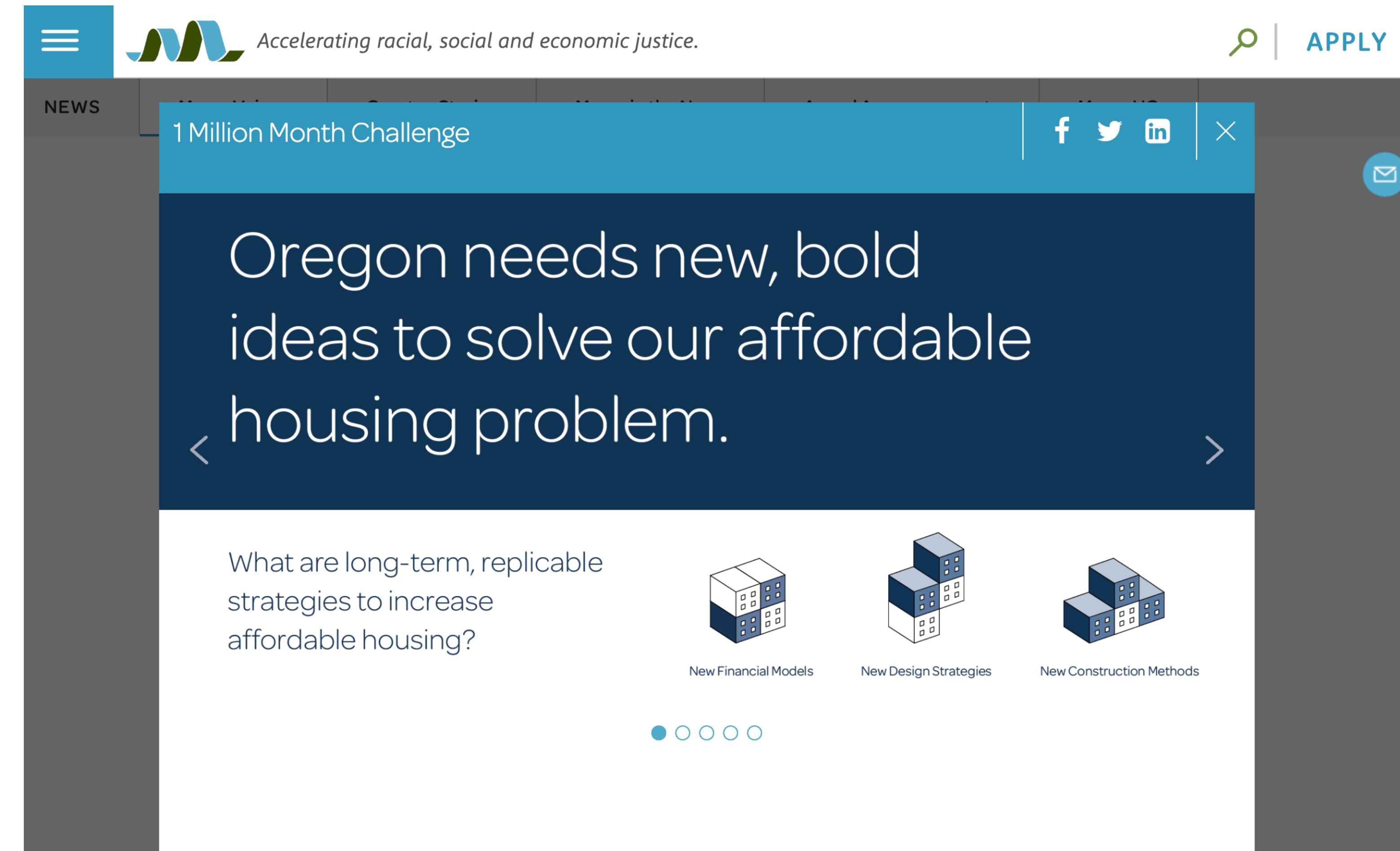




[www.squareonevillages.org](http://www.squareonevillages.org)



Accelerating racial, social and economic justice.

1 Million Month Challenge

Oregon needs new, bold ideas to solve our affordable housing problem.

What are long-term, replicable strategies to increase affordable housing?

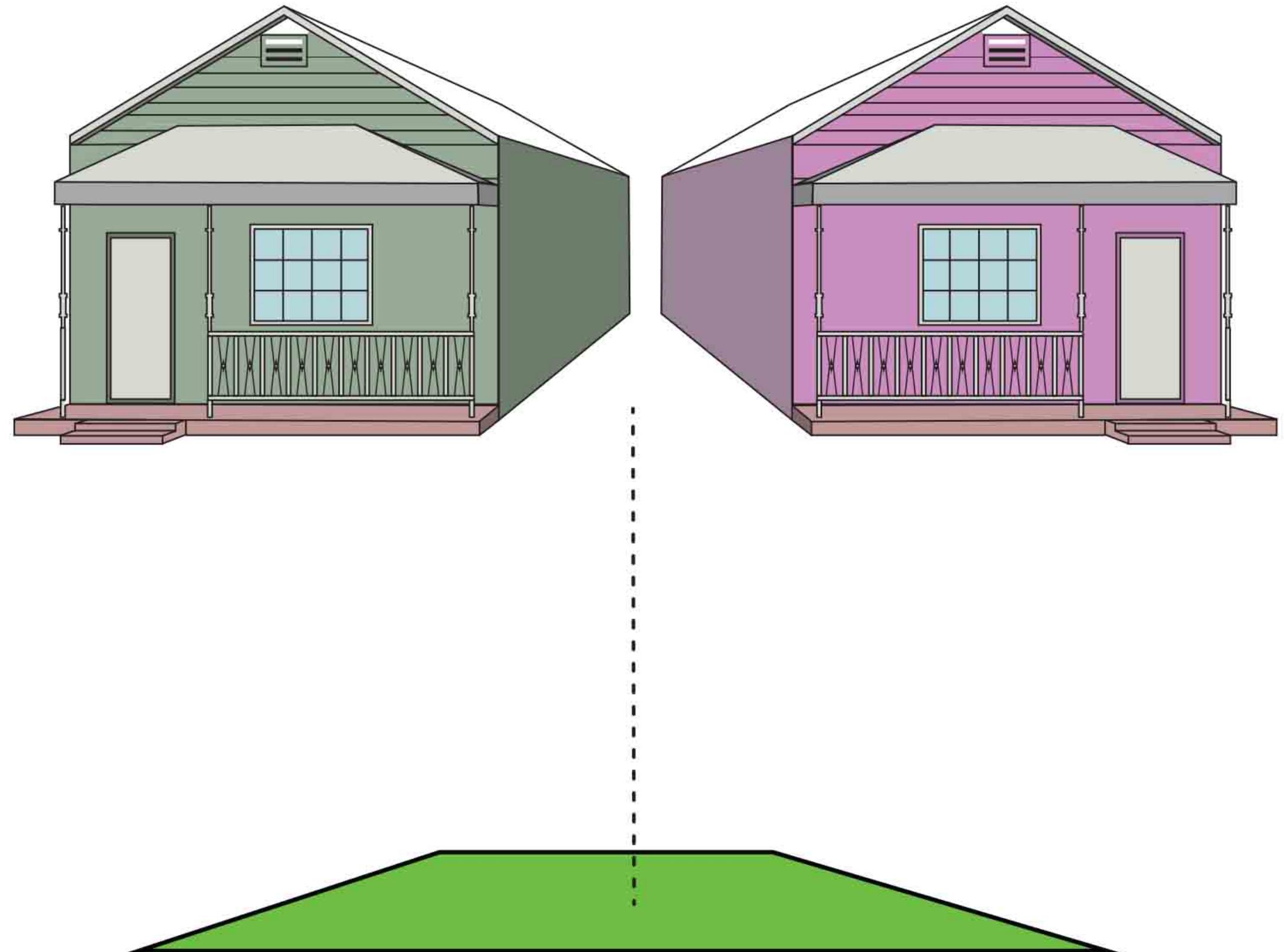
New Financial Models    New Design Strategies    New Construction Methods

• ○ ○ ○ ○

- ❖ In **rental housing**, low-income residents **lack control, security of tenure, and equity**.
- ❖ **Homeownership** is not a one size fits all solution: In single-family homeownership, lower-income residents are exposed to **significantly greater risk and are far less likely to generate wealth**.
  - Location / Condition / Timing
- ❖ **Shared Equity Homeownership** promotes **permanent affordability and sustainable wealth building** for low-income households.
  - Community Land Trusts
  - Limited Equity Co-ops

## Community Land Trusts

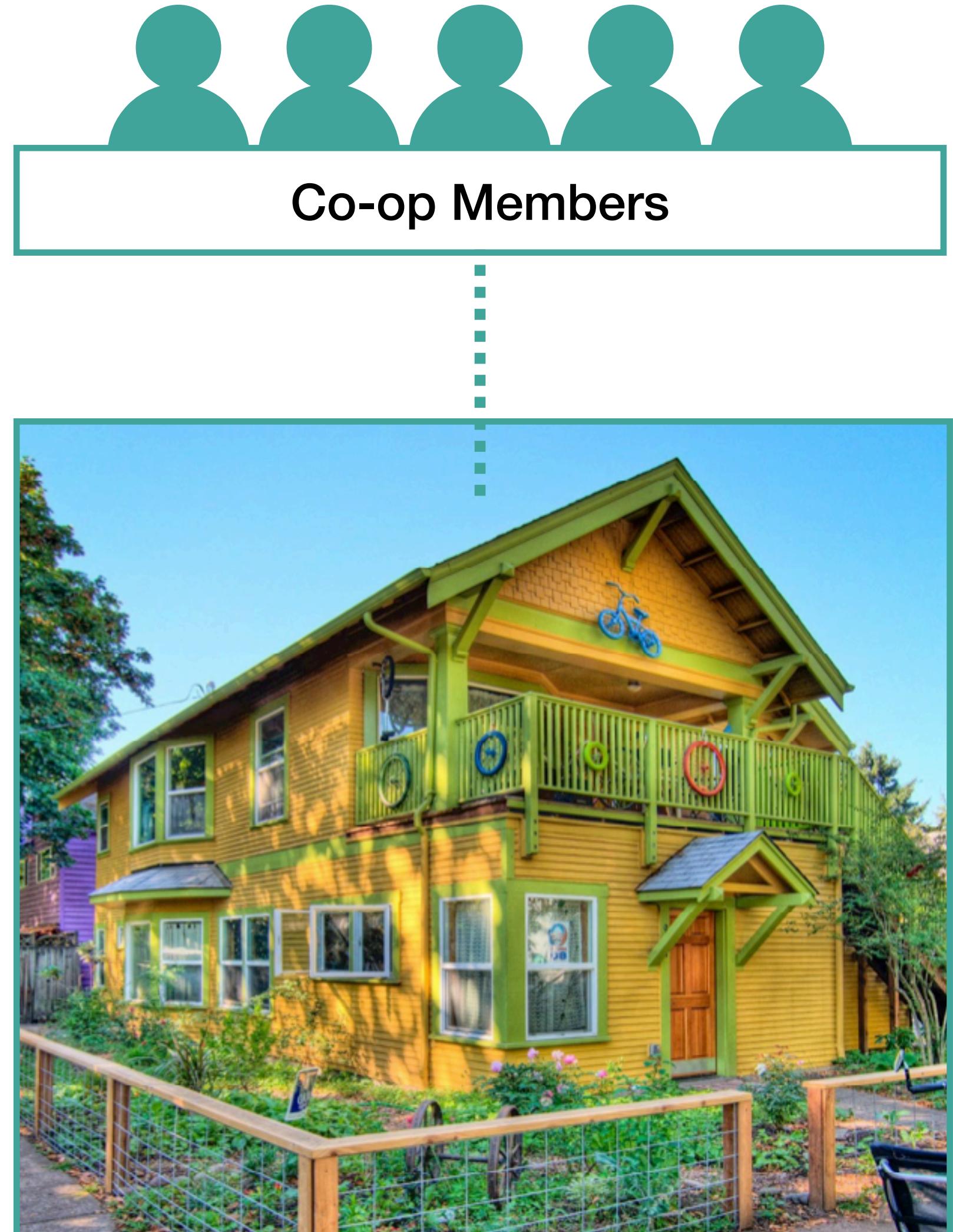
- ❖ CLTs realize affordability by **dividing ownership of the land and ownership of buildings and improvements**, thereby mitigating speculative market forces.
- ❖ Each household owns its individual dwelling unit while the CLT retains title to the underlying land.
- ❖ A long-term ground lease connects the household to the CLT and is used to enforce affordability controls.
- ❖ CLT provides training and support to homeowners



**Weakness of CLT:** because individual households generally must rely on conventional mortgage financing to purchase their house, it can still be inaccessible to lower-income households.

- ❖ LECs realize affordability through **shared resources, self-management, and operating at-cost.**
- ❖ Property is owned by a cooperative corporation.
- ❖ Each household purchases a membership share in the co-op, granting them a right to a dwelling unit, a vote in the co-op's governance, and an ownership stake.
- ❖ A *limited-equity* co-op limits the appreciation in value of the membership share
- ❖ Members pay monthly carrying charges to the co-op to cover all housing costs

**Weakness of LEC:** in "hot" housing markets, members may be enticed to amend their bylaws and convert to a market-rate co-op in order to cash out their shares at whatever prices the market will bear.



East Blair Housing Co-op, Eugene - established 1982

### A shared-ownership structure



- Leases land from land trust
- Offers affordable monthly payments with limited equity to residents
- Operates at-cost
- Makes decisions democratically



- Leases land to housing co-op
- Stewards for permanent affordability
- Provides training and support to co-op

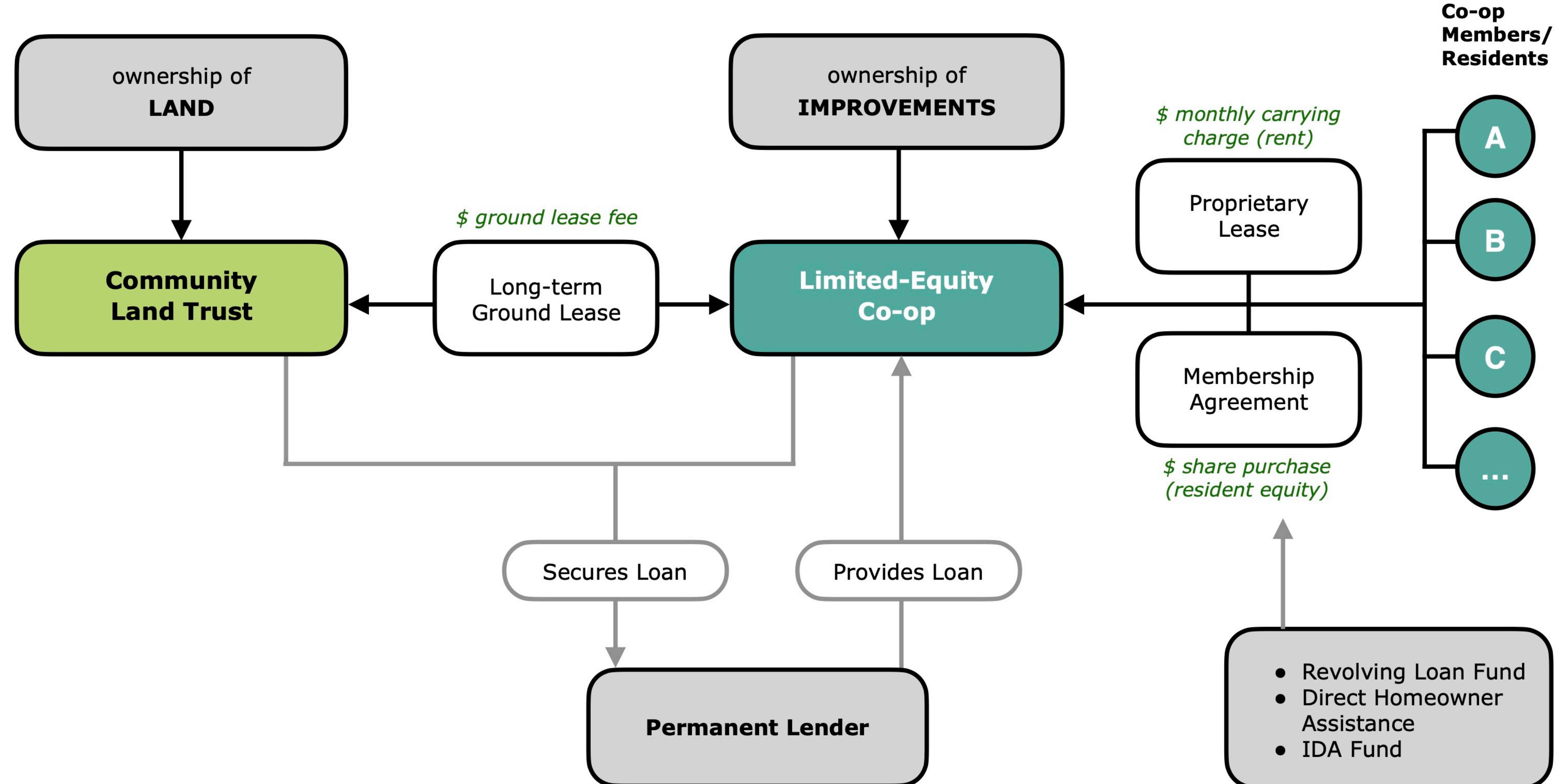
#### Community Land Trust (CLT)

- ❖ Retains ownership of the underlying land
- ❖ CLT bylaws restrict sale of land and set affordability controls
- ❖ Maintains an ongoing stewardship role
- ❖ Retains an option to repurchase buildings

#### Limited Equity Co-operative (LEC)

- ❖ Leases land from CLT via a 99-year Ground Lease
- ❖ Owns and maintains buildings and improvements
- ❖ Co-op bylaws set affordability controls
- ❖ Members benefit from shared resources, security of tenure, operating at cost, and modest equity

## Combining the CLT & LEC



## Combining the CLT & LEC

Ownership Structure		Management Structure	
Land	Owned by CLT	Common Spaces	Maintained by LEC
Dwellings	Owned by LEC	Dwellings (Exterior)	Maintained by LEC
Improvements	Owned by LEC	Dwellings (Interior)	Maintained by Member
		Technical Assistance	Provided by CLT

Monthly Carrying Charge (Example)	
Ground Lease Fee	\$104
Utilities	\$61
Maintenance	\$25
Reserve Fund	\$25
PITI (principal, interest, taxes, and insurance)	\$535
<b>TOTAL</b>	<b>\$750</b>

Share Purchase (Example)	
<b>Initial Share Price</b>	<ul style="list-style-type: none"> <li>❖ \$10,000</li> <li>❖ Can be a combination of cash, sweat equity, IDA, and/or loan.</li> </ul>
<b>Maximum Resale Formula</b>	<ul style="list-style-type: none"> <li>❖ Initial Share Price</li> <li>❖ + 3% simple interest/year</li> <li>❖ + improvements</li> </ul>

### **1. Accessible Homeownership**

>> Enabling owner-occupied housing for very low-income households.

### **2. Permanent Affordability**

>> Once a dollar is invested once, it's there forever.

### **3. Stability & Control to Residents**

>> Provided through security of tenure, long-term affordability controls, and democratic governance

### **4. Low-Risk Investment**

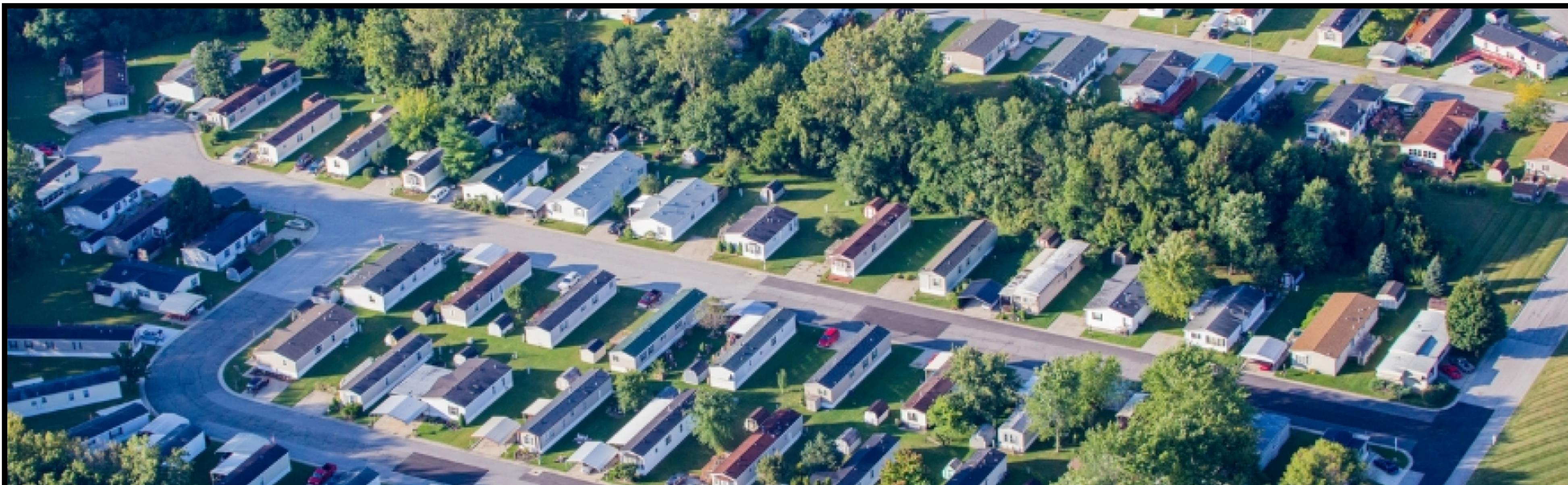
>> A multi-layered ownership structure ensures a safe and secure investment

## Case Study: Lopez Community Land Trust

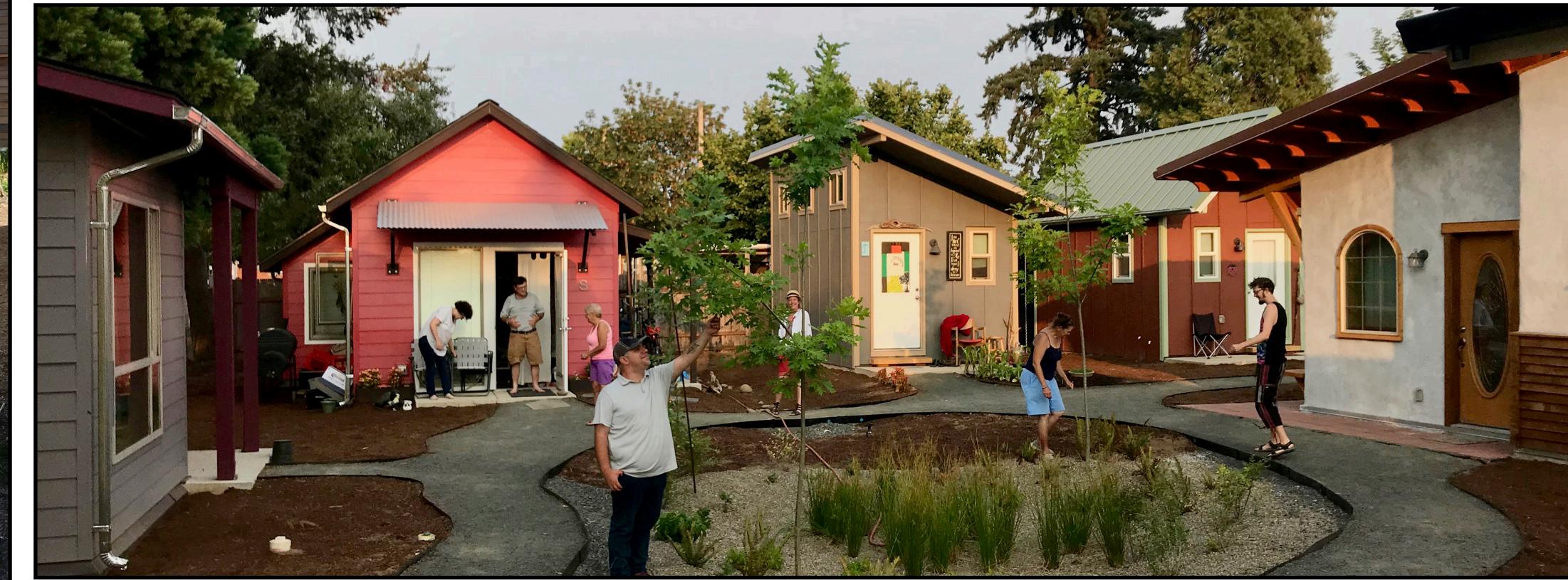
- ❖ The Lopez CLT has developed 6 co-ops since 1992, comprised of a total of 41 affordable homes on Lopez Island (population 2,177)
- ❖ The co-ops range in size from 4-11 units each.
- ❖ Income eligibility ranges from 36%-120% AMI, but the average household income is at 50% AMI.
- ❖ Upfront share purchase is made more accessible through sweat equity contributions and revolving loans fund.



- ❖ CASA of Oregon, a regional affiliate of Resident Owned Communities USA
- ❖ Since 2008 they have provided technical assistance to convert 14 manufactured housing parks to resident-owned co-ops
- ❖ Ranging from 23 to 143 households per co-op
- ❖ Co-op owns the land/park, each resident owns their dwelling

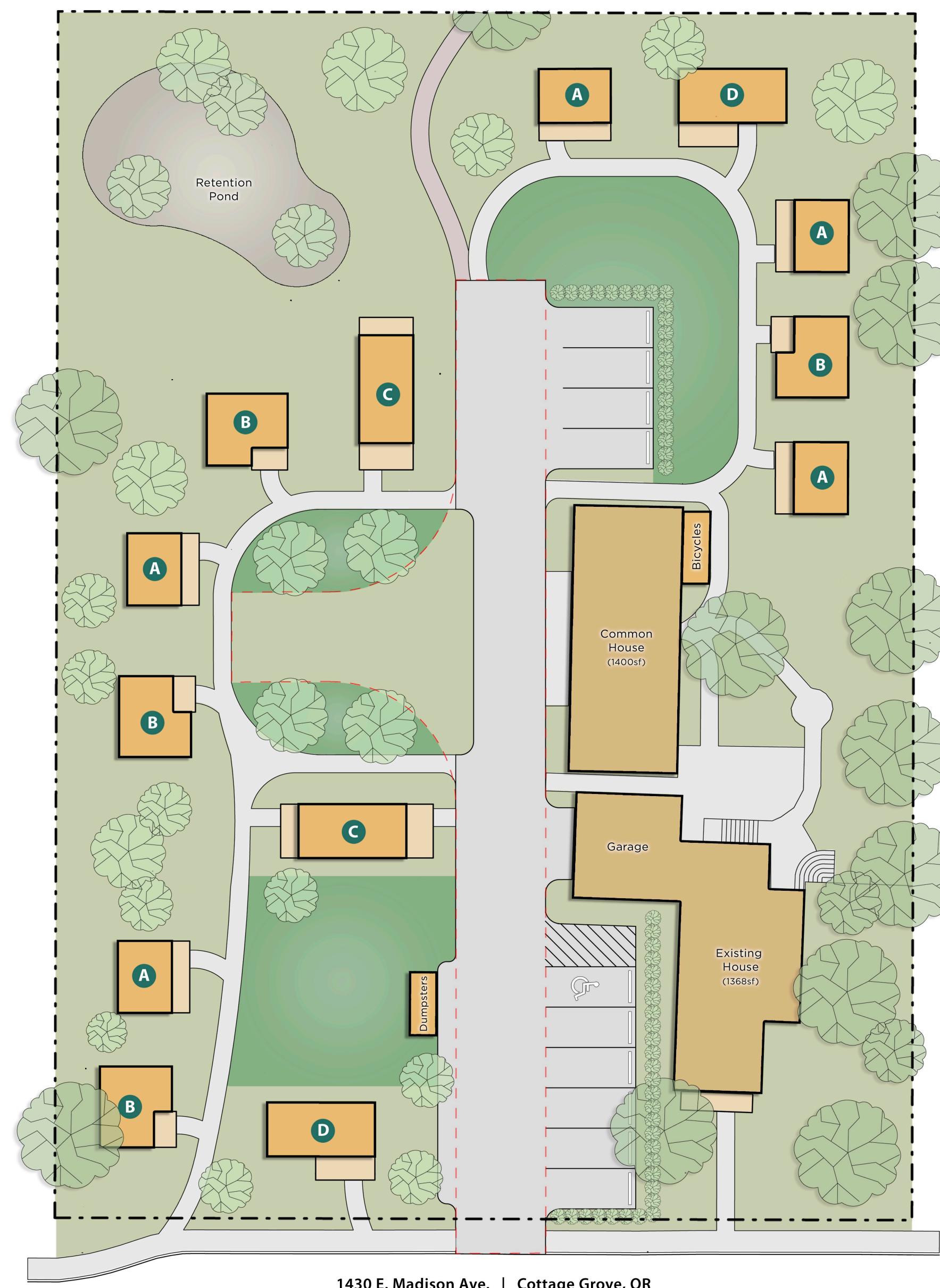


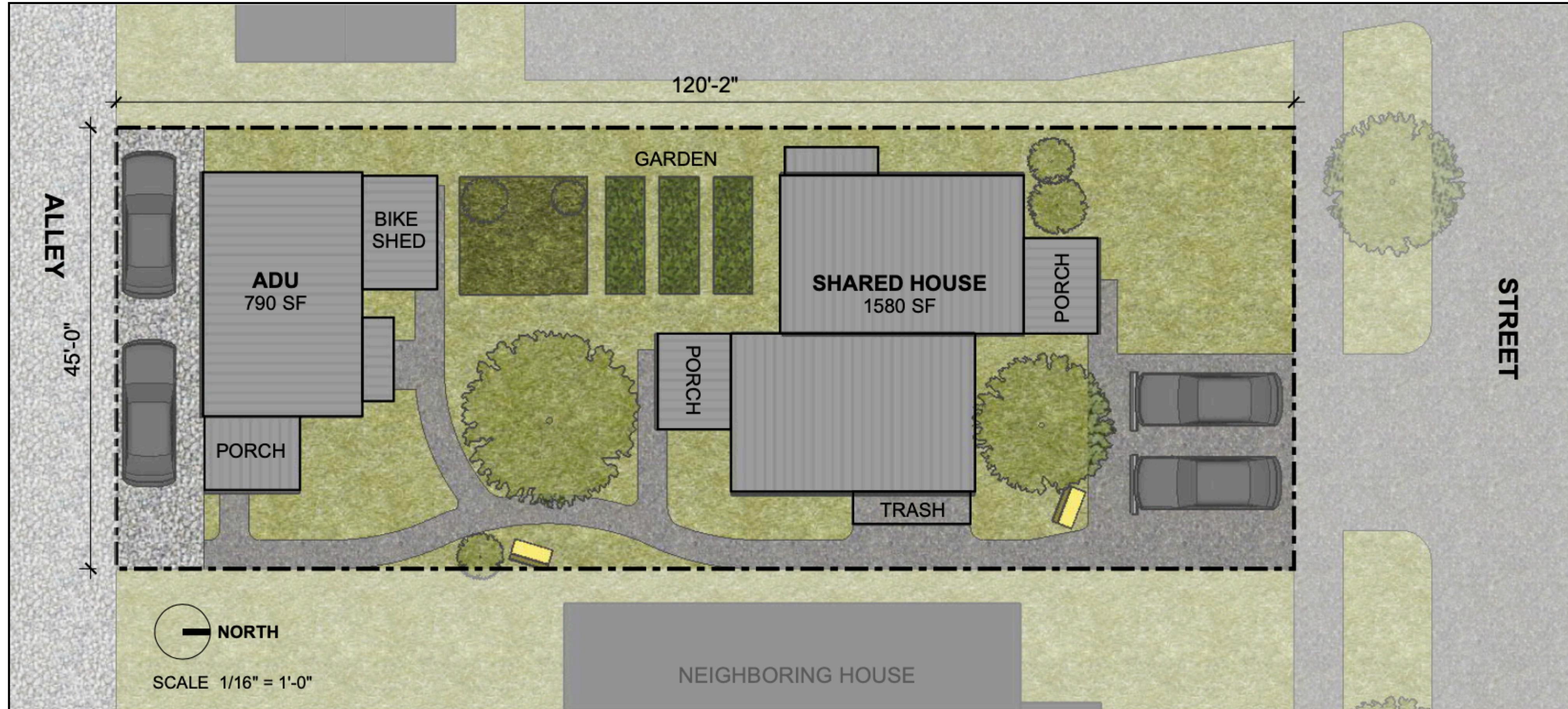
## Emerald Village Co-op (2018) | Eugene, OR | Leasehold Co-op | 22 units | <50% AMI



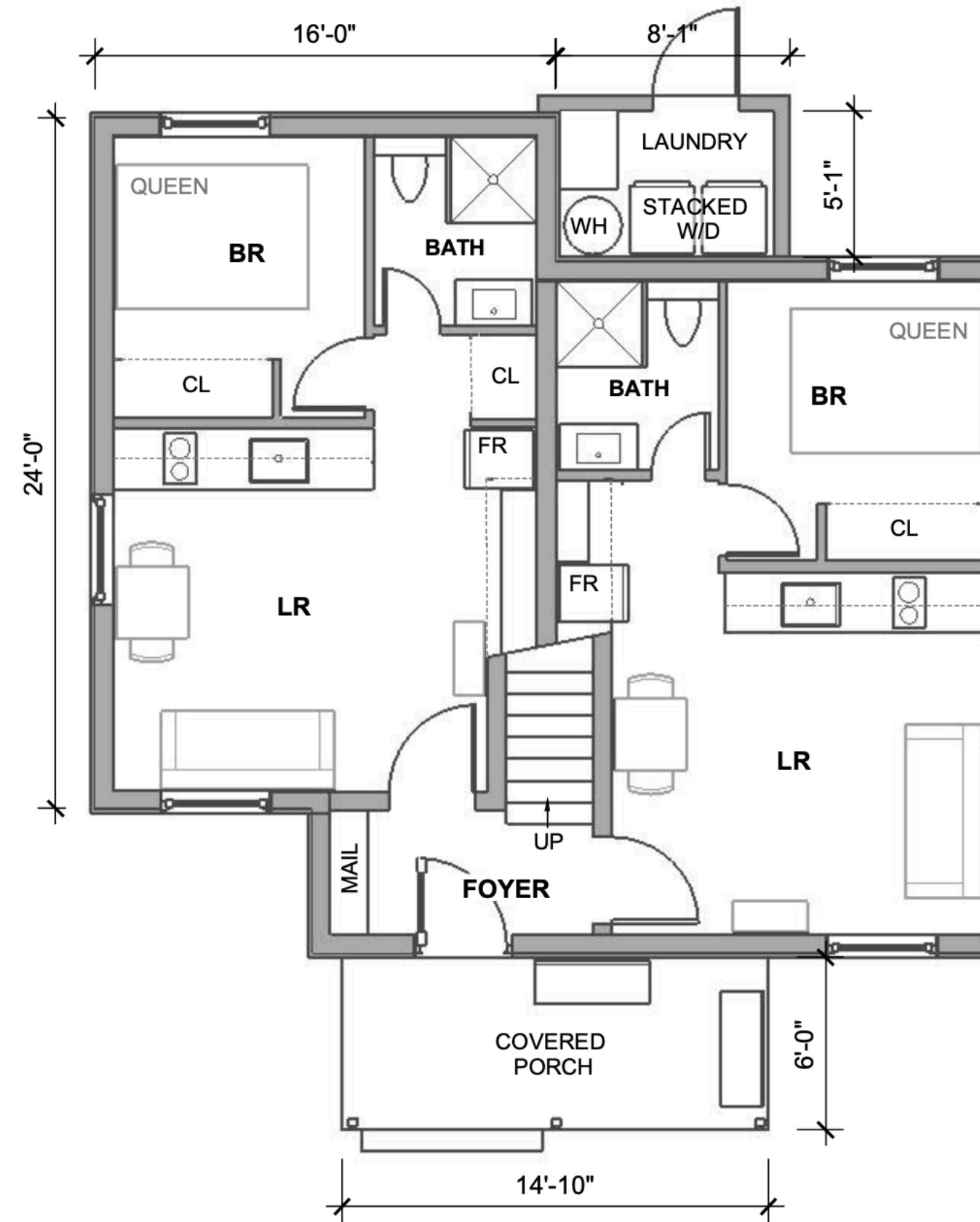


# Cottage Village Co-op (2020) | Cottage Grove, OR | Leasehold Co-op | 13 units | <50% AMI

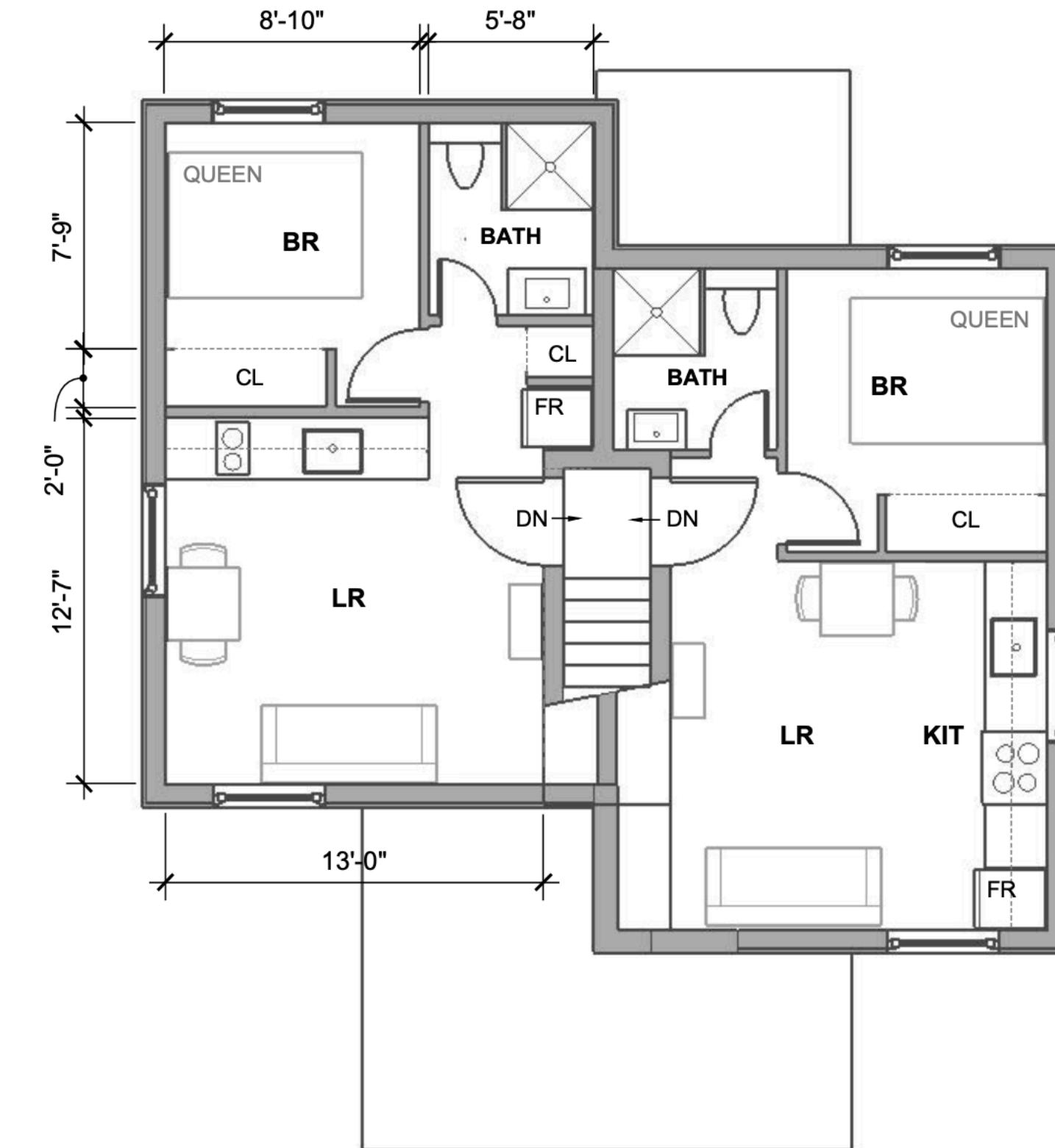




5,400sf lot / 6 one-bedroom suites / 48 suites per acre



**main floor**



**upper floor**

- ❖ 1580sf house w/ 4x one-bedroom suites
- ❖ 790sf ADU w/ 2x one-bedroom suites
- ❖ Middle Housing code amendments (HB2001) now allow doing this as 6 one-bedroom dwellings

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#### Permanently Affordable Homeownership

- \$10,000 Purchase Price
- \$770/month total owner costs (60% AMI)

#### Sustainable Living

- Net Zero Energy Ready
- 10-minute walk to Downtown

#### Compared to Affordable Rental Housing

**< Half the Development Cost** (\$100K/suite)

**< 10% of the Subsidy** (\$20K per suite)

A collaboration of

**cultivate**

Square  
**one**  
VILLAGES



**Total Costs:**

\$600k (\$100k/suite)

**Total Sources (per suite):**

\$10k - CLT (foundation grants)

\$10k - resident equity (share purchase)

\$10k - resident subsidy (CDBG)

\$65k - mortgage loan

\$5k - secondary loan



**Affordable to:**

60% AMI

**Income Limit / Permanent:**

80% AMI

**Households served:**

6

**Turnover after 12 months occupancy:**

0



## What do co-op members value most about their housing?

---

"If not for C Street Cooperative, I would be living with strangers, renting a room. I have done this in the past, and it is not sustainable. Because my housing costs are now stable and affordable, I no longer have to work two or three jobs to afford rent."

"A cooperative invested in a democratic operational structure positions share holders to govern talents, resources and energies for common good outcomes. It also protects us from the widespread rent inflation we are seeing."

"I appreciate the new construction, financial relief, the light footprint, lifestyle adventure, getting to know and work with others on our board, though challenging at times, it is a good stretch for all of us. I believe we are all better for it."



**Peace Village Co-op (2023) | Eugene, OR | Limited-Equity Co-op | 70 Units | <60% AMI**

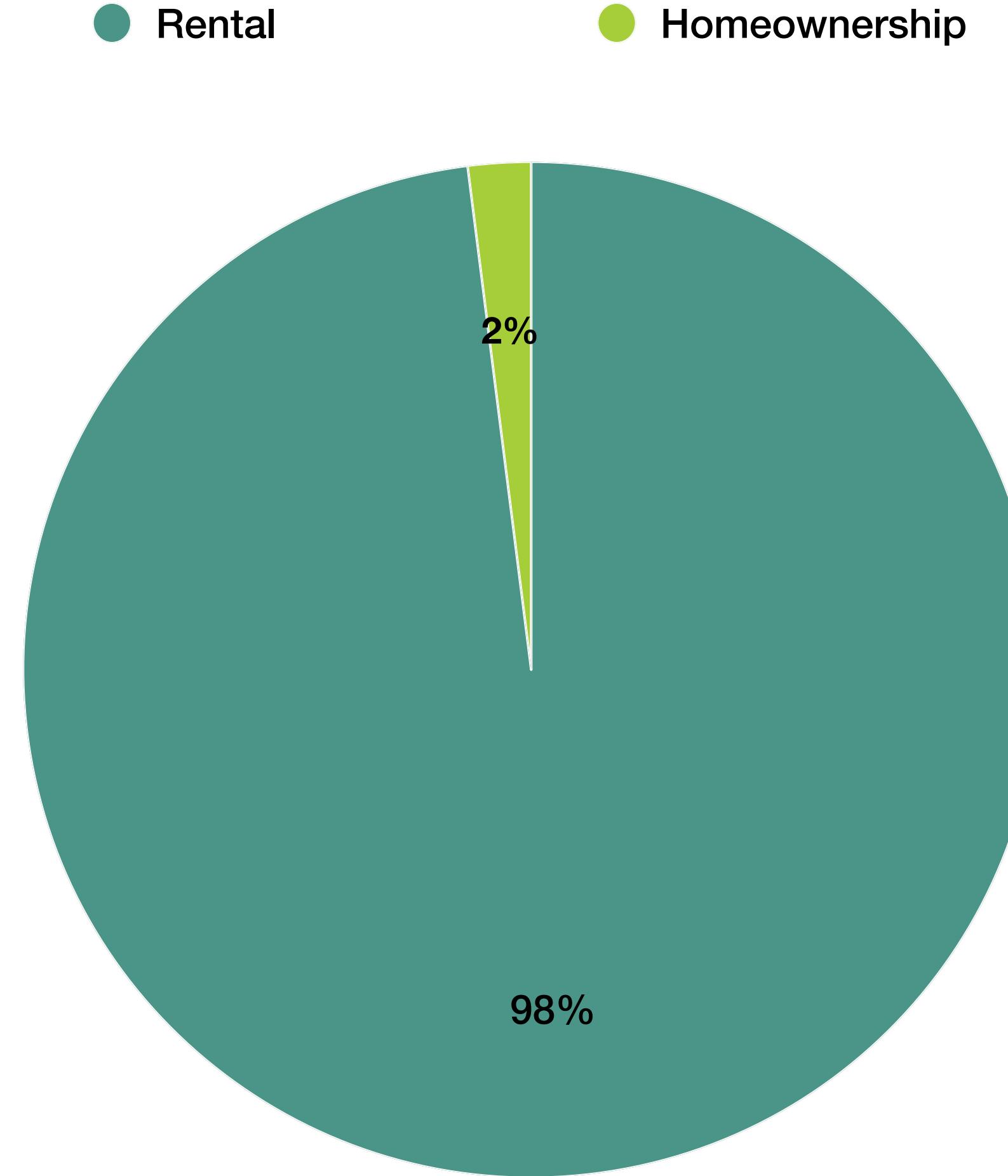
THE VILLAGE  
MODEL





- ❖ Large church property
- ❖ Mix of studio, 1-bed, 2-bed
- ❖ Affordable to 30-50% AMI
- ❖ 60% AMI income limit
- ❖ Total cost: \$160k/unit
- ❖ Subsidy: one-time state funds
- ❖ Similar scale and target population to low-income rental housing

## Barrier: Lack of Public Funding & Incentives for Shared Equity Ownership



- ❖ Rental vs. Homeownership
- ❖ LIFT Homeownership
- ❖ No property tax exemption

Update:

- ❖ Oregon Legislature approved \$40m in general funds towards new homeownership development in 2021 & 2022
- ❖ \$2m directly allocated to SquareOne as part of a Shared-Equity Homeownership Pilot project for affordable housing units with innovative ownership structures

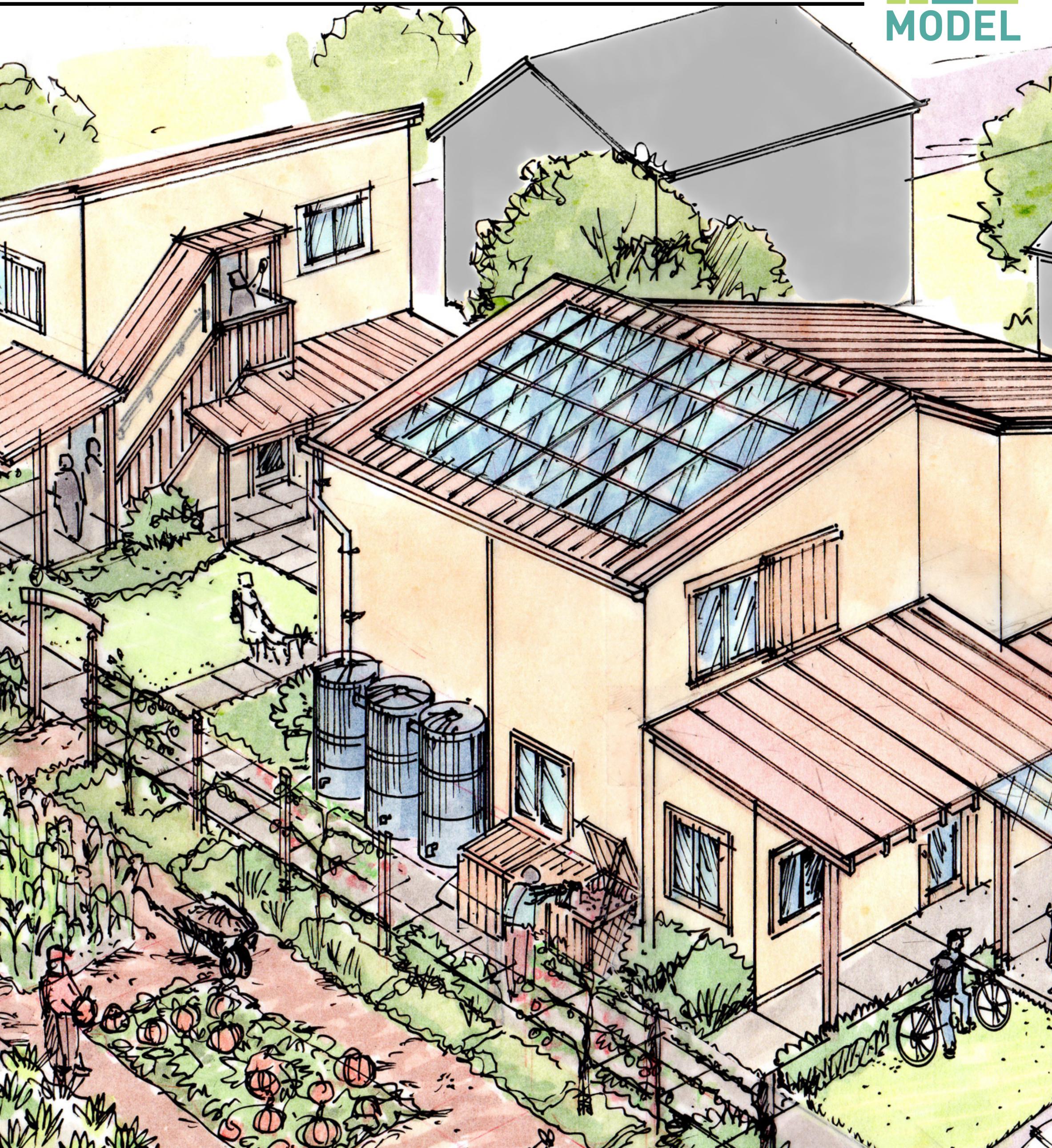
Proposed \$215m OHCS budget for new housing construction for the 2021-2023 biennium

## ❖ Purpose:

To promote the concept of cooperative housing as a desirable and beneficial form of homeownership and to protect the common interest of housing co-ops in Oregon through education, research, lobbying, and the exchange of information.

## ❖ Legislative Agenda:

- Property tax exemption (Rep. Nathanson)
- Oregon Affordable Housing Tax Credits
- First right of refusal to tenants to purchase their multi-family buildings (Rep. Campos)



### Middle Housing Co-ops

(i.e. *C Street Co-op*)

- ❖ **Small-scale** co-ops as neighborhood infill
- ❖ Co-op governance is simpler and more direct, where each member also serves on the co-op's board
- ❖ Possible to accommodate resident sweat equity during construction
- ❖ Scalability potential under HB2001

### Village Co-ops

(i.e. *Peace Village Co-op*)

- ❖ **Large-scale** co-ops as new multi-family developments
- ❖ Viable alternative to low-income rental housing
- ❖ Co-op governance becomes representative, where a few members are elected to serve on the board, and a committee structure may be necessary
- ❖ Economies of scale allow for contracting out property management responsibilities

## Key Lessons: Education & Training

- ❖ Education about the benefits and responsibilities of co-op housing from day one is critical.
  - Information Sessions
- ❖ Hands-on practice in running meetings; developing and adopting proposals; marketing and new member selection; mediation skills; administrative infrastructure.
- ❖ Topics covered in-depth include:
  - Co-op legal documents
  - Decision-making process
  - Fair housing
  - Financial planning & budgeting

RIGHTS	RESPONSIBILITIES
A. To occupy one of the housing units controlled by the co-op and share in the use of common amenities.	a. To refrain from behavior which in any way prevents or discourages another member from living peacefully in their assigned unit.
B. To live in democratically managed housing under the auspices of a democratically run organization.	b. To regularly attend co-op meetings and participate actively, or through their elected representatives, in the governing of their housing cooperative. To keep abreast of all co-op (and SquareOne) communications such as emails, newsletters, calendars, and website updates.
C. To live in housing that is clean and sanitary.	c. To share in whatever work is required to keep the property clean, sanitary, in good repair, safe and secure, and operating properly.
D. To live in housing that is safe and secure.	d. To abide by all co-op security measures. Lock doors, windows, and rooms appropriately. Monitor all guests. Manage keys and lock combinations responsibly. Respect the property and privacy rights of others. Refrain from all illegal activities.
E. To live in housing free from abuse, harassment and prejudicial behavior of any kind.	e. To refrain from any actions that would discriminate against, harass or abuse another member; or cause physical, emotional, or psychological harm.
F. To privacy in their assigned unit.	f. To respect the privacy rights and personal space of all other members.
G. To access all co-op rules, policies, and financial records.	g. To pay all co-op charges in a timely manner. Familiarity with the co-op's Bylaws, policies, contracts, and community agreements.
H. To a balanced and fair system of dispute resolution and due process.	h. To work proactively to resolve disputes in a forthright, peaceful and civil manner – beginning by addressing concerns respectfully as a neighbor whenever possible and appropriate
I. To trained and competent co-op Officers and Board of Directors; including protection from capricious or irresponsible decision making.	i. To communicate and cooperate with the co-op's Officers and Board in the execution of their duties. To hold officers and other members accountable and provide constructive feedback at appropriate times and places. To be familiar with the co-op's rules, policies, procedures and community agreements. Attend and actively participate in relevant meetings.

## Key Lessons: Target Demographic

- ❖ Households must be living independently and willing to work cooperatively with neighbors.
- ❖ CLT provides education to households (pre-move in) and support to the co-op (post-move in). It does not provide ongoing or intensive social services.
- ❖ 30-120% AMI
- ❖ Upfront financial investment can be a challenge, but it's critical for residents to have some financial stake in the co-op. Can be mitigated by:
  - Revolving Loan Fund
  - IDA Accounts
  - Sweat Equity



- ❖ The CLT should have a DEI Plan that include:
  - ❖ Pre move-in: Robust outreach and partnerships
  - ❖ Post move-in: Arrange DEI trainings for co-op membership
- ❖ Provides pathway to homeownership for households unable to access conventional mortgages





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