

PEACE VILLAGE CO-OP

updated: 15 July 2020
status: preliminary



IT TAKES A
Community
TO RAISE A
Village

THE VISION:

Peace Village Co-op will be a tiny home and cottage community that creates shared-equity homeownership opportunities, permanently affordable to people with very low-incomes, using a sustainable mix of funding sources.

developed by

SquareOne Villages





WHO WE ARE | SquareOne Villages

The mission of SquareOne Villages is to create self-managed communities of cost-effective tiny homes for people in need. Since 2012, our non-profit organization has developed and currently operates three villages in Lane County, Oregon—one transitional shelter program (Opportunity Village Eugene) and two permanently affordable housing co-ops (Emerald Village Eugene and Cottage Village in Cottage Grove). We also provide consulting services and resources to other entities looking to implement similar housing models, assisting in the development of several other villages throughout the U.S. Our approach is committed to engaging village residents and the surrounding community in the process; thus SquareOne not only builds affordable housing, we build equity through diverse community collaborations.



The experience and knowledge we've gained over the past several years has been synthesized into what we are calling the Village Model, and Peace Village provides our first opportunity to put it into action. **The Village Model** is a collaborative, community-based approach to building and sustaining permanently affordable housing. It seeks to inform and mobilize a broad range of stakeholders around a vision that is both actionable and transformative—meaning it can be accomplished in the world as it currently exists, yet it also points in a direction of broader change in how we think about housing.

Due to the inadequate funding of the public subsidies that low-income housing developments depend on, innovative and cost-effective strategies are essential in order to the growing need for more affordable housing. **The Village Model** not only reduces costs, it does so in a way that empowers residents through strategies grounded in democratic decision-making, community control, and long-term stability.

This is put into action by combining two forms of shared-equity homeownership in complementary ways—Community Land Trusts (CLTs) and Limited Equity Cooperatives (LECs)—or what we call Land Trust Co-op Housing. Together they offer a promising model for operating within existing real estate law to provide a more accessible and sustainable homeownership option for low-income households.

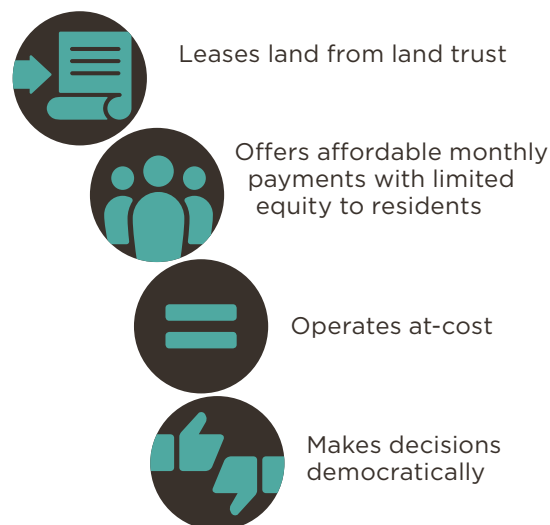
In this shared ownership arrangement, SquareOne acts as the land trust and retains ownership of the underlying land to ensure that it continues to be used for affordable housing for generations to come. And the residents are members of a co-op, which owns and manages the housing and improvements on the land. A long-term ground lease ties the interests of both parties together, creating a partnership that helps to ensure the longer-term viability and affordability of the co-op. SquareOne is able to serve in an advisory role, providing support to the co-op in the form of technical assistance, training, and leadership development. And due to its sustained involvement in the project, SquareOne also serves as a “mission steward” during periods of leadership change and member turnover within the co-op.

THE VILLAGE MODEL: Land Trust Co-op Housing

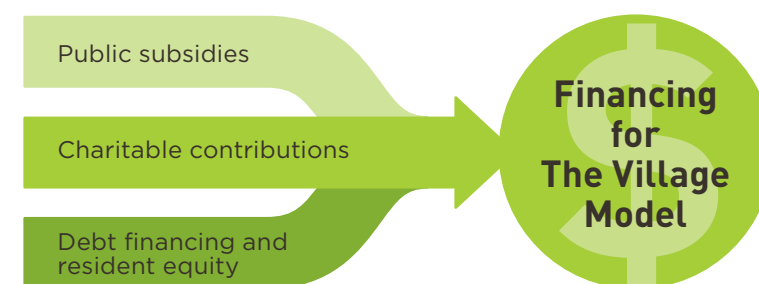
Creating owner-occupied housing for very low-income households

- Permanently affordable
- Stable, low-risk investment
- Public subsidies go further

A shared-ownership structure



Building a community



REIMAGINING AFFORDABLE HOUSING



Developed by SquareOne Villages

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THE SITE | 3060 River Rd. Eugene, OR

As a means to sustain their shrinking congregation and further their mission, Peace Presbyterian Church approached SquareOne Villages with an interest in selling 1.7 acres of land between the Church facilities and River Road to be developed as affordable housing. This required annexing and partitioning the property. The site is zoned R-1, which allows for the development of 36 new dwellings for low-income households. A bus stop is located at the site.

DESIGN PROGRAM

Peace Village Co-op (PVC) will include 36 new, permanently affordable housing units, featuring two compact and sustainable housing types. There are 14 duplex units for a total of 28 tiny homes with 256sf ground floor. Each house includes a full kitchen with range, bathroom with shower, and a 112sf sleeping or storage loft with egress window, designed to meet the standards of the new Tiny House Appendix adopted in the 2018 International Residential Code. Approximately 5% of the housing units (2) will be ADA accessible. There are also 8 cottages of 480sf each, featuring similar amenities but with two bedrooms to support larger family households.

In addition to the housing units, there will also be generous common spaces, both indoors and outdoors. There are four main clusters of housing, each opening on to its own green space with either raised garden beds or a children's play area. PVC will utilize space in Peace Presbyterian Church's Fellowship Hall as a Common House for village meetings, events, and group meals. A 30ft yurt provides additional gathering space for common use.

Vehicle parking is consolidated to the southern perimeter of the site in order to create a walkable, pedestrian-friendly environment. A fire lane and service road provides limited vehicular access into the center of the site. Secure bicycle parking is located at the main entrance to the village, and also includes laundry facilities, storage space for shared resources, a covered sitting area, mailboxes, and a dumpster enclosure for trash and recycling.

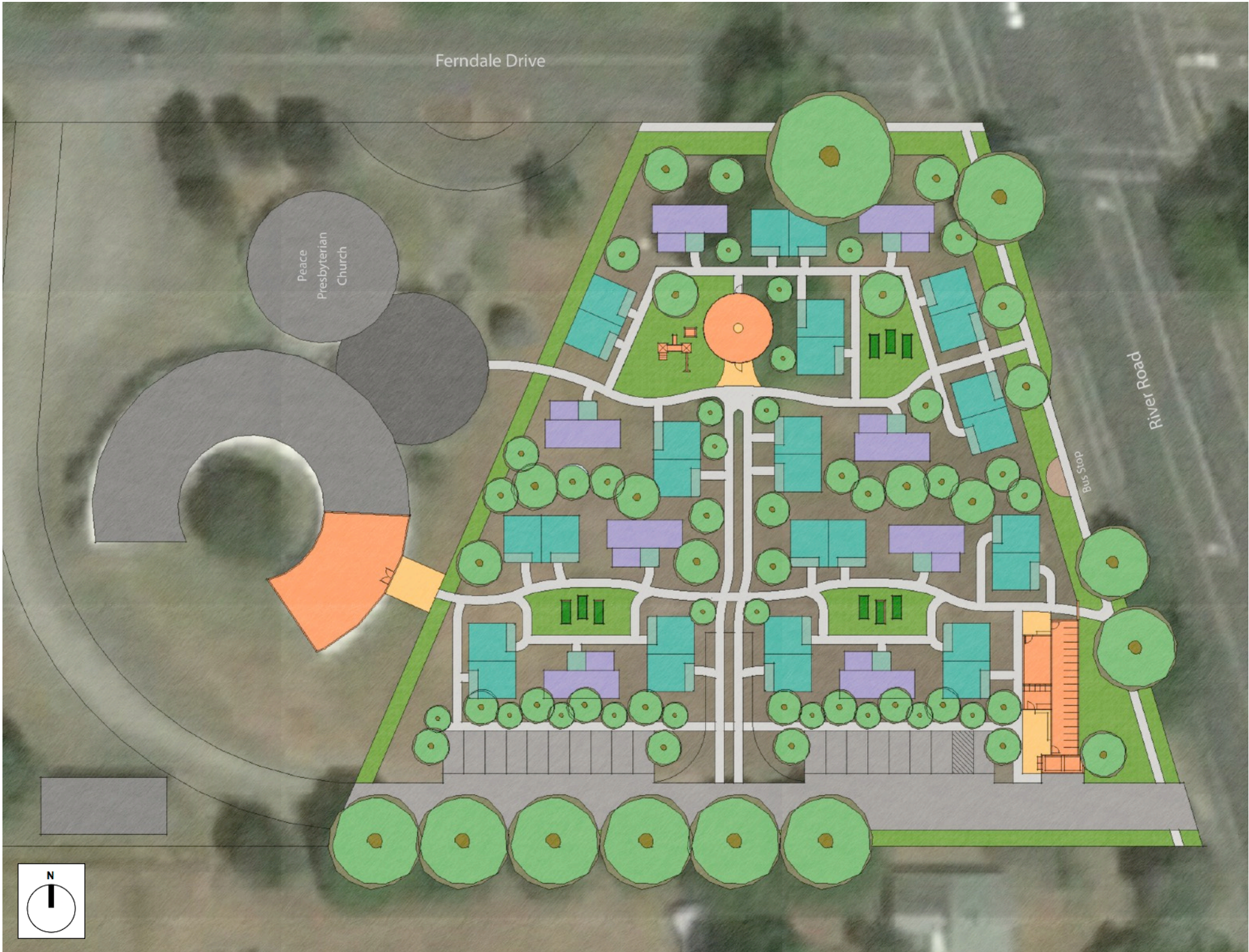
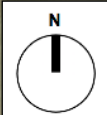


Ferndale Drive

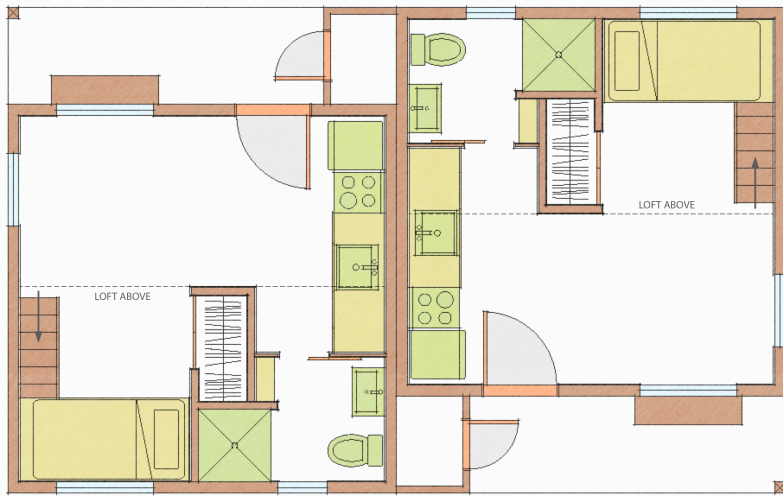
Peace
Presbyterian
Church

River Road

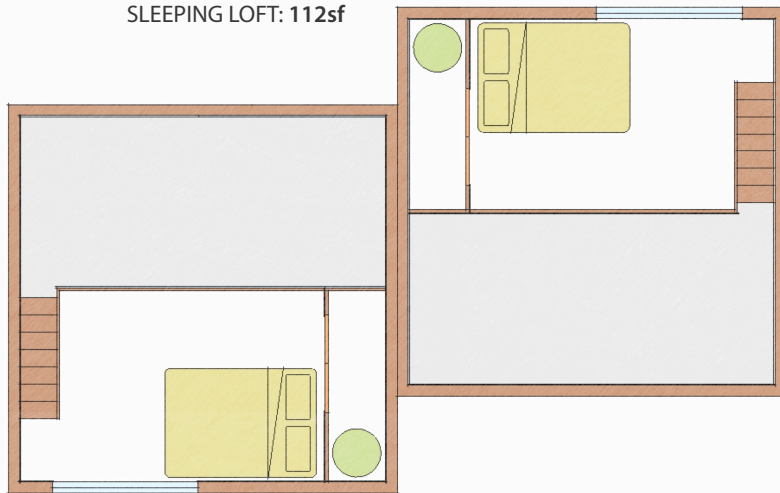
Bus Stop



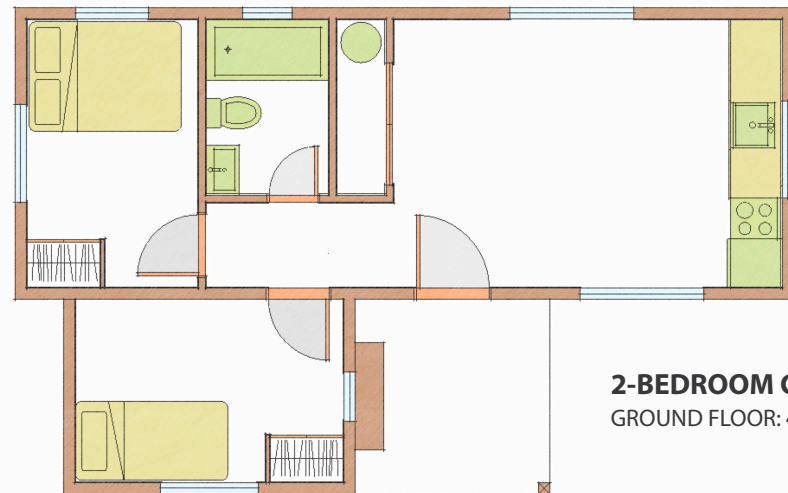
SCHEMATIC HOUSE DESIGN



DUPLEX tiny house
GROUND FLOOR: 256sf
SLEEPING LOFT: 112sf



2-BEDROOM COTTAGE
GROUND FLOOR: 480sf



TARGET POPULATION

Our Village Model is a good fit for people who are 1) interested in being involved in the shared ownership and management of their housing, and 2) able to participate in the day-to-day life and governance of the co-op in a cooperative manner. It is not necessarily a good fit for households in need of housing that is accompanied by extensive supportive services, and we believe permanent supportive housing remains a necessary option for this population.



While most affordable homeownership programs target people with low-incomes (80% area median income or under), PVC aims to serve **residents with very low-incomes (60% area median income or under)**. The co-op ownership structure is a particularly good housing option for this population, because it pools the limited resources of each individual into a collective fund for operating quality housing at-cost. This allows residents to act as owners of their housing, without being exposed to the risk of owning and maintaining their own home in isolation, and without having to qualify for a mortgage individually. As a result, studies have shown that co-op housing has proven to produce a significantly higher quality of life for the residents when compared to traditional affordable housing. Furthermore, the higher level of resident engagement in co-ops has proven to be effective in preventing crime in comparison to standard rental housing.

DIVERSITY, EQUITY & INCLUSION (DEI)

Our community-driven approach builds equity through participation from, and collaboration with, diverse communities of people and organizations. And the co-op ownership structure places a strong emphasis on resident empowerment and community control, giving each member an equal voice in how their housing is operated and managed, and building solidarity amongst an otherwise marginalized population.

PVC will strive to be as equitable and inclusive as possible by making extra efforts to serve a diverse population. To do this, SquareOne will partner with culturally specific organizations to assist with marketing and outreach to Communities of Color and other minority groups. Representatives from these organizations will also serve on our initial resident selection committee. After the initial set of residents has been selected, we will arrange continued educational and training opportunities between our partner organizations and the co-op. We will also require that the co-op adopts a standard DEI policy, to ensure that DEI remains in the forefront of the co-op's process as they begin to operate their own housing.

CO-OP COSTS | Share Purchase & Carrying Charge

When a household joins a co-op, they make an up-front purchase of a share in the co-op. This represents their investment in their housing, similar to a downpayment. In a limited-equity cooperative, shares increase in value according to a formula outlined in the co-op's bylaws. While this means that co-op owner-members may not realize as significant of a financial return on their investment as a conventional homeowner, such restrictions on share appreciation are an important mechanism that preserves affordability and community stability over time. Thus, Land Trust Co-op Housing is more about creating a stable place to call home than a financial asset for accumulating wealth.

A carrying charge is the monthly payment that each member makes to the coop that covers all the co-op's fixed and variable expenses, such as debt service, utilities, insurance, legal fees, and so on. In essence, residents are collectively acting as their own landlord, allowing them to operate their housing at cost. Members have no reason to substantially increase monthly charges unless taxes or operating costs increase, and therefore monthly charges remain reasonable and stable. The major financial advantage here, in comparison to other low-income housing, is that a co-op housing is able to remain affordable to low-income households without dependence on ongoing subsidies. The less debt a co-op has to take on in order to finance the construction of the housing, the more affordable it can be. This makes co-op housing an ideal candidate for the prudent use of one-time capital subsidies.



Peace Village Co-op Costs	
Initial Share Purchase	<ul style="list-style-type: none">❖ \$10,000 / household❖ Can be a combination of cash, loan, and/or sweat equity❖ Individual Development Accounts (IDAs) can be used for this purpose
Resale Formula	<ul style="list-style-type: none">❖ Initial Share Price❖ + 3-5% simple interest /year
Monthly Carrying Charges	<ul style="list-style-type: none">❖ \$525 / month for 1-bedroom❖ \$625 / month for 2-bedroom❖ Includes ground lease and management fee, utilities, maintenance, insurance, replacement reserves, and debt service.

ECONOMIC Advantages of Co-op Housing...

- ✓ **Affordable:** Lower down payment, much lower closing costs, economies of scale, and a longer mortgage term all make cooperatives more affordable than other ownership housing.
- ✓ **Living in a Cooperative Stays Affordable.** Members have no reason to substantially increase monthly charges unless taxes or operating increase; typically monthly charges remain reasonable.
- ✓ **Tax Deductions.** For income tax purposes, the cooperative member is usually considered a homeowner and, as such, can deduct his or her share of the real estate taxes and mortgage interest paid by the cooperative.
- ✓ **Equity.** Cooperatives can provide for accumulation of individual member equity. For market-rate cooperatives, the accumulation of equity and resale prices are based on the market. Limited-equity cooperatives establish limitations on the accumulation of equity to ensure long-term affordability to new members.
- ✓ **Limited Liability.** Members have no personal liability on the cooperative mortgage. The cooperative association is responsible for paying off any mortgage loans. This can often make it possible for persons whose income might not qualify them for an individual mortgage to buy a membership in a limited equity cooperative.
- ✓ **Consumer Action.** Through their cooperative association, members can jointly exert influence to change tax rates and utility prices and obtain improved services from local governments. The cooperative, as consumer advocate, also can join with other organizations and/or coalitions.
- ✓ **Savings.** Cooperative members can benefit from economies of scale in cooperative costs as well as from not-for-profit operation. Also, when there are "transfers," only the out-going member's equity must be financed by the incoming member. Transfers of shares are subject to fewer settlement costs.

Source: [National Association of Housing Cooperatives](#)

SOCIAL Advantages of Co-op Housing...

- ✓ **Elimination of Outside Landlord.** Cooperatives offer control of one's living environment and a security of tenure not available in rental housing.
- ✓ **Community Control.** As mutual owners, member residents participate at various levels in the decision-making process. This is not true of tenants who usually do not have the opportunity to exercise input into the landlord's decisions. Members own the cooperative collectively and can remain in their homes for as long as they wish, as long as they meet their monthly obligations, and abide by the cooperative bylaws, rules, and regulations.
- ✓ **Cultural Diversity.** Many cooperative members say that the possibility for interacting with people from different backgrounds, cultures, and income levels is a positive factor in their decision to become a member.
- ✓ **Extended Services.** By establishing cooperative procedures and working together, people can provide services for themselves that otherwise would be impossible to obtain. When one cooperatively organized venture is successful, it often becomes clear that people can be successful in another area as well. As a result, the original effort often can be strengthened. Examples include athletic teams, cooperative preschools, credit unions, tutoring, food-buying clubs, arts and crafts, and senior health care and support services.

PHYSICAL Advantages of Co-op Housing...

- ✓ **Shared Maintenance Responsibilities.** Cooperative members usually have limited direct maintenance responsibilities. The cooperative association is responsible for major repairs, insurance, equipment replacement and upkeep of common grounds and facilities.
- ✓ **Vandalism and Security.** Cooperative members vigorously protect their association's property. An important benefit of converting rental properties to cooperative ownership is reduction in vandalism and abuse of property and improved and shared security arrangements. And recent studies show that a cooperative's presence in the neighborhood reduces neighborhood crime.

PROFORMA SUMMARY (preliminary)				
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LAND INFORMATION				
Developable Area	1.76	acres	76,750	sf
Developable Land Value	\$380,000	total	\$4.95	per sf
Density Limits (R-1; Low-income)	1	min	37	max

BUILDING INFORMATION				
Tiny Houses (1-bedroom)	28	units	312	sf
Cottages (2-bedroom)	8	units	480	sf
Common Buildings			3500	sf
TOTAL BUILDING	36	units	16076	sf

PROJECT COSTS	total		per unit	per bedroom
Land Acquisition	\$380,000	9%	\$10,556	\$8,636
Development	\$3,892,552		\$108,126	\$88,467
Soft Costs	\$885,598	20%	\$24,600	\$20,127
Hard Costs	\$2,803,500	65%	\$77,875	\$63,716
Developer Fee	\$203,455	5%	\$5,652	\$4,624
Operating Reserve	\$61,344	1%	\$1,704	\$1,394
TOTAL COST	\$4,333,896	100%	\$120,386	\$98,498

PROJECT SOURCES	total		per unit	per bedroom
Public Subsidies	\$1,500,000	35%	\$41,667	\$34,091
Fundraising & Foundation Grants	\$1,200,000	28%	\$33,333	\$27,273
Debt Financing	\$1,635,000	38%	\$45,417	\$37,159
TOTAL SOURCES	\$4,335,000	100%	\$120,417	\$98,523

CO-OP OPERATING INCOME				
Tiny Houses (1-bedroom w/ utilities)	\$525	per month	38%	AMI
Cottages (2-bedroom w/ utilities)	\$625	per month	40%	AMI
Total Income			\$236,400	
Less: 7% Vacancy			\$16,548	
Effective Gross Income			\$219,852	
Less: Operating Expenses			\$122,688	
NET OPERATING INCOME			\$97,164	
Operation Escalation	3%	per year		
Income Escalation	2%	per year		

PERMANENT FINANCING				
Construction Loan		\$1,635,000		
Less: Membership Shares (downpayment)		\$360,000		
Resulting Debt		\$1,275,000		
Terms	6.25	%	360	months
ANNUAL LOAN PAYMENTS		\$95,119		