



individual artisans who simply didn't have the cash required of them.

"It's expensive to be poor," said Ms. Woolard, 31. "If you don't have capital, not much is possible."

As a small group they may have been financially powerless, but if they were an organized collective of hundreds of small investors, Ms. Woolard thought, they would not be. By forming the NYC Real Estate Investment Cooperative, about 200 New Yorkers from diverse neighborhoods, professions, ethnicities and tax brackets hope to invest jointly in commercial property in areas where rents are rising rapidly, carving out permanently affordable space for community-based small businesses and cultural organizations.

The idea for the co-op came out of a Facebook conversation between Ms. Woolard, who built "sharing economy" websites Our Goods and Trade School, and her friend Paula Segal, an attorney and founder of nonprofit 596 Acres, which helps people turn vacant city lots into community gardens.

The two were inspired in part by the Northeast Investment Cooperative, a group founded by neighbors in Minneapolis four years ago, which has grown to more than 200 members who have each purchased a share in the co-op for \$1,000. The first organization of its kind in the United States, that co-op has so far acquired three abandoned buildings and leased or sold space to a bike shop, a bakery and a brewery.

#### First in New York

If Ms. Woolard and Ms. Segal succeed, it would likely be the first of its kind in New York City: a real estate co-op that would invest in commercial property in order to preserve space for small businesses, as well as social-service and arts organizations. But succeeding won't be easy. Land is expensive and scarce, while incorporating is tricky business.

The co-op has yet to settle on a structure, but it may choose to become a limited-liability corporation, which is a common legal designation in both the real estate market and the world of worker co-ops.

Alternatively, it could incorporate as a cooperative, which is classed as a nonprofit in New York.

Similar efforts by community groups to band together to own real estate have taken decades to bear fruit and have typically grown out of only one neighborhood. The Cooper Square Committee, created in 1959 to survive the wrecking ball of master planner Robert Moses, took decades to achieve its aim. Cooper Square's Mutual Housing Association spent \$20 million in the 1990s refurbishing affordable housing in 22 formerly city-owned buildings.

"With a limited capacity, certainly in the initial phase, the question is going to be, which neighborhoods are going to benefit?" said Tom Angotti, director of the Hunter College Center for Community Planning and Development.

If it were entirely up to Ms. Woolard and Ms. Segal, the co-op's portfolio would buy city-owned properties in need of renovation and ones that house established community institutions. But it's a collective, and decisions are made by all the shareholders.

"Saving spaces that already exist—unfortunately, those are the more expensive buildings," said Ms. Woolard.

She believes the co-op will have more luck buying vacant city-owned buildings. The city used to regularly sell vacant land for as little as \$1 to developers that would renovate the property and keep some of the apartments affordable. And although most of the remaining lots the city auctions are residential, she hopes that once her organization is established she will have some power to ask the city to sell lots to co-ops of the kind Ms. Woolard is trying to create.



1654



0



0



#### CRAIN'S AUTHORS



**Caroline Lewis**



@clewisreports

#### LATEST

#### MOST POPULAR



BlackRock mustn't mimic underperforming NYC...



Chinese co-working giant gets a toehold in...



Wheelchair-accessible taxis likely won't...



Ride-pooling services seek a congestion-...



Did the 2021 mayoral race begin today? Yes

**Health Pulse**

The Definitive Source  
for Health Care News

To advertise contact Irene Bar Am...

the city to sell lots to co-ops of the kind Ms. Woolard is trying to create.

To get there, potential members gathered late last month at the Middle Collegiate Church in the East Village.

"We need affordable business space so we don't get overrun with chains and bars," said Renée Holmes, a middle-school teacher from Bedford-Stuyvesant, who learned about the co-op from 596 Acres' [website](#).

Before the church opened its doors, co-op organizers had already received online pledges totaling more than \$1.2 million. But the organizers wanted to make sure members were first committed to the task of incorporating before accepting the money.

#### Brooklyn beneficiary

After the meeting, nearly everyone who attended submitted a membership form and \$10 to help start the co-op's collective fund.

One of the first organizations the group plans to assist is Sure We Can, a nonprofit that operates on a 13,000-square-foot lot in Bushwick, a couple of blocks from the increasingly pricey enclave that has sprung up around [Roberta's Pizza](#).

Sure We Can serves as a depository for the recyclables collected by people around the city who make their incomes from the 5 cents they get for returning each item. Beyond sorting cans and bottles and returning them to distributors, Sure We Can has created a community space for canners, most of whom are homeless.

The largely self-sufficient nonprofit has been paying its rent of \$4,243 per month with little more than the modest commission it makes from distributors for acting as a middleman. Operating on a budget of about \$300,000 this year, Sure We Can is in danger of losing its lot to the highest bidder when its lease is up in 2018—unless it can come up with the landlord's \$3 million asking price.

"The landlord wants to keep us here, but only if we can find a way to buy the property or find someone else to buy it," said Ana Martinez de Luco, the executive director.

The budding co-op has a way to go before it can make commitments to organizations such as Sure We Can. The initial goal is to "have a list of realistic properties and the money to secure at least one of them within two years," according to an email to members.

After the church meeting, Ms. Woolard said she felt "excited and overwhelmed and accountable."

Ultimately, though, the success of the co-op will hinge on the commitment of its members.

"I'm gonna go have a beer after this because putting this meeting together has been a lot of work and I'm feeling a little bit done," Ms. Segal told the audience after last month's meeting. "But I'm really glad that there are all these new members who are going to step up and do the next phase of the work."

*Correction: Caroline Woolard believes the NYC Real Estate Investment Cooperative will have more luck buying vacant city-owned buildings. That detail was characterized incorrectly in an earlier version of this article.*

*A version of this article appears in the [May 25, 2015, print issue](#) of Crain's New York Business.*

## for Health Care News

To advertise, contact Irene Bar-Am  
at [ibaram@crainsnewyork.com](mailto:ibaram@crainsnewyork.com)

**CRAIN'S**  
NEW YORK BUSINESS

LEARN MORE

### RELATED NEWS



Meet the new Citi Bike:  
same as the old model,  
except ...

Is the minimum wage in New York enough  
to cover expenses? This stat says it all

High-rent blight hitting West Village



Community board in the  
shadow of Central Park  
calls for tall-building  
moratorium



Time for tough calls on  
MTA funding

A revived Bloomberg-era public-housing  
plan that works



With so many super-tall  
towers rising, this  
developer will build smaller  
to recoup his \$870M

Use this Feature to Improve your Travel  
Book

How Education Professionals Become  
Special Education Professionals

(Gallery) These Bad Construction  
Mistakes Will Give You Goosebumps

Logic Quiz That 99% Of Americans Can't  
Pass

10 Ways to Upgrade Your Bedroom for  
Less