

LIVING

This Group Wants to Help Lower Rents by Buying Real Estate as a Collective

by MADISON MARGOLIN

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A meeting of the NYC REIC

CHRIS CHAVEZ

class people who have done all the right things — gone to school, saved money — are still getting priced out of the neighborhood.”

While wages remain stagnant in contrast to soaring real estate prices, Jose adds, the situation is unsustainable — and he’s not the only one frustrated by this truism. He is now among more than 300 New Yorkers who have joined the NYC Real Estate Investment Cooperative, a group whose stated goal, according to their website, is to “secure permanently affordable space for civic, cultural, and cooperative use in New York City.” Translation: they want to form a collective to buy up real estate throughout the five boroughs to help price low- and middle-income residents, as well as small-business owners and community organizations, back into the market.

But they’re starting small. Requiring an initial \$10 investment from each member, the co-op has, since launching in April, banked more than \$3000 at the Brooklyn Cooperative Federal Credit Union and has more than \$1.3 million in pledges for future investments. They aim to finance at least one property by 2017 (with a guaranteed return of everyone’s \$10 if the goal isn’t met) and make further investments for the mutual benefit of the co-op’s member-owners and their communities. They are also considering a ten-year project.

The REIC isn’t the only organization in New York working toward cooperative real estate goals. Founded in 1973, the Urban Homesteading Assistance Board has preserved over 1,700 buildings and created 30,000 home-ownership opportunities, while getting to know New York’s low-income co-op community. And in March, the community organizing project Greater Brooklyn formed the “NYC Cooperative Housing Exchange” a Facebook group of now almost 800 members, designed to “aid in the creation of new cooperative houses, link people up to houses with vacancies, and to assist in the exchange of resources between co-ops.” The REIC however focuses on affordable commercial space, with efforts comparable to the Small Businesses Jobs Survival Act to

affordable.

The idea for the REIC formed when Brooklyn artist and activist Caroline Woolard was faced with a decision whether or not to renew her Williamsburg lease for an additional three years. She had been using the space as a living and working collective with other artists. By the end of the new lease, the group would have spent nearly \$1 million in rent — money she realized could be better invested in a cooperatively-owned property.

Woolard stresses that the group is not just for artists: members of small businesses, civic groups, and cultural organizations also comprise the co-op's constituency. "I am excited that the first project we do as the REIC will likely not be for artists, as I am an artist who understands the power of organizing for affordable space for all New Yorkers, not just for artists," she says. "We are part of an ecosystem that must be diverse across sectors to be healthy."

Over the summer, members of the co-op's working groups (they eschew formal leadership roles) established "threshold criteria" for investments. Inspired by similar

“I think it’s very important that there’s a model that’s separate from the standard real estate market model,” says new member Drew Kiriazides. “It’s very challenging because a new model can seem a drop in the bucket against a tidal wave. I think this could be valuable because it will offer something that people can see.”

Another challenge, some members say, is streamlining the ideas of many to produce tangible results. “They’re activists, social justice activists, they have great ideas of what they want to do but they don’t know how to get to where they want to be,” says co-op member Malaika Martin, who works in real estate. “They just say we want to preserve affordability in perpetuity, but how do you do that?” she asks. “One of the things that brings me to this is to find ways to develop real estate that is not only environmentally sustainable but also financially sustainable for as long as possible and that also moves with the community.”

The group is now seeking funding to hire paid staff for the incubation phase, to work with partners to formalize their research and share it with co-op membership and beyond, and to establish a governance structure to facilitate their goals and responsibilities.

Jose says the group is an important move against the hedge funds, private equity firms, and international investors who are pouring billions of dollars into the New York real estate, because it’s safer than the stock market, and driving up prices for everyone. This is especially prevalent in Brooklyn, he adds. “Now everybody’s feeling it. If you go anywhere and open up a conversation with people relative to affordability and housing, there’s a consensus across the board,” he says. “You can’t rent an apartment by yourself, you have to get roommates. That’s a sign that things are getting ridiculous.”

Jose serves on the REIC’s “public building inventory” and “outreach to institutional investors” working groups to help identify potential investments and look for additional