Co-op Housing Models

Permanently Affordable
Required to be Owner Occupied
Requires Lowest Subsidy
Lowest Cost Home Ownership Entry
Works Well for Workforce Housing

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A Century of Cooperation

- Co-op Model over 100 years old
- Co-Partnership housing proven in Britain
- Garden City Movement put co-op housing first
- Better Planning & Place, Better Housing Forever
- Co-ops all over Europe
- Co-ops are Pioneers of Workforce Housing
All Across America

- Co-ops in many states
- Limitations by state
- Co-ops Often Sponsored by Unions, Religious and Immigrant Groups and Nonprofit Organizations
- Can be multi-family, single family, mobile home parks, newly built or conversion of existing buildings or mixture or on leased land
Ownership Tax Deductions

- Mortgage interest and property taxes are tax deductible to the co-op member
- Owning a share of a co-op fits IRS rules for home ownership deductions
- The co-op pays the bills and passes through the deductions directly to the co-op members
Co-ops in California

- About 30,000 Co-op Units of many types in California
- Stock Cooperatives (Mostly Big City – Luxury Living)
- Mutually Owned (owned together with market value)
- Limited Equity Housing Cooperatives
- Co-ops Compare Best with a Family living in a Rental
Mutual Housing

- Nonprofit status
- Many forms
- Not Well Understood Legally
- Atchison Village one of the largest
- Garden City Design
- 50th Anniversary in 2007
- A Community
LEHC’s in California

- AB 1364 Bates Bill 1979
- Member share no more than 10% value
- No more than 10% return on share
- Owner Occupancy is Required by law
- Upon dissolution value goes to 501c3
Multi-Family Co-op Housing

- Purpose built like an apartment building
- One property
- No subdivision
- One loan & transaction
- The largest: Co-op City 15,372 units, NYC
- Penn South 2,800 units A NORC (Naturally Occurring Retirement Community) NYC
Single Family Housing Existing Co-op

- Oakland, CA, 1979
- Oak Center Homes
- Multi-Site Co-op
- 83 units on 42 sites
- SF Homes plus
- 6 Multi-Family units
- CalTrans Relocation
- Preserved a Low Income West Oakland Neighborhood
- Saved Many Victorians
- Laney College: Job Creation of Preservation Skills
Single Family New Housing Co-op

- Hyde Square Co-op, Jamaica Plains, MA
- Started in 1993
- 41 newly built units in 17 Buildings
- 22 units per acre
- To maintain economic diversity-gentrification 50-80% AMI household
- To retain building style of the Neighborhood
Artist’s Cooperative as Co-ops

- Lowertown Lofts, St Paul, MN in 1985
  - 30 units. Full ever since. Few turnovers. Spurred Lots of Artists Housing in Lowertown
  - Serves as a national model for other artist’s co-ops and districts.

- 45th Street Artist’s Cooperative, Emeryville, CA, 1980’s
  - 80 Units. Waiting List.
Senior Housing Co-ops

- FAHA in Sonoma
- Mixed Income Housing
- FAHA Palms. 16 Unit LEHC (with no income restrictions)
- FAHA Manor. 48 units HUD 202 Rental
- Both on leased land
- Shared Facilities, Hall, Library, Kitchen, Pool, Sauna, Gardens
Stable Financing for Co-ops

- Single Mortgage
- Single transaction costs
- Can refinance when market rates are even better
- Built in required reserves to cover planned replacement
- Built in equity growth allows for backup financing of later replacement needs and improvements
- Built in vacancy reserves are never needed
Member Share Funds for Co-ops

- Member’s Own Equity
- $15,000 grant from WISH/IDEA FHLBSF (up to 80% AMI)
- CDBG (up to 120% AMI)
- HOME (up to 80% AMI)
- RDA (up to 110% AMI)
- Housing Trust Funds
- CalHome (up to $80K for 80%)
- HCD BEGIN (up to 30K)
- CalHFA HELP (1.5 million per project up to 100% AMI)
- Mortgage Credit Certificates 30% tax deductible (80-120%)
Financing for Co-ops

- CDBG/HOME
- Housing Trust Funds
- Redevelopment
- HCD: CalHOME, BEGIN, MPROP
- CalHFA: HELP
- FHLBSF AHP Funds
- Bonds City-County-RDA
- NCB
- Conventional Financing
- Rural and Farmworker Funding
Co-op Member Benefits

- Low Entry Investment
- Grants for Shares
- Low interest Loans
- Does not need to qualify for a mortgage
- No entry costs or fees
- Managed property
- Reserves taken care of
- Can move within Co-op
- Easy to move out
- Owner Occupancy
Dos Pinos Housing Cooperative

- 60 units 1985
- 1,2,3 bedroom units
- Passive Solar design
- Community room, pool
- Gardens & Greenbelt
- Owner Occupancy
- Great and Safe for Kids
- No cost for unit shifts
- Ageing in Place
- Strength of Community
Dos Pinos Co-op Outcomes

- Study ongoing since 1985
- Lowest cost ownership housing option in Davis
- Easiest Entry
- Low turnover (6-8% a year)
- Waiting list (2-3 years)
- 3 bedroom unit initially affordable at 99% AMI
- Now affordable at 56% AMI
- $9,108 cash savings annually over comparable Davis rental
- Savings are forward equity
A Co-op as one of the Choices

- Community Land Trusts
- CoHousing
- Mutual Housing
- Nonprofits
- Deed Restricted Units (Single Family/Condo)
- The Issue of Subsidy Repeat or Retention
- Like other models has its’ Strengths & Weakness’
- Per Unit Cost Works best for 70%- 120% AMI Ownership
Affordability Comparisons

- Year One - Year 30
- Losing St Francis Sq.
- Subsidize it or Lose it!
- Why is Subsidy Needed?
- Who Provides Subsidy?
- How much Subsidy?
- Non-Retention Issues
- Affordable Home Prices run out of reach of targeted income groups
- Co-op is one of the tools for achieving permanent affordability
Presented by

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For a good view of the nonprofit and cooperative developments done by NP please visit:

- www.community.coop/davis