Research on the Economic Impacts of Cooperatives in the U.S.

National Association of Housing Cooperatives

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University of Wisconsin Center for Cooperatives
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www.uwcc.wisc.edu
Project Partners

- Funding from US Department of Agriculture grant, National Cooperative Business Association, WI Department of Agriculture

- Additional support from many partners
Why is this project important?

• Advocacy and learning

• Training new leaders

• Shared knowledge base among cooperatives of all types
## Economic Impact of Cooperatives in the U.S.

### Aggregate Impacts by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Revenue (million dollars)</th>
<th>Income (million dollars)</th>
<th>Wages (million dollars)</th>
<th>Employment (jobs)</th>
<th>Firms</th>
<th>Estab.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Sales &amp; Marketing</td>
<td>201,207</td>
<td>37,737</td>
<td>13,810</td>
<td>422,525</td>
<td>3,463</td>
<td>5,695</td>
</tr>
<tr>
<td>Social &amp; Public Service</td>
<td>7,525</td>
<td>2,213</td>
<td>1,690</td>
<td>424,505</td>
<td>11,311</td>
<td>11,311</td>
</tr>
<tr>
<td>Financial Services</td>
<td>394,363</td>
<td>100,661</td>
<td>51,176</td>
<td>1,133,353</td>
<td>9,964</td>
<td>50,330</td>
</tr>
<tr>
<td>Utilities</td>
<td>49,808</td>
<td>13,392</td>
<td>8,292</td>
<td>162,873</td>
<td>4,546</td>
<td>5,657</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>652,903</strong></td>
<td><strong>154,003</strong></td>
<td><strong>74,968</strong></td>
<td><strong>2,143,256</strong></td>
<td><strong>29,284</strong></td>
<td><strong>72,993</strong></td>
</tr>
</tbody>
</table>
How to measure co-op economic activity

• Conduct a census of U.S. cooperatives

• Survey/gather key business indicators

• Impact analysis
Economic Impact analysis

- **Direct impact** - Revenue, wages, income and employment
- **Indirect impact** – A firm’s cost of operations are revenue for other businesses
- **Induced impact** – A firm’s profits, plus wages paid to employees, are spent by employees and owners, and are revenue for other businesses.
Census: What IS a cooperative?

- Who owns, controls and benefits?

- 85% of co-op activity have “co-op” tax/incorporation status
Housing in the REIC report

First, a little history:

- The first cooperative was built in 1876 in NYC
- By 1976, 2.2% of all housing was cooperatively owned
- By 1995, 137,000 cooperatively owned affordable units had been built in 29 states
- Growing popularity of owner occupied multi-family housing:
  - 2005: Condominiums were 5% of all housing
  - 2005: Cooperatives were <1%.
Challenges in finding the housing cooperatives

- There is no comprehensive national list
- Some lists are confidential
- Governmental lists are fragmented
- Housing cooperatives were difficult to reach through surveys (mail/phone)
What did we do?

• Talked to experts

• Received lists from some organizations

• Used the internet, made phone calls, sent out surveys. Return rate very low.
<table>
<thead>
<tr>
<th></th>
<th>Revenue ($M)</th>
<th>Income($M)</th>
<th>Wages ($M)</th>
<th>Employment (no. of jobs)</th>
<th>Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social and Public Services</td>
<td>7,523</td>
<td>2,213</td>
<td>1,690</td>
<td>424,505</td>
<td>11,311</td>
</tr>
<tr>
<td>Healthcare</td>
<td>5,212</td>
<td>1,248</td>
<td>1,019</td>
<td>403,586</td>
<td>305</td>
</tr>
<tr>
<td>Childcare</td>
<td>421</td>
<td>238</td>
<td>141</td>
<td>5,925</td>
<td>1,096</td>
</tr>
<tr>
<td>Housing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>9,471</td>
</tr>
<tr>
<td>Transport</td>
<td>567</td>
<td>62</td>
<td>20</td>
<td>768</td>
<td>49</td>
</tr>
<tr>
<td>Education</td>
<td>1,323</td>
<td>665</td>
<td>510</td>
<td>14,226</td>
<td>390</td>
</tr>
<tr>
<td>Grand totals</td>
<td>652,902</td>
<td>154,002</td>
<td>74,969</td>
<td>2,143,236</td>
<td>29,288</td>
</tr>
</tbody>
</table>

(Grand totals include Commercial Sales and Marketing, Financial Services, & Utilities)
Measuring housing

• Unit estimates were available for some states, but the sources varied widely.

• Data on the number of cooperatives didn’t always include the number of units.

• We ultimately gathered unit estimates from most of the states with high numbers of cooperatives.
## Co-ops & unit estimates

<table>
<thead>
<tr>
<th>State</th>
<th>Co-ops</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>NY</td>
<td>6,679</td>
<td>510,000</td>
</tr>
<tr>
<td>CA</td>
<td>590</td>
<td>62,096</td>
</tr>
<tr>
<td>FL</td>
<td>456</td>
<td>79,346</td>
</tr>
<tr>
<td>MN</td>
<td>304</td>
<td>7,556</td>
</tr>
<tr>
<td>MI</td>
<td>234</td>
<td>17,004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Co-ops</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>184</td>
<td>15,000</td>
</tr>
<tr>
<td>IL</td>
<td>177</td>
<td>16,000</td>
</tr>
<tr>
<td>NH</td>
<td>89</td>
<td>5,000</td>
</tr>
<tr>
<td>CT</td>
<td>67</td>
<td>4,400</td>
</tr>
<tr>
<td>IN</td>
<td>48</td>
<td>6,000</td>
</tr>
</tbody>
</table>
States with smaller numbers of cooperatives

States with 20 – 50 housing cooperatives:
  – Georgia
  – Arizona
  – Maryland
  – New Jersey
  – Ohio
  – Texas
  – Washington
  – Wisconsin

*Note: we don’t have estimates on number of units
Measuring the impact of housing cooperatives?

The economic development community has focused on measuring the impact of businesses, not housing.

We considered some options:

• Value of property taxes paid
  – Lack of uniformity of reported property values

• Social value of cooperatives
  – NYC research by Susan Saegert: better building quality, safety
  – Study by University of IL and Chicago Mutual Housing: People in cooperatives don’t move as often.
  – Study of senior housing co-ops: residents reported better quality of life, health
Next steps for the study

• **Cooperative Business Survey**
  – Tracking individual performance over time

• **The census continues**
  – Using Census Bureau data for more comprehensive analysis

• **Foundation for other research**

YOUR IDEAS AND COMMENTS?
Thank you to the many groups and individuals who helped with the housing section of this study!

- National Cooperative Business Association
- National Association of Housing Cooperatives
- Herb Fisher
- Terry Lewis
- David Thompson
- Marc T. Smith
- Roger Wilcox
- Mary Ann Rothman
- And others....