership. As time progressed, support was continually found within LESA and among its faculty in the form of individual meetings and through the development of an independent study course in co-operative not-for-profit management.

School of Public & Environmental Affairs, IU Center on Philanthropy - Leslie Lenkowsky

Dr. Lenkowsky, former CEO for the Corporation for National and Community Service and current Director of the Indiana University Center on Philanthropy, became involved with Bloomington Cooperative Living, Incorporated in August, 2008. As a mentor to the corporation's founding incorporator, he provided considerable direction and guidance in the development of the co-operative as a not-for-profit organization, especially relating to its duty of public good provision. Further, his familiarity with the not-for-profit sector and its agents continues to connect the organization to valuable resources and contacts. His experience with the university-aged population has equipped him to instruct and assist young social entrepreneurs.

Boxcar Books & Community Center, Incorporated - Matthew Turissini

Matthew Turissini, the organization's co-founder, has been instrumental in Bloomington's co-operative community, particularly through his association with Boxcar Books. He has been involved as a Board member for BloomingFoods, founder of Boxcar Books and the Bloomington Bike Project, and as a community mentor during the infancy of Bloomington Cooperative Living, Incorporated's development. He continues to be a resource to the organization, as needs arise.

Early Donors

Many founding members have chosen to loan or donate funds during the infancy and current expansion phase of Bloomington Cooperative Living, Incorporated. Ranging in amounts from a few hundred to a few thousand dollars, these donations have helped to ensure the enterprise's survival well into its third and fourth years of existence. In addition to contributions from members, other co-operative enterprises have indicated enthusiasm for Bloomington Cooperative Living, Incorporated and have displayed an accompanying interest in supporting operations financially.

Market & Industry

Industry Description

The housing market and industry in college towns with their high numbers of transient and low-income residents is rife with rental units (in houses that were once single family dwellings) and with both small and expansive apartment buildings. In Bloomington, Indiana, housing provided by the university is located in rather isolated areas on the outskirts of the academic building core. Campus housing is typically organized as "suburbs" in relation to the central campus and its activities. As a result, campus housing is also quite segregated from activity centers of Bloomington neighborhoods and commercial districts.

Private apartment-style housing similar to that offered on campus is similarly segregated on the east and north sides of town. Bus-lines with end points in large neighborhoods with various apartment complexes provide many students with transportation to campus; other students choose to drive to the stadium parking lot on the north-side to park and then take a university bus to campus. Student rental housing that is not part of the “suburban” apartment model exists in almost all neighborhoods surrounding campus; however, over time, certain neighborhoods have become more student-dense as permanent residents have relocated (e.g. Old Northeast). Some relocation to homes outside city limits is quite possible, in light of the high percentage of rental properties in Bloomington. According to the 2000 US Census, only 35.3% of the 28,400 housing units are owner-occupied, making the remainder rental units which also include public housing options.

Rental housing is a large portion of the local Bloomington economy. In consideration of and in respect for this, the office of Indiana University Real Estate is very careful when purchasing property. They seek to develop land, and to expand the reaches of university structures. While Indiana University is only subject to state-level housing and property regulations (not city-level regulations), there is still a concerted effort to always act within city code to avoid straining the campus-community relationship.

Staying within the parameters of city housing code is quite difficult. Stemming from legislation passed in the 1970s, Bloomington renters and property owners are subject to very strict housing regulations. Zoning for single-family-until homes and multiple-family-unit homes restrict the numbers of unrelated adults living in a house to three and five, respectively. As many of the properties zoned in these ways were initially built for families of more than three or five, many houses are rented only to half capacity. While this does guard against profit-seeking landlords wanting to over-rent their properties, Bloomington law tends to favor or provide more advantages to property managers and landlords instead of renters. Student Legal Services, which offers free legal assistance to Indiana University students, reports the greatest number of cases requiring their legal assistance involve tenant-landlord disputes.

In summary, Bloomington is home to a large population of renters with a restrictive housing code not particularly advantageous to either landlords or renters. Voluntary relocation of permanent residents outside neighborhoods with a large proportion of rental units is easily observable. Increasing student-resident segregation and frequent underuse of housing, due to city code issues, present a housing market unfavorable to cohesive community. However, in this same space there exists the potential to develop a housing type able to bridge the town-gown gap and to create full and vibrant households.

Target Market

It is individuals seeking temporary housing in the Bloomington market that comprises Bloomington Cooperative Living, Incorporated’s target market. Indiana University brings around 30,000 students to Bloomington for at least ten months of the year. This substantial number of seasonal and transient residents is increased when other non-student university affiliates are included. The majority of this demographic is made up of 18-24 year olds categorized as low-income or temporarily low-income. Most frequently, these individuals are living away from a family home for the first time and are unfamiliar

with property management and household maintenance. Transient, low-income, and newly independent individuals are numerous in Bloomington, and there are in need of a housing option that allows them to be better neighbors with permanent residents and household members with each other.

Projected Share in Target Market

The successful first year of Bloomington Cooperative Living, Incorporated's operation is indicative of the large role co-operative housing can enjoy in servicing Bloomington's transient and low-income population. Within two months of its incorporation, over two dozen individuals were introduced to the co-operative via online housing listings. Many expressed interest in co-operative living following the initial marketing effort. Bloomington Cooperative Living, Incorporated was able to start its first year of operation with two households totaling eight people. Four months after the households were established, a recruitment event was held; one-hundred people came to this event and signed a sheet indicating their interest in future residency in a co-operative house. Advertising for the event involved word-of-mouth and passive flier distribution at local coffee shops and university buildings.

In consideration of the success of co-operative housing enterprises in other college towns, the perseverance of the co-operative housing model in Bloomington, Indiana for years to come is a safe assumption. While the restrictive housing code does provide an obstacle to co-operative development, the model can surmount this obstacle. Ann Arbor, Michigan, home to the University of Michigan, is testament to the popularity and success of co-operative housing in college towns. Champaign-Urbana and the University of Illinois, are also prime examples of co-operative success. The Inter Co-operative Council in Ann Arbor operates over fifteen properties of various sizes; the Community Of Urbana-Champaign Co-operative Housing operates four households which the organization either rents or owns outright. It is reasonable to expect Bloomington Cooperative Living, Incorporated to serve more than double its current membership in its second year of operation during the 2009-2010 academic year.

Marketing & Fundraising

Targets & Strategies

Bloomington Cooperative Living, Incorporated remains financially viable via the earned income of membership fees. Fees paid by members are kept low through the cost saving practices of communal cooking and resource sharing. Both allow for contributions to a savings account for overhead capital to be used for expansion (e.g. house purchase, additional property rental). Still, various forms of fundraising will be continually planned for the purpose of earning capital for property improvements, future down payments, community outreach events, and other activities within the scope of the organizational mission.

Individual Donations Members of the co-operative have chosen to donate funds at different stages of enterprise development. These fund contributions are in addition to the

regular members fees paid by residents, which are classified as the corporation's earned income.

Grant-writing The City of Bloomington offers several generous grants for property and neighborhood development. House improvement grants of up to \$60,000 are given by the Housing and Neighborhood Development Department, and Bloomington Cooperative Living, Incorporated is eligible for these grants. Further, community development and neighborhood improvement grants are available via national and international organizations. Bloomington Cooperative Living, Incorporated is equipped to seek out such grant opportunities as they are advertised.

Event Hosting As a community space, common areas in the co-operative houses are often used to host neighborhood activities such as potlucks, art shows, and film screenings. These events, while free and open to the public, are always advertised with mention of a suggested donation for attendance.

Pricing Plan

Bloomington Cooperative Living, Incorporated supports itself financially through income earned from membership fees. As member-residents, fees are paid on a monthly basis to cover all room and board expenses (i.e. rent/mortgage payment, utilities, food, overhead). The amount of the overhead portion fluctuates as utility and food costs change over seasons and economic cycles. If leftover overhead funds accumulate to a level well beyond a financial safety cushion, money can be directed towards expansionary efforts or special community outreach events. The enterprise remains viable as interest in residency remains strong. Collective cooking and cleaning allow the corporation to keep operational costs low, thereby maintaining reasonable prices for members. The attraction of low prices keeps membership robust, thereby maintaining the organization through membership fees.

At present, Bloomington Cooperative Living, Incorporated prices monthly dues at approximately \$500. This amount allows \$100 for food, \$300 for rent/mortgage payment, and \$100 for utilities, incidentals, and overhead. The enterprise has placed a cap on the amount of dues to be charged in accordance with the most recent Fair Market Rent (FMR) numbers determined by HUD. In 2008, \$527 for a one-bedroom apartment is the FMR maximum. During the 2009-2010 year of operation, Bloomington Cooperative Living, Incorporated will charge members \$525 per month. It is important to note that this amount is slightly less than the most recent FMR; it also includes food, utilities, incidentals, and overhead not included in the FMR calculations. By using these benchmarks, Bloomington Cooperative Living, Incorporated can easily maintain a pricing plan suitable to its mission and within the bounds of federal low-income housing regulations.

Marketing

Bloomington Cooperative Living, Incorporated's marketing efforts are, by and large, intimate communication with community members and city government representatives. The individual or individuals fulfilling the organizational role of research and development is responsible for sustaining an ongoing conversation with the larger community. This conversation involves, specifically, neighborhood association members, HAND Department employees, and city council representatives. It is important in communicating with

neighborhood associations and city council representatives that the organization's role in creating more cohesive community and stable neighborhoods remains fundamental to its mission. Bloomington Cooperative Living, Incorporated is a good neighbor. It is important that the organization remains in the public eye as a very positive enterprise until and after it becomes an accepted and appreciated housing fixture.

Community Potlucks Biweekly events held at the various co-operative houses are open to the public and are advertised via email, social networking sites, word of mouth, community newsletters, and flier distribution. These events are especially important in building a good image for the co-operative houses' immediate neighbors. Through opening up the co-operative's households and offering food and entertainment, the co-operative is regarded as a contributive neighborhood unit. These events help to dispel any preconceptions about the historically lecherous character of transient low-income residents. By fostering a positive relationship and image in immediate neighborhoods, this small marketing effort has a ripple effect as neighbors relate their experiences with Bloomington Cooperative Living, Incorporated in their extended conversations with other community members and organizations. Our marketing strategy is reflective of our community development strategy. The building of strong households begets strong neighborhoods and, subsequently, fosters strong communities.

Financial Plan

The simplicity of the co-operative enterprise's financial needs and the amount of their current assets only requires single entry bookkeeping. This type of accounting is expected to be appropriate for the first three to five years. As households are run purely from monthly member dues and as bills are paid on a monthly basis, the in and out cash flows are typically balanced. Any remaining funds serve as a small financial cushion used for resident vacancies, emergencies, or unexpected price increases. In the early stages of operations, no surplus is likely to remain at the end of each fiscal period. However, it is within the mission of the corporation to accumulate a surplus in the long-term to put towards organizational expansion in order to serve a greater number of individuals in the future.

Bloomington Cooperative Living, Incorporated will be expanding in August of 2009,

| 2008-2009 | | | PROPERTY | | | TOTAL | |
|----------------------------|-------------------|----------|------------|------------|------------|------------|-------------|
| | | | A | B | C | Monthly | Annually |
| Revenues | DUES (500/member) | | 2500 | 1500 | 0 | 4000 | 48000 |
| Expenses | ROOM | Rent | 1500 | 1000 | 0 | 2500 | 30000 |
| | BOARD | Electric | 100 | 100 | 0 | 200 | 2400 |
| | | Gas | 70 | 30 | 0 | 100 | 1200 |
| | | Water | 70 | 30 | 0 | 100 | 1200 |
| | | Phone | 50 | 50 | 0 | 100 | 1200 |
| | | Internet | 50 | 50 | 0 | 100 | 1200 |
| | FOOD | | 500 | 300 | 0 | 800 | 9600 |
| | TOTAL EXPENSES | | 2340 | 1560 | 0 | 3900 | 46800 |
| REVENUES - EXPENSES | | | 160 | -60 | 0 | 100 | 1200 |
| 2009-2011 | | | PROPERTY | | | TOTAL | |
| | | | A | B | C | Monthly | Annually |
| Revenues | DUES (525/member) | | 2625 | 0 | 7350 | 9975 | 119700 |
| Expenses | ROOM | Rent | 1500 | 0 | 4590 | 6090 | 73080 |
| | BOARD | Electric | 100 | 0 | 500 | 600 | 7200 |
| | | Gas | 150 | 0 | 450 | 600 | 7200 |
| | | Water | 100 | 0 | 300 | 400 | 4800 |
| | | Phone | 50 | 0 | 100 | 150 | 1800 |
| | | Internet | 50 | 0 | 50 | 100 | 1200 |
| | FOOD | | 500 | 0 | 1400 | 1900 | 22800 |
| | TOTAL EXPENSES | | 2450 | 0 | 7390 | 9840 | 118080 |
| REVENUES - EXPENSES | | | 175 | 0 | -40 | 135 | 1620 |

as reflected in the following breakdown of monthly finances for the current year and for the subsequent two years:

These figures illustrate the management of two households. In August, 2009, there will be an increase from a three-person property to a fourteen-person property. ??? The budget remainder is used as a financial safety net or for expansionary and developmental purposes.

Goals & Objectives

Definition of Success

Bloomington Cooperative Living, Incorporated seeks to create more stable and cohesive neighborhoods by providing transient and low-income residents the opportunity to be positively contributive members of more permanent co-operative households. Observable harmonies in neighborhoods between permanent and transient neighbors, lower incidents of relocation and segregation of transient residents, and recognition and support of the organizational mission by the city are all qualitative definitions of significant and measurable success.

Measures of Success

Within four years and the conducting of two neighborhood surveys, Bloomington Cooperative Living, Incorporated will have solid data regarding the effects co-operative housing in Bloomington neighborhoods. The reporting of greater degrees of social capital indicators (e.g. trust, reciprocity) by neighbors of co-operative houses will serve as an adequate measure of organizational success. More immediate results can be seen on an individual member level.

Exit surveys will be done as members leave the corporation, and they will be used to gauge the amount of learning and community each member felt they experienced or gained from co-operative living. These internal surveys will gather information regarding the co-operative living experience compared to other rental options. By asking these questions, Bloomington Cooperative Living, Incorporated will be able to report with certainty the housing preferences of transient and low-income residents in Bloomington, Indiana. Success can be reported if residents choose co-operative living as his or her preferred rental housing option. This information can be used to further the organization's mission in relations with city officials and neighborhood associations.

Evidence Success Can Be Achieved

Countless similar enterprises exist in college towns. COUCH in Champaign-Urbana, Illinois and the ICC in Ann Arbor, Michigan are prime examples of long-term success of co-operative housing in transient communities. COUCH, in existence since 1997, has been successful in maintaining multiple households in a co-operative fashion. The ICC, established in 1932, provides numerous houses and apartments all over Ann Arbor. Jim Jones, a co-operative veteran, reports there are approximately 10,000 transient, low-income students living in residential housing co-operatives in college towns.⁵

Timeline

⁵ "On Campus, Finding Face Time in a Virtual Age" The New York Times. <http://www.nytimes.com/2006/09/28/garden/28co-op.html?ex=1160625600&en=11225f38cd816981&ei=5070>

| | | | | |
|-----------|-----------|--|--|--|
| 2007 | January | Research and Development | | |
| | February | | | |
| | March | | | |
| | April | | | |
| | May | | | |
| | June | | | |
| | July | | | |
| | August | | | |
| | September | | | |
| | October | | | |
| | November | | Incorporation (11/07/07) | |
| | December | Member Recruitment | | |
| January | | | | |
| 2008 | February | | Acquire Property | |
| | March | | | |
| | April | | | |
| | May | | | |
| | June | | | |
| | July | | | |
| | August | First year of household operations in two properties | | |
| | September | | | |
| | October | | | |
| | November | | | |
| | December | | | Submit Form 1023 |
| | 2009 | January | First year of household operations in two properties | Board of Directors Recruitment |
| February | | | | |
| March | | | | First Board of Directors Meeting |
| April | | | | |
| May | | | | |
| June | | | | |
| July | | | | |
| August | | Second year of household operations in two households following expansion to 14 occupancy property and retaining of founding 5 person property | | Conduct First Neighbor Survey |
| September | | | | Second Board of Directors Meeting |
| October | | | | |
| November | | | | |
| December | | | | |
| 2010 | January | | | |
| | February | | | |
| | March | | | |
| | April | | | |
| | May | | | |
| | June | | | |
| | July | | | |
| | August | | | |
| | September | | | |
| | October | | | |
| | November | | | |
| | December | | | |
| 2011 | January | | | Third year of household operations in same properties as previous year |
| | February | | | |
| | March | | | |
| | ... | | | |
| | ... | | | |

Risk Assessment

Financial

The co-operative model has proven itself to be resilient in times of economic difficulty. Economists, such as Roger Spear and Avner Ben-Ner, have demonstrated the ideological advantage held by co-operative organizations. These advantages serve to sustain operations through financial trouble. In addition, the cushion provided by accumulated overhead fees from members provides a financial safety net when food and fuel increases occur. In this way, the co-operative model remains financially viable and sustainable as long as it has an interested and participating membership.

Potential times of financial risk exist only when placing down payments or deposits on multiple properties without having contracted members to fill the spots in the properties for which the corporation has signed. The financial cushion saved for expansion and community events can also be directed towards supporting unanticipated vacancies. The popularity of this housing model in other communities illustrates the level of interest that exists and provides justification for signing contracts for the purchase or rental of properties without a list of committed, contracted residents.

Legal

Bloomington Cooperative Living, Incorporated foresees only two possible legal risks in its future operations. Denial of 501(c)(3) status will add a challenge; however, the organization's strategic plan has incorporated five months following submission and initiation of official Board of Directors operations to allow for correct and resubmission of materials, as needed. This way, all Directors will be able to collaborate within the organization once Bloomington Cooperative Living, Incorporated is a recognized legal not-for-profit entity at the city, state, and federal levels.

The housing code in Bloomington presents certain legal hurdles. While living costs are best minimized in high-density housing of more than a dozen occupants, occupancy caps of three and five people in a property prohibit this in most areas of the city. Bloomington Cooperative Living, Incorporated currently operates two households with five people or less, proving that the model is successful within the bounds of Bloomington code. However, discussions with city planning and zoning are steered towards creating new provisions in the housing code to allow for high-density housing organized co-operatively.

Talent

The co-operative housing model sustains itself as long as its membership remains vibrant. A loss or lack of entrepreneurial talent is the greatest risk to most co-operative organizations. Bloomington Cooperative Living, Incorporated is fortunate to have a team of members dedicated to remaining active in its operations for up to five years. Further, the large proportion of graduate students involved provides a great deal of invaluable human capital and life experience.

Bibliography

Coleman, James. "Social Capital in the Creation of Human Capital." *The American Journal of Sociology* 94 (1988): S95-120.

Kawachi, Ichiro, Bruce Kennedy, Kimberly Lochner, and Deborah Prothrow-Stith. "Social Capital, Income Inequality, and Mortality." *American Journal of Public Health* 87 (1997): 1491-498.

Project on Human Development in Chicago Neighborhoods: Community Survey. Rep.No. Department of Justice, United States Government. 1994-1995.

Putnam, Robert D. *Bowling Alone*. New York: Simon & Schuster, Limited, 2001.