



Strategic Growth Plan 2018-2022

“If our buildings are the bricks, then our relationships are the mortar,
and our mission is the foundation upon which everything rests.”

Adopted by the Board of Directors
02/01/2018

Raise-Op Housing Cooperative
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Summary

Over the next five years, the Raise-Op will increase its membership to at least 30 members, which will require the addition of 15 more units to the organization. This effort will begin in 2018 with fundraising and hiring a new staff person, who will focus on member outreach, training, leadership development, and meeting facilitation. This will be followed by the purchase and development of our next property. On average, we will develop 3 units per year, or possibly more if funding and additional partnerships make greater expansion feasible. By growing to a minimum membership level of 30, our organization will be able to continue self-sustaining at our new size, and also support the two staff positions, Cooperative Organizer and Cooperative Manager. In addition to our expansion for new members, we will also deepen and improve opportunities for existing members. This will include improved support for members to participate in meetings, increased options for building maintenance services, and adopting new policies that allow members to seek new housing within the Raise-Op as their households' circumstances and needs change. At the end of 2022, we will have established the Raise-Op as a sustainable cooperative housing organization with active and inclusive membership, an influential partner in community development, and a model that can be expanded or replicated to increase long term affordable homeownership opportunities in Maine communities.

Organization History

The Raise-Op was founded in 2014 by a board that included low-income residents, housing advocates and organizers, asylum seekers, refugees, immigrants, single parents, business owners, and property owners and managers. Its founding was rooted in the context of the housing challenges in downtown Lewiston, which included a decreasing housing stock, a tightening rental market, discrimination in housing access, and ongoing health and safety concerns within many rental units.



The option of cooperative housing was promoted as an opportunity for residents to have greater influence over their housing conditions and also take more responsibility in the stewardship of their homes. It was also advanced as a method of developing and sharing more equity within the downtown neighborhood - in the form of increasing capital investment in the neighborhood, maintaining the

improved property as permanent affordable housing, leveraging people power, and lowering the cost of living for residents.

Our mission and goals are stated as follows in the by-laws:

Mission

The mission of this Cooperative is to operate safe and affordable housing that is democratically controlled by its Members on a non-profit basis, consonant with provisions set forth in its Articles of Incorporation.

Principles

1. Respect for all people affiliated with the Cooperative, including Members, Guests, and Staff; as well as respect for the Cooperative's land and all property on that land;
2. Accountability between individual Members, the Board of Directors, and staff;
3. Integration across different social groups;
4. Solidarity with individual Members who face various social and economic challenges, and solidarity with the movement for safe and affordable housing; and,
5. Equity among Members in the sharing of social and economic resources.

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6. The Cooperative shall also uphold the Seven (7) Rochdale Principles.

Goals

1. Housing

- a. Provide safe, quality, affordable, energy-efficient housing;
- b. Maintain clean buildings and common spaces;
- c. Provide a variety of housing options;
- d. Foster stewardship of the land, building, and Cooperative's assets.

2. Membership

- a. Train Members in cooperation, meeting participation, budgeting, and property stewardship;
- b. Create an inclusive environment for new and current Members;
- c. Maintain a proportion of qualifying Low-Income Households that complies with the IRS Safe Harbor Rules for Low-Income Housing Rev. Proc. 96-32;
- d. Reflect the diversity of the surrounding community;
- e. Leverage collective social and material resources of Members to improve the Cooperative for the benefit of all;
- f. Produce Limited Equity return for outgoing Members in good standing;
- g. Encourage a sense of community among Members and the neighborhood.

3. Movement Building

- a. Create opportunities for Members to organize and self-advocate;
- b. Educate the public about cooperatives;
- c. Save, invest, and seek additional resources to grow the Cooperative and develop more units;
- d. Support other affordable housing efforts at a regional, national, and global level.

In 2014, our effort was supported entirely by volunteers. In 2015, we received a grant from the Lerner foundation and began to employ a cooperative organizer as a part-time position. Our first effort was to conduct a community survey to assess the existing housing needs and challenges of tenants, demand for cooperative housing, and inform the affordability goals and financial structure of the organization. This included determining the correct proportion of group equity, individual equity, and liability required to make the project successful.

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Our first property, 79 Maple Street, was purchased from the Community Credit Union of Lewiston in November, 2014. The property was vacant at the time of purchase, and our intervention to purchase the property helped avert a costly foreclosure process and likely deterioration of the building. We immediately renovated the building's three 3-bedroom units with funding as follows: low-interest financing from Coastal Enterprises Inc., the City of Lewiston, and an individual lender; lead abatement grants from the City of Lewiston; and coop member equity. The property was fully occupied with new members as of October 2015.



Also in 2015, the Raise-Op merged with its predecessor, the Faire Bande à Part Housing Cooperative, in which Raise-Op absorbed the members, liabilities, and assets of the other corporation. This included the three unit property located at 75 Maple Street and its members, some of whom were serving on the board of the Raise-Op. The property included existing loans with the City of Lewiston and Cooperative Fund of New England. It also included greenspace and a vegetable garden cultivated by the residents.



In 2016, the Raise-Op purchased its third apartment building at 141 Pierce Street and its first commercial property at 145 Pierce Street. For this effort, we received funding from individual donors, the Sewall Foundation, Maine Initiatives, the Cooperative Fund of New England, and the

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City of Lewiston. We also were able to hire a temporary staff person to serve as our Cooperative Educator, with support from the Bates College Harward Center. The cooperative educator was able to develop new materials which helped with the recruitment and integration of new members into the organization. They also assisted directly in outreach to residents of 141 Pierce as we began to transition the residents from renters to owners.

The nine apartments at 141 Pierce Street were renovated with financing from the Cooperative Fund of New England and City of Lewiston, as well as grants and donations from Sewall, Broad Reach, and individual supporters. We contracted with Community Concepts Inc. both for 501c3



fiscal sponsorship on particular grants, as well as for 24/7 emergency maintenance services. Five of the six households at 141 Pierce were brought into the Raise-Op as members, and the sixth household was permitted to remain as a renter. Our strategy to renovate this partially-occupied property was to renovate the three empty units first, and then move existing residents into those renovated units. We would then renovate the newly vacated apartments, and continued this process until all of the units were complete.

This process brought new people into the Raise-Op who may not have otherwise sought out our organization, and it also completed renovations without causing any displacement. At our first orientation meeting, some existing tenants had no knowledge of each other's names. By the end of the first year, those same residents identified one another as best friends, providing childcare services for each other, as well as ridesharing and social support. Although we consider this project a success, it required an immense level of coordination to arrange for contractors to perform extensive work in an occupied building. This often led to delays, unexpected maintenance issues, and other inconveniences for residents and workers. Overseeing this project required significant staff time, and it is worth considering how future projects might avoid this level of complexity.



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145 Pierce was developed with financing from the Cooperative Fund of New England and an individual lender. It was developed into a meeting and office space for the Raise-Op, as well as office headquarters for the Somali Bantu Community Association (SBCA), which offers education, counseling, farming, and integration services to Bantu refugees. Since locating to this new space, SBCA has seen a dramatic increase in constituents utilizing their services, especially their new youth cultural education programs.

Next to 145 Pierce, a new opportunity arose to develop the vacant lot at 80 Birch Street for the benefit of the neighborhood. We received funding from Healthy Neighborhoods and partnered with Lots to Gardens, the Root Cellar, Take 2, the Somali Bantu Community Association, Maine People's Resource Center, and Community Concepts to survey the neighborhood and enhance this greenspace with resident input and participation. The result is a new community vegetable garden that will be ready for community gardeners to begin planting in the Spring of 2018. This project improves quality of life for our own members, our neighbors, and also provides a basic model for how resident-based community redevelopment can succeed.



By the end of 2017, the Raise-Op included 3 apartment buildings, 1 office building, 15 occupied apartments, 14 member households, 1 tenant household, and 50 residents. Our residents ranged in age from newborns to senior citizens. We ranged in income from extremely low-income to middle-income. Our community included veterans, indigenous Americans, immigrants and refugees, working families, students, LGBTQ people, people living with

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disability, people of color, artists, and small business entrepreneurs. A majority of our board directors were members of the Raise-Op, and every building had at least one representative on the board.



Annual Member Meeting 2017

Community Context and Market Analysis

The work of the Raise-Op is grounded both in the interests of our members as well as the broader community impact of our work. Therefore, it is important to consider where and how to focus our efforts and build upon positive momentum that exists in Lewiston-Auburn, and also to discover how we can play a unique role in relationship to the other developments taking place.

Community Development

Since Lewiston's first housing cooperative began in 2008, some things have changed in the neighborhood and others have remained the same. With regards to change, we have seen numerous public planning documents completed that outline important goals and strategies for revitalizing our residential downtowns. These documents include the People's Downtown Master Plan, the Lewiston Comprehensive Plan, Consolidated Plan, Downtown Neighborhood Action Plan, and Harvard Community Development Partners Plan. All of these plans call for a reinvestment in public infrastructure, enhancement of code enforcement, improvement in existing housing stock, and infill of new housing units at a pedestrian neighborhood scale. Along with increased code enforcement, we have seen an increase in abandonment and demolition of property, averaging approximately 6 - 11 buildings each year since 2012. Between May 1, 2016, and April 31, 2017, the City of Lewiston condemned 27 buildings.

We have also seen an increased investment in properties, in part with help from the City's Lead Abatement and CDBG Programs. There have been significant improvements in Kennedy Park, Paradis Park, Knox Street Park, and collector roads through the neighborhood. On Pierce Street, workers have finished rebuilding the Pierce Place units lost to fire in 2013, funded with Low Income Housing Tax Credits and Project-based Section 8 vouchers. Community Concepts Inc. has located their new office on Bates Street, next to their latest senior housing development. Other new developments include the renovation of the Healy Asylum, the renovation of the Androscoggin Mill Block, and the Birch Hill Apartments. We have also seen the growth of new community organizations and programs, such as the Mosque on Bartlett Street, Community Clinical Services at B-Street, Tree Street Youth, the Root Cellar, Maine Immigrant and Refugee Services, Tedford Transitional Housing, and the relocation of the Somali Bantu Community Association to 145 Pierce Street. The City of Lewiston, through their grant and loan programs, is the primary agent leading a public redevelopment effort in the downtown of Lewiston. The Healthy Neighborhoods Planning Council, of which Raise-Op is a member, is the second organization that appears to be leading a public and community-based redevelopment effort in this area.

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Housing Conditions

There is an upward pressure on the cost to rent an apartment in Lewiston-Auburn, and it is primarily the result of the variables listed below, in no specific order:

- The increase of investment in housing and public infrastructure
- The demolition of dangerous and abandoned properties, reducing the vacancy rate and supply of units¹
- The in-migration of professional class, large families, and displaced people from more expensive cities and towns, creating an increase in demand, and also a change in the type of demand
- The shortage of skilled construction workers, such as carpenters, electricians, plumbers, and abatement professionals
- The prevalence of pest infestations and the corresponding cost to exterminate pests

In our community survey conducted in 2014, we found that many renters were willing to pay more money for increased quality of life in their home. For survey participants, increased quality of life includes apartment size, washer/dryer access, safety, storage space, green space, and parking space. When rent increases take place without a corresponding increase in quality of life, the result can be real economic hardship for renters. In the case of property owners, increased rent and lower vacancy rates allow owners to invest more in property maintenance, become more selective among applicants, collect more annual rent, borrow against increased property value, and sell their properties at an increased price. It can also increase the assessed value of their property, which in turn raises their property tax.

Rent in Lewiston-Auburn (Raise-Op Survey)			
Unit Size	2014	2017	% Increase
1BR	\$614	\$693	+12.8%
2BR	\$708	\$770	+8.8%
3BR	\$731	\$975	+33.4%
4BR	\$750	\$1,250	+66.67%

¹ The US Census for Lewiston indicates a decrease in Lewiston's vacancy rate from 2010 to 2016, with the 2016 vacancy rate of 3.3% for rental units and 1.4% for owner-occupied units. In that same year, the national average vacancy rate for rental units was 6.2% and the state average was 6.4%. Lewiston's 2016 vacancy rate was comparable to the nations lowest urban vacancy rates for the same year in Los Angeles, CA, Boston, MA, and Portland, OR.

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Other data from Maine State Housing Authority demonstrate an even higher fair market rent.

Fair Market Rent in Lewiston-Auburn (Maine State Housing Authority)			
Unit Size	2014	2017	% Increase
1BR	\$575	\$660	+14.8%
2BR	\$752	\$832	+10.6%
3BR	\$948	\$1,063	+12.1%
4BR	\$1,006	\$1,270	+26.2%

Over the period of 2014 to 2017, the Raise-Op has only operated 3-bedroom units during that whole time period. For those units, we have seen the average cost to operate increase only 5.4%. This increase mirrors the average rate of inflation according to the national consumer price index, and it is drastically lower than the average market increase for 3-bedroom apartments, which increased between 12.1% - 33.4% over the same period. Our carrying charges are well below those of the average rental units. Compared with Fair Market Rent, our members benefit from a 9.1% savings for 1-bedroom units up to a 36% savings for 3-bedroom units.

Average Carrying Charges for Raise-Op Members			
Unit Size	2017	% Increase from 2014	% Below Fair Market
1BR	\$600	NA	-9.1%
2BR	\$655	NA	-21.3%
3BR	\$680	+5.4%	-36.0%
4BR	\$815	NA	-35.8%

On average, most rents will rise or fall according to housing supply and demand, whereas our carrying charges adjust according to the actual cost to operate the property, as well as our members' interest in funding special improvements or services. Our 5.4% increase in cost to operate a 3-bedroom unit is a reflection of our increased costs in maintenance, property tax, insurance, and utilities. The market rate increases above that 5.4% can reasonably be considered a reflection of the other factors affecting the market value of apartments. These rents have increased despite the median income of renters remaining relatively flat during the same period. These numbers also show an average \$3,500 annual savings for each Raise-Op household,

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compared to what that same household could face in fair market rent. Across all 15 units, that's over \$50,000 of savings that our residents can invest in education, transportation, career advancement, and the overall health and wellbeing of their families. For many, it is the difference between an affordable apartment and crippling financial insecurity.

Housing insecurity is a growing challenge nationwide, and the problem continues to grow in Maine. Data from the Maine State Housing Authority shows that in 2016, over half of renters in Lewiston and Auburn could not afford an average 2-bedroom unit in each city, reflecting a similar trend statewide. The average household needs to earn over \$15 per hour and over \$30,500 per year to afford a 2-bedroom apartment in Lewiston-Auburn. The waiting list for Section 8 mobile vouchers remains very long. The Lewiston Housing Authority reports that in March, 2017, there were over 2,000 people on the waiting lists for Housing Choice Vouchers and Public Housing Units. There is also a shortage of lead-safe units available to large families or families with children under 6 years of age, which is a major driver of increased rent for that type of unit. Funding for HOME and CDBG, two primary funding sources for the Raise-Op and other affordable housing developments, have been reduced nationwide by an average of 50% since 2000.² Under the current leadership in Congress and the White House, HUD funding is likely to decrease further over the next four years.

While overall housing conditions are improving, community organizations that serve tenants in L-A continue to receive complaints of no heat, electrical issues, water leaking, lead exposure, neighbor disturbances, intimidation tactics from landlords, and other housing challenges. The Neighborhood Housing League, which was a primary avenue for organizing tenants around these issues, has closed due to insufficient funding and organizational capacity. More of these complaints are therefore routed through other social service agencies.

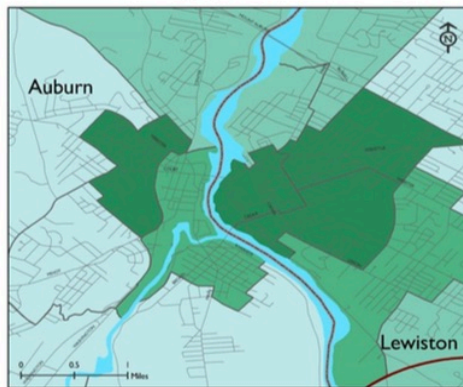
At this time, it is also our observation that while the cost to rent an apartment has been increasing, building prices have remained relatively steady. It is likely that as the trend described above continues, the cost to purchase property will soon increase as well. Comparing the two cities, Auburn demonstrates an average per building asking price over 300% the cost for a similar-sized building in Lewiston. Auburn also has less multi-unit properties for sale than Lewiston, and the properties themselves have less units per building. Auburn averages 2 - 4 units per building, whereas most Lewiston properties range from 3 - 12 units per building.

²Shapiro, Isaac, et al. "Funding for Housing, Health, and Social Services Block Grants Has Fallen Markedly Over Time." *Center on Budget and Policy Priorities*: 3/24/16.

Social Segregation

With regards to demographics, Lewiston continues to be a place where residents have been segregated along lines of class, race, and ability. The downtown residential neighborhood is one occupied by primarily low to extremely low-income households, where most homes are rented and few are owner-occupied. Until the early 2000's, public and private investment in these neighborhoods had been lacking.

Below Poverty by Census Tract
Auburn/Lewiston Demographics



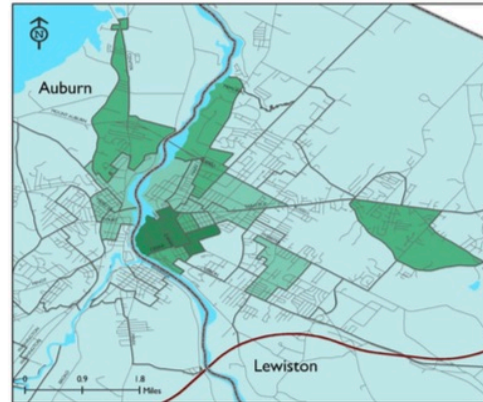
Below Poverty

2.2% - 8.3%
8.4% - 15.7%
15.8% - 25.6%
25.7% - 53.1%



Prepared by PDL 4/14/13
Source: ACS 2007-2011

Black Population by Census Block Group
Auburn/Lewiston Demographics



Black Population

0.1% - 2.5%
2.6% - 7.1%
7.2% - 20.4%
20.5% - 42.3%



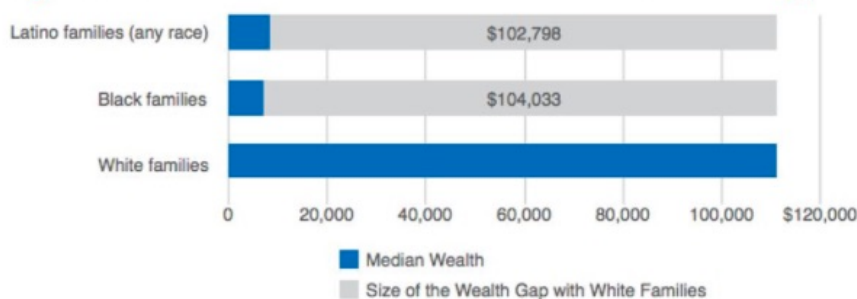
Prepared by PDL 6/3/2013
Source: ACS 2007-2011

All three social groups experience various forms of discrimination in the housing process. Anecdotal evidence and fair housing testing have found immigrants and people of color face higher rates of refusal to rent than white and/or American-born households with the same income, rent history, and household composition. Fair housing tests have also found people with disabilities often find refusal of property owners to reasonably accommodate their need, or will refuse to rent to them with knowledge of their disability. Refugees often experience the most layers of this discrimination, as they are often carrying physical and mental trauma from the violence experienced in their own country, which can lead to disability. They arrive with little to no financial resources and must integrate into the American economy and culture. They often do not feel as entitled as other citizens to protection under the law, and can be more susceptible to abuse. In some recent cases identified by Pine Tree Legal, New Americans seeking housing provided a security deposit but never rented the units they were seeking, and did not have their security deposit returned to them.³

³ There is also the tendency for some landlords to either avoid Section 8 tenants because they do not want the oversight from the Housing Authority, or for landlords to favor Section 8 tenants to maximize rent levels. The effect

Ability and immigration status aside, America has had a long history of racial segregation. As recently as the 1950's, federal law allowed for the segregation of Americans according to skin color. Federal rulings and legislation, including *Brown vs. Board of Education* ('54), the Civil Rights Act ('60), and the Fair Housing Act ('68), put an end to the formal and legal institutionalization of segregation according to race. However, the groundwork for continued segregation was laid with the GI Bill being exclusively available to white veterans, white flight to the suburbs, mortgage and loan redlining by banks, and the cultural division of race that had already been established. The net effect has been a history of discrimination that hangs over economic circumstances today. One strong indicator of how the legacy of racial discrimination continues today is with regards to wealth.

Figure 1. Wealth Accumulation and Size of the Racial Wealth Gap, 2011



Source: Survey of Income and Program Participation (SIPP), 2008 Panel Wave 10, 2011

Broadly speaking, wealth is a measurement not strictly of what has been earned, but also of what has been handed down from earlier generations, much like culture and privilege. In a 2015 article in *Forbes Magazine*, it was documented that the average white household had a net wealth of \$111,000, whereas the average black or latino household had a net wealth of just \$7,500. That's a difference of 93% between white and non-white households. The primary variables creating this disparity are identified in the article as homeownership, education, and job opportunity. The primary asset of most American families is their home. More white families own their own home, and most white homes are located in white neighborhoods, which have more favorable lending terms and higher property values. This means less interest and more equity for the white families. Despite the change in law, middle and upper class white families who have had first choice in settling neighborhoods have chosen to self-segregate, collectively or one at a time. The development pattern of where homes are located has effects on the other categories relating to wealth. Where someone is geographically located also impacts how they are politically represented, where they can attend school, and their access to employment.⁴

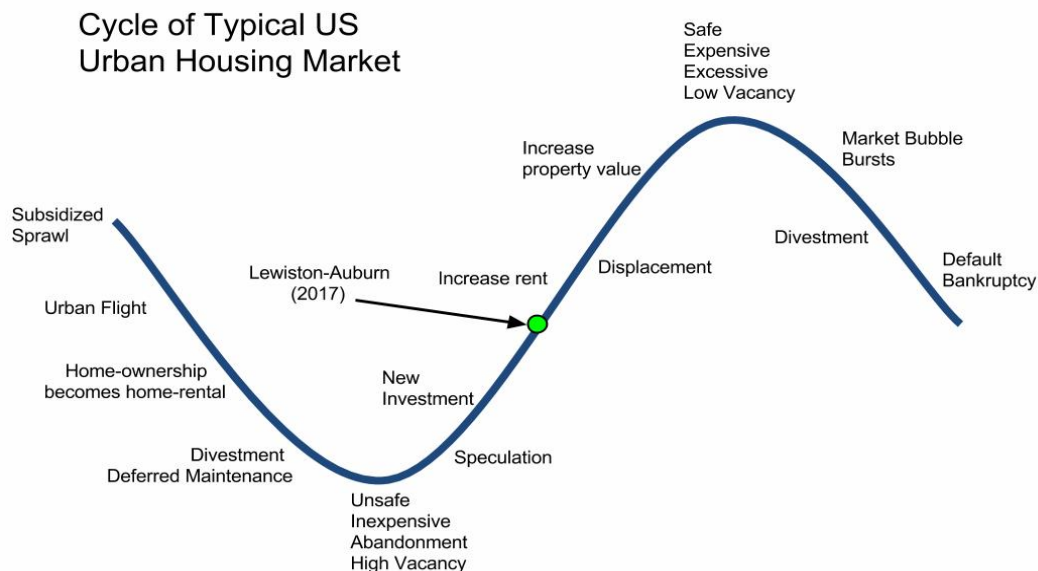
can lead to the downtown housing market offering low-rent and low-quality units, or high-rent units that are reserved for low-income people on Section 8, with few alternative options.

⁴ Sharkey, Patrick. "Rich Neighborhood, Poor Neighborhood", *Social Mobility Memos*, Brookings Institute: 12/3/15

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In the case of Lewiston, many white families used to live in the downtown and occupy the buildings that they owned. Properties would be full of extended families. Some of those owners moved out and sold their properties, and others have moved out but continued to own as investment properties. As the wealth and income gap has continued to grow locally and nationally, our downtown has been the primary place where people of low-income have been concentrated. Both for historic reasons relating to wealth and income, and due to instances of discrimination today, it is also where most people of color are living.⁵ The instance of people with disability living in higher concentration downtown can be similarly correlated with the poverty rate. The challenges of poverty can increase rates of disability, and disability can also lead to poverty, and therefore the housing patterns that develop around economic class can also overlap people living with disability.

Nationally, the trend of poor urban downtowns is beginning to reverse, as middle and upper class professionals are choosing to live downtown, both for cost and quality of life reasons. We see this in major cities like New York, San Francisco, Boston, and Washington DC, as well smaller cities like Portland, Maine. However, as go the booms and busts of the private market and the ongoing problem of economic disparity, it is often the case that neighborhoods are “renewed” through the displacement of the marginalized people who lived there previously. Without a collective intervention in this cycle, the segregation pattern can easily continue, even if the geography of the segregation changes.



This cycle illustrates the challenges of establishing rooted, long term, affordable housing in a speculative market. This system relies on drastic price differentials of property value in order for

⁵ Fessler, Pam. “Why Disability And Poverty Still Go Hand In Hand”, *All Things Considered*, NPR: 7/23/15

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speculation to be profitable. Change and flow in the local economy is both healthy and inevitable, but the type of change should not be taken for granted. Regions that enjoy greater levels of home-ownership, as well as community-controlled land and housing, should experience much less market volatility and lower levels of forced displacement. In such a model, value in property changes more gradually, and is more closely correlated to how much the owner invests in it. It also valued by the extent to which it is enjoyed by its occupants and neighbors, contributing to the physical and financial health of families who make up the broader community. When housing conditions do change, they will be more responsive to the existing residents who live in those homes and neighborhoods. While it is impossible to isolate housing from the economic disparity growing in our national economy, most American towns and cities would benefit from transferring a greater share of their housing into the control of individuals and community organizations that will steward their property as a home and as a precious resource, rather than an expendable commodity. Cooperative housing is one approach to achieving this vision, in combination with other models such as private owner occupancy, land trusts, public housing, and private non-profit rental housing.

To date, Lewiston-Auburn has experienced a modest public and private reinvestment in the downtown and a clearing of its most hazardous properties. According to US Census Data, 2012-2016 vacancy rates for rental units were 3.3% in Lewiston and 4.9% in Auburn, both below the state and national averages which exceed 6%. The Raise-Op's own applicant waiting list includes over 20 applicants seeking membership and housing in our organization. Rental rates are increasing in the area while property values have remained steady, but that will soon begin to follow the increasing rents. Testimony from food banks and homeless shelters indicate that homelessness and financial hardship is intensifying in Lewiston-Auburn. Housing in the downtown is still largely occupied by low-income tenants, but the current market trend increasingly makes downtown housing unavailable to low-income people without housing assistance vouchers.

The Raise-Op's development focus has been on the downtown neighborhoods because that is where multi-unit buildings are inexpensive, walkability and access to resources are high, the population is diverse and interconnected, and there is a history of community organizing with a momentum towards change. We can help more people and have a deeper impact in the community through continuing development in these neighborhoods. We also anticipate that within the next 5 years, market forces will begin to dramatically change circumstances downtown, and homeownership on a tree street will mean something very different than it does today. We aim to provide long term affordable homeownership opportunities to low-income and people of color with our eye on the long term market trends. Our intention is both for the material outcome of safe affordable housing for all of these groups, as well as nurturing cross-cultural solidarity and community building.

Goals

Over the next five years, the Raise-Op will:

1. Increase our membership to 30 member households and develop at least 15 additional units of housing;
2. Increase our human resource capacity to two staff positions, Cooperative Organizer and Cooperative Manager;
3. Raise funds so that our long term debt for the developed property remains low and so that income from residents is sufficient to support staff, operations, and debt obligations without the need for outside funding;
4. Deepen member and board director involvement through improved services and policies that help address the needs and changing circumstances of households within the Raise-Op;
5. Strengthen and build new partnerships to explore the feasibility of larger scale development strategies that could add more cooperative housing to Lewiston-Auburn within the same 5-year time period;
6. Strengthen our participation in local community efforts and neighborhood revitalization projects; and,
7. Increase our participation in collaborative efforts to support policy and programs which enhance the cooperative economy in Maine and increase the availability of affordable housing.

Property Development

The Raise-Op provides a unique approach to property development that is different from private rental housing, and it is different from project-based affordable housing. We have been rescuing and improving distressed apartment buildings according to the specified interests of our members. Continuing to purchase and renovate existing property in close proximity to current Raise-Op buildings is the most familiar and clear path forward for our gradual expansion. Our future development efforts may also include new infill construction as resources allow.

Our minimum property goal is to develop an additional 15 units by 2022 that meet the following criteria after development, listed in order of priority:

1. Offer safe and healthy living environment for residents.
2. Require an average monthly carrying charge **consistent with existing carrying charges** according to acquisition, rehabilitation, and financing requirements.
3. Are located within the downtown of Lewiston-Auburn.
4. Form “groups” of Raise-Op units of at least 5 or more units per group, either in one building or spread across buildings next to one another (within 30 second walking distance).
 - a. Ex 1. Two 3-unit buildings next to each other would constitute a group, a single 3-unit building that is 4 minutes away from the nearest Raise-Op building would not
 - b. Ex 2. A 5-unit building, even if it is far away from other Raise-Op properties, is sufficient to constitute a group.
5. Close proximity to existing Raise-Op groups.
6. Include the following unit types: 1-bedroom units; 2-bedroom units; 4-bedroom units.
7. Well insulated building envelope, including basement and attic.
8. Use an energy efficient heating system.
9. Achieve maximum passive and active solar gain with longest side of building facing South and no other buildings block sunlight.
10. Have good natural lighting and/or good views looking out of the building.
11. Include common green space available to every resident to enjoy.
12. Durable and attractive siding.
13. One or more units are accessible for wheelchair users.
14. Include some off-street parking space for cars and/or bicycles.
15. Include one common space per building with energy efficient washer/dryer or provide a washer/dryer in the apartment.
16. Offer space for secure storage of personal property, preferably inside the unit.
17. Include energy efficient stove and fridge.

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Property Selection Criteria

When considering the acquisition of existing property, the Raise-Op will evaluate whether the property meets all of the criteria below.

1. Building has <u>solid foundation and frame</u>, with little to no damage - fire, mold, rot, impact, etc - to load-bearing materials.
2. Building can be purchased and improved for: <ul style="list-style-type: none">- An amount of <u>monthly debt per unit that is ≤ the current ratio; or,</u>- An amount of monthly debt that can be entirely <u>sustained by fair market rent</u> for that unit, and whereby the additional cost is justified by special amenities Ex. 1 - Unit has exceptional amount of private green space, storage, or bedrooms Ex. 2 - Unit has luxury features above what is typically offered, HVAC, jacuzzi, ceramic tile, granite countertops, tin ceilings, detailed mouldings, etc.
3. Building is in <u>good location</u> where the project has increased impact. <ul style="list-style-type: none">- Close to existing Raise-Op property- Located in high-visibility area- Builds upon improvements by city and/or other property owners- Fits into coordinated community development plans
4. Property <u>does not closely border extremely undesirable areas</u> or those with uncertain futures that may jeopardize the considered property <ul style="list-style-type: none">- Ex. - Building should not sit within 5' of neighboring building, unless other building is also owned by Raise-Op or in exceptional condition
5. If Property is <u>fully occupied, building systems must be in good condition</u>: <ul style="list-style-type: none">- No leaking roof- Lead paint hazards contained and abated- No knob and tube wiring, all units on separate circuit breaker panels- Bathrooms must provide adequate shower enclosures, sink and toilet seals to prevent water leaks- Water shut-off valves in convenient locations throughout building- No exposed friable asbestos (asbestos board is okay)- Floors, walls, ceilings in good condition- Good replacement windows, 2-glaze, welded, lockable (ex. Paradigm or Harvey)- Kitchen cabinets and countertop in good condition- No presence of mold- No extreme pest infestations- Overall clean and well-maintained
6. If Property does not meet conditions in item #5, development plan must include availability of vacant units equal to those occupied, to <u>allow feasible renovations without displacement</u>.

Human Resources

The most important resource that the Raise-Op must continue to cultivate is the relationship between participants in our organization. This includes the relationship between members, directors, staff, community partners, contracted professionals, and the property itself. As a democratic institution, the Raise-Op relies on building respect and trust between these agents so that they can identify mutual common interests and work together to develop practical and equitable solutions to advance those common interests. Strong relationships will allow the organization to make good decisions, leverage internal people power, attract outside expertise and support, and realize the means to take good care of their homes. To support relationships, it takes time to listen, reflect, discuss, and resolve. It also takes important social skills, including an understanding of verbal and non-verbal language, an ability to communicate clearly and facilitate communication between others, good information to help make decisions, and an ability to keep conversations rooted in the affirming principles of the Raise-Op. It is for that reason that the Raise-Op will continue to prioritize organizing and community development in this second stage of expanding staff capacity.

It is projected that current staff should be able to sustain the current configuration of 15 units and 1 commercial space, supported with income from residents. Grant funding is only required for growth, new development, and special projects beyond the standard scope of operation. However, more human resources are needed as we add more units and more members. The two primary components that make up this work are buildings and people. We should generally expect that most prospective applicants for a position will specialize in either buildings or people, but are unlikely to be proficient in both. In order to support the addition of new members in the Raise-Op, we will create two staff positions, Cooperative Manager and Cooperative Organizer. This increase in staff capacity will be initially grant funded, and eventually covered by residents once the Raise-Op has reached full occupancy of 30 units.

The Cooperative Manager will be responsible for implementing board policy and the professional operation of the corporation, including administration, financial management, contracting, member development, and property development. The Cooperative Manager will supervise the Cooperative Organizer, who is responsible for member outreach, training, meeting facilitation, and public education.

With this advancement, the Organizer should be able to temporarily replace or succeed the Manager as needed, which supports goal of long term sustainability. The Organizer and Manager will be able to work together to troubleshoot problems, take turns representing the organization at events and conferences, develop more relationships with members, and respond more quickly to challenges.

Member Participation

In addition to increasing staff capacity, we will also provide more opportunity for members to participate and advance within the organization. This includes support for directors to participate more fully on the board, members to move within the organization, and members to take on specialized roles within their House Committee.

Overall, we have enjoyed a high level of participation from most of our board directors. As of our last Annual Member Meeting in July of 2017, we were able to elect a board composed of over two-thirds members, which is a requirement stipulated in our by-laws. This achievement allowed us to transition from an interim Board of Directors to a permanent Board of Directors. We also elected two community volunteers to continue serving. The board meets twice per month, which is necessary for making decisions in a timely manner. So that some directors could join meetings from remote locations, we subscribed to a conference call system and purchased a high-quality conference speaker.

Meetings usually take place in the evening, after many people are just returning home from work. So that directors do not have to choose between food and participation, we will plan and budget for the provision of food to those directors who need it during meetings, as well as a small office snack cabinet with the ability to make hot water for coffee or tea. In addition to this change, the board will monitor the needs of its directors to see if there are obstacles to participation that can be mitigated.

When surveyed, many people expressed that all members, including themselves, should take more responsibility for their buildings and the organization. Respondents also described that they would like to see more opportunity for existing member households to find accommodations within the Raise-Op that meet their changing needs. This could include transferring to a unit already owned by the organization, as well as pursuing new development projects that accommodate existing members.

To improve participation on House Committees, the Raise-Op will encourage each committee to create a specialized roles. The purpose of the role isn't necessarily for that member to complete all of the work themselves, but to at least have a specialized knowledge of what needs to be done, and to be responsible for recruiting help to complete the task. These roles could include, but are not limited to:

- Groundskeeper, who tends to trash, recycling, weeds, and snow in common areas;
- Maintenance, who understands maintenance schedule and improvement protocol;
- Facilitator, who convenes and leads meetings of the House Committee.

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In order to accommodate the evolving needs of existing members, the Raise-Op will develop two new policies: one for members who wish to move between existing Raise-Op units, the other for pursuing new properties on behalf of one or more members. Residents who have been longterm members are valuable because they are familiar with how the organization operates, and likely bring stability, leadership, and vision to the corporation, as well as personal investment. In the same way that our budgeting structure can motivate stewardship of property and conservation of resources through cost savings, these policies may be able to motivate members to remain in the coop and contribute even more as they see the coop meeting longer term needs for their household.

For members who wish to move to another Raise-Op unit, the board will develop a new policy according the guidelines listed below.

Transfer Between Units

A member may move from one cooperative unit to another cooperative unit according to the following procedure:

1. Eligible members must be in good standing with the coop, and their unit in clean and marketable condition.
2. Eligible member must complete an Application for Transfer, specifying what type of unit they are seeking.
3. Member's application is processed in the order it is received by Application Committee when a unit becomes available, in a manner similar to how regular applications are considered and recommended to the board for approval or denial.
4. Eligible members receive right of first refusal when coop units become available that meet their specific needs.
5. In some circumstances, at the discretion of the Application Committee, the special needs of one existing eligible member may take priority over another applicant that completed their application earlier and would otherwise have first choice.

Development of New Property to Accommodate Existing Members

The coop may choose to purchase property specifically to accommodate existing members according to the following procedure:

1. Eligible members must be in good standing with the coop, and their unit in clean and marketable condition.

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2. The proposed property should be favorable according to the Raise-Op's property selection criteria.
3. Eligible members who propose the property acquisition must be able to identify the funding sources that will make the proposal financially sustainable for the Raise-Op and not a burden for other existing members. To achieve this requirement:
 - i) Members may have to donate their own funds;
 - ii) Members may have to contribute additional sweat equity for the project;
 - iii) Members may have to lead special fundraising efforts, or somehow identify properties that are good value;
 - iv) Coop may need to finance the project at standard interest rates, and special carrying costs may be applied to the property to account for these costs so that increased debt does not disproportionately impact other members.
4. The property in question should have value to the coop beyond the use by those initial members.

Example 1: Two existing households jointly propose the purchase of a 3-unit building located on Howard Street, Lewiston. Each household has family members who are trained carpenters, as well as \$10,000 in savings they wish to contribute to the building's purchase. The proposed purchase and renovation will yield a building that is generally higher quality than most Raise-Op units, because of unit size and interior quality of materials and craftsmanship. The cost of the project is lowered by the member's \$10,000 down payment, as well as sweat equity provided by household family members who perform renovations. Financing causes Raise-Op to take on more debt per unit than usual, so an additional charge is applied to units at this property to cover this cost, justified by the higher quality of the units. The two households who led the project choose which units they will occupy, and the third unit is leased to a new member from the waiting list.

Example 2: A member inherits a 2-unit building, that they would like to donate to the Raise-Op. The building is in good condition overall, but requires some improvement. The Raise-Op finances \$40,000 of improvements with commercial financing. The overall debt-service for the coop is not increased. The member who made the donation is able to choose their unit in the property. The second unit is leased to another existing Raise-Op member who applies.

Example 3: A Raise-Op member becomes physically disabled due to a workplace accident, and requires use of a wheelchair. During the search for new property,

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the Raise-Op selects a 4-unit property that has a first floor unit that is somewhat accessible in its current condition. The Raise-Op seeks a special grant to make this unit completely ADA compliant, and that member is moved to that unit. The other 3 units are filled with applicants on the waiting list.

As the Raise-Op implements each policy, we must guard against excessive staff time devoted to interests of a few members, as well as unrealistic project proposals that cannot be reasonably funded or are unlikely to be marketable once the first members move out. We must also make sure that we are not indulging a “grass is always greener” mentality, where residents obsess over comparing their current unit to others. In many cases, the best option is to encourage residents to improve their existing homes instead of moving. For some residents, particularly those who become very economically mobile, the Raise-Op may not be able to meet their needs fully or in the timeline they demand, in which case those residents may be better served seeking opportunity in the greater housing market.

The general idea of these policies is to make sure that we are both rewarding good members and responding to their interests and needs, while also developing the long term health and growth of the organization. Because the Raise-Op is member owned and led, it is okay for a member’s self-interest to play some role in these decisions, so long as that self-interest still aligns with the mission, and preferably accelerates us toward our goal of providing more homes for more people. If existing members can leverage helpful resources for the organization, we want to motivate them to contribute those resources. In the same way that mobility in the workplace can be a motivating factor for employee commitment, mobility in the coop may also improve commitment and participation. If we can create new housing for existing members, their vacated units will become homes for new members on the waiting list. In every case, we must make sure that our process is fair, promoting inclusive community values, and compliant with the terms of our funding.

Development Strategy

The real estate market is a dynamic one, and resources may be available for certain types of projects and unavailable for others. Therefore, it is important to remain flexible as the Raise-Op pursues its next development project. To begin implementation of our growth plan, the Raise-Op will purchase and renovate an existing apartmenting building, in a similar manner as we have accomplished with our earlier properties. During 2018, we will raise capital funds and plan our next development, likely to begin with acquisition of property by the end of the year. This development will be good practice for our internal knowledge and experience with property development, and also a good learning opportunity for our new staff person.

In addition to pursuing this next renovation project, the Raise-Op will continue working with partners to explore new development opportunities. Healthy Neighborhoods is one partner that may be able to leverage community support, financial resources, and an integrated site plan that informs the location of our next project. They are currently working towards the identification of one or more town blocks in the Tree Street neighborhood of Lewiston to be developed into a model corridor. In such an effort, public and private developers would be invited to the table with residents, landlords, and other community members to discuss how this corridor could be transformed to reflect what our community truly believes to be a healthy neighborhood. In such a scenario, the Raise-Op could commit to purchasing a building within the corridor which is worthy of renovation. Other new or existing owners would do the same, and the City of Lewiston would invest in the public infrastructure, resulting in significant transformation, both inside and outside of the properties. Such a project may come with special terms, according to how active or passive a role Healthy Neighborhoods plays in leveraging resources for the development. Raise-Op current has a seat on the Healthy Neighborhoods Planning Council, and therefore the planning process can be a responsive one with Raise-Op's own future development plans.

Another partner the Raise-Op continues to work with is Community Concepts Inc., who we contract with for fiscal sponsorship on grants as well as maintenance services. Given CCI's history of property development and management, we have also been exploring opportunities for collaboration on a future development project. This could include building renovation as well as new property development. The possibility of developing new property is worth considering, as the local housing market continues to grow tighter and more units are taken out of the market through demolition. These demolitions have created holes both in housing supply as well as in the physical streetscape of the neighborhood, and infill development can help to correct this problem.

In order for new development to be economically feasible, it is likely that the Raise-Op would need to develop more units at once than has been our typical practice. For such an effort, the Raise-Op might think of the development as a small coop village, arranging land and buildings in a manner that promotes community, reduces construction and maintenance costs, and reserves as much surface area as possible for green space and off-street parking. In order to attract sufficient funding, the project will likely need to produce at least 8-12 units of housing. How these units are arranged is adaptable. Even if the Raise-Op pursues a large development project, we should be careful to not create a structure so large that it interferes with the manageable scale of the House Committee. Even though great economies of scale can be achieved with large buildings, we want to develop property that contributes to the pedestrian scale of the urban neighborhood, and that also allows everyone within a building to reasonably know their neighbor.

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Larger scale projects such as the one described above will require more years of planning and will also result in much higher project cost per unit. It will require more extensive permitting, architectural planning, and detailed bidding than we have issued for past projects. Nonetheless, such projects can help fill in special gaps in the market, allowing us to provide new services to residents and the neighborhood that may otherwise be absent. This can include ADA compliant units, community meeting space for residents, community space for partners, new vegetable gardens, recreational space, live-work space, and many other exciting possibilities. It could also apply creative design solutions that includes energy efficient heating solutions, compact and multi-use home furnishings, improved storage options, and even adaptable unit sizes to meet the changing needs of members.

It will be the role of staff and the Buildings Committee to use this plan as a guide in researching and initiating each development project. Every project idea will be considered on a case by case basis, with priority given to those projects that best meet the Property Selection Criteria and Property Development Goals. Staff will provide information to the Buildings Committee and Finance Committee, where recommendations will be made to the board of directors for final action.

As the Raise-Op navigates the many development opportunities that arise, it must be sensitive to its rate of growth with regard to how well it can integrate new members and maintain relationships with existing members. Even with the resources to develop new units, the success of the Raise-Op hinges on the constructive participation of its members. Member participation will be greatly determined by the strength of relationships between members to staff, members to the property, and members to each other. The Raise-Op's ability to sufficiently develop and maintain relationships will depend on the capacity of all its participants. Some members may be self-motivated, others may require more encouragement. Some members may have lots of flexible time, whereas others may have little time to participate. Growth can both be a motivation for member participation, as well as stretch the resources available to support members. There is not a golden ratio for success, but there is necessity for the Raise-Op to monitor these relationships and adapt its pace of growth accordingly. Regular 1:1 meetings, House Committee meetings, training opportunities, volunteer activities, and annual surveys are ways to both monitor and support these relationships.

Conclusion

The Raise-Op has achieved great success since it began its expansion in 2014. Our membership has grown 500% and we have established a visible presence in the neighborhood through the development of our apartment buildings, office space, and the new community vegetable garden. The reduction of housing supply in L-A and the increased demand for market rate housing has



raised rents substantially for many other renters. In comparison, the Raise-Op's carrying charges have remained below market and increased only at the rate of inflation. With a waiting list of 20 households who have completed written applications, it is clear there is strong demand for the type of cooperative housing that the Raise-Op offers to our members. Our success is rooted in our commitment to developing and

maintaining the relationships that weave our organization together. In order to develop more cooperative housing, we will hire a new Cooperative Organizer that will continue to foster these relationships. To begin our expansion, we will pursue the renovation of an individual property in a manner similar to past projects. This project will cue the Raise-Op for our next series of developments, which may be similar in scope, or may include more extensive projects that involve new infill construction, coordinated community planning, and greater levels of capital investment. Each project that



we pursue will be measured against our own capacity to support members as we grow. By the end of 2022, the Raise-Op will include at least 30 members and 30 corresponding living units. We will enjoy an active board, an engaged membership, and strong partnerships that promote positive development in the neighborhoods that surround our homes. We will be engaged with local, state, and national organizations that work to advance the cooperative economy and the human right to affordable housing. Our members will maintain their majority representation on



the board and provide leadership to carry out our long term mission of affordable housing, cooperative ownership, and democratic management according to the principles of respect, accountability, integration, and solidarity. If our buildings are the “bricks” of the Raise-Op, then our relationships are the “mortar” that hold everything together, and our mission is the “foundation” upon which everything rests.

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Member Input Summary 2017

The information below was collected through 1:1 meetings with every existing member during the summer of 2017. The individual source for each item of feedback is made anonymous. Key themes are in **bold**.

- **Green space** is important. It would be nice to have that corner lot on Pierce and Birch. It could be used for gardening. We would really like to have a garden somewhere. Having buildings close by is a good thing, **close proximity** to other Raise-Op buildings.
- **Green space** is important to prioritize. **Families with children** would be good to recruit. My rent going down was a big help. I would be **willing to pay more per month for better things**, like green space. Maybe \$20/month more. \$50 more would probably be too much for most people.
- **Green space** is important. Could **Raise-Op get a vehicle** to help people with short trips, or bringing waste to the dump? The idea of the coop is hard to understand. We need to **educate more people** about how it works, though it is hard to understand all at once. It takes time.
- **Green space is important**. Opportunities for **members to move within coop**. Healthy Neighborhoods. **Save buildings**. Can we **create a maintenance team that we hire out** to other landlords that are good to work with?
- Raise-Op works really well for me. I'm **not looking for more services**. I like what I have now. I think keeping things **minimal is good**. I like having to take care of my home. It can be hard, but it's important to really make it feel like it's my home. **Green space** is awesome. Can there be a way to create **opportunities for long time members**? Like, if a long time member wants to move, what is the criteria? What if they want the coop to purchase property for them? Can there be some way to do that which is fair?
- Raise-Op works for me. I think being in the **coop is a real privilege that people should earn**. I wonder if we should be **more strict with application criteria** so that people who join really are ready to earn the privilege. Perhaps it would be better to **purchase empty buildings** so that we can honor our application list more. **Green space is good, but how we pay for it is important**. We don't want to add to costs. **Low cost is important feature of Raise-Op**.

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- Coop provides lots of services that members should use more. **I don't think the coop needs to provide more services.**
- **Green space**, room to grow food, corner lot, dog park. Doing community events, like block party. **Car wash to raise funds for Raise-Op**, using our driveway. **More staff support should focus on social component** and money, so that we can form more partnerships, raise money, work with people more, organize events.
- **Green space** is good. Policy to determine **how members move to other units** would be good. An **assistant to Craig** that can be trained to manage the coop would be good. We should focus on continuing to **save old buildings**. **New construction would be worth considering** if the opportunity arises, but savings buildings should be priority.
- **Maintenance staff makes sense**, because Craig can't do all of that on top of everything else. **Members need to do more** to clean up common areas. We need to do **more public education** to help people understand the housing cooperative model.
- **Green space** is important and we need more of. Getting a **cluster of buildings with a shared green space** in the center is exciting. Perhaps members can take on more responsibility, like **each building create some designated roles to help manage things more efficiently**. Craig's emails are kind of dry. Frequency of member emails is okay. **Opportunity for residents to move within coop** would be good. Opportunity to get **new properties to serve needs of longtime members** could also be good. Hesitant to begin development in Auburn, since it is far away from current properties.