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Affordable Homeownership through Limited-Equity Housing Cooperatives

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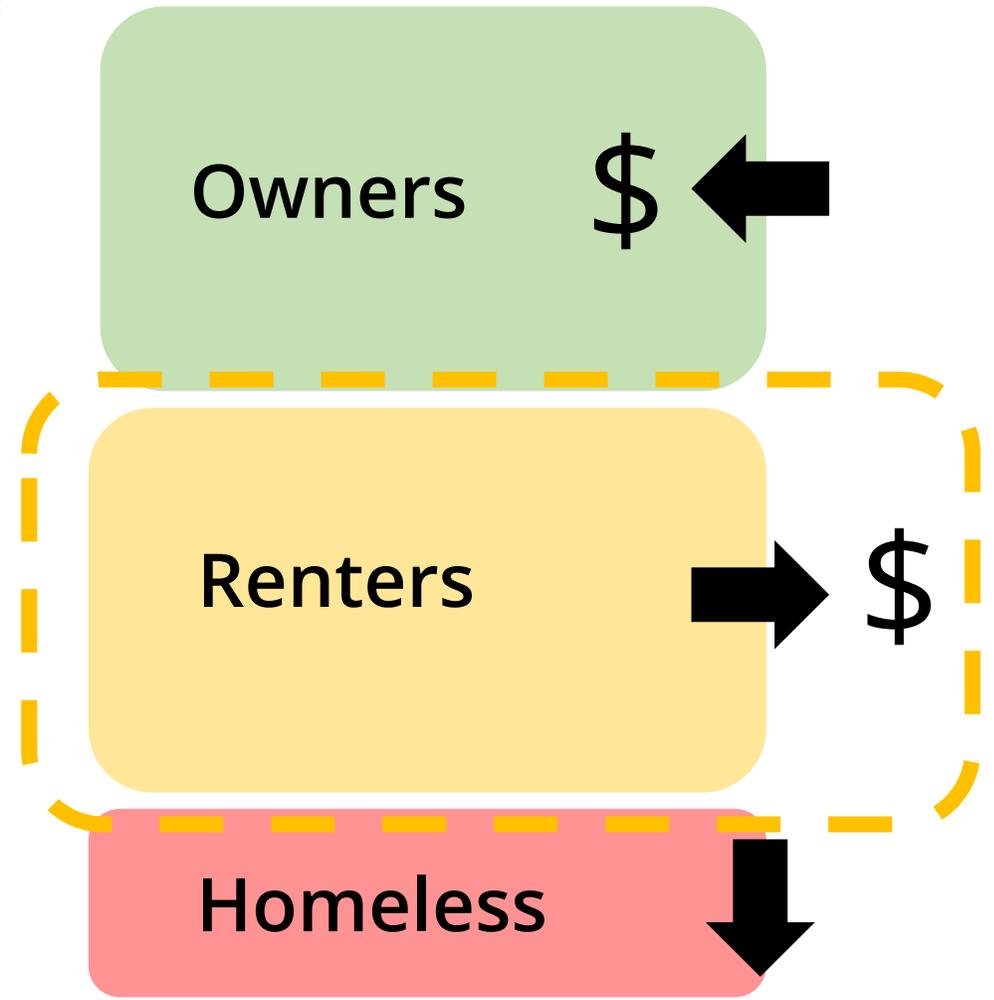
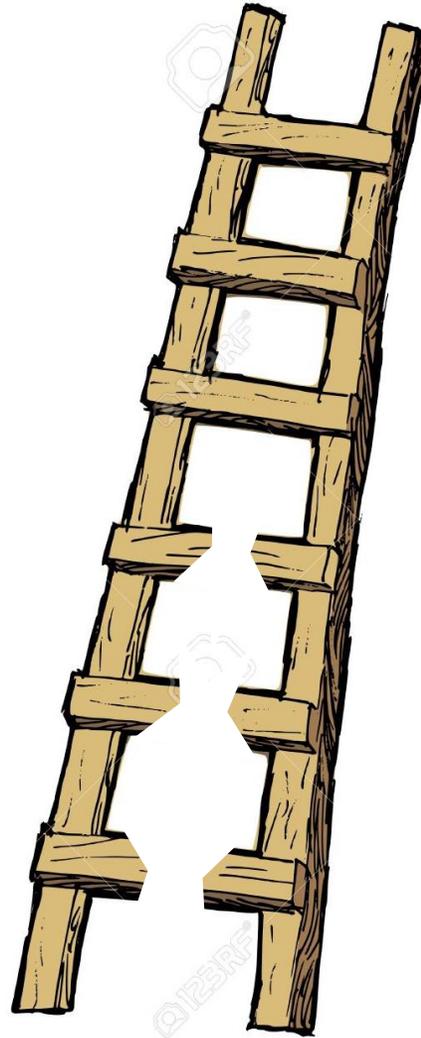
House Interim Committee on Housing
June 1, 2022

10 years Renting in Portland

\$300,000 Missed Appreciation

\$100,000 Lost Equity

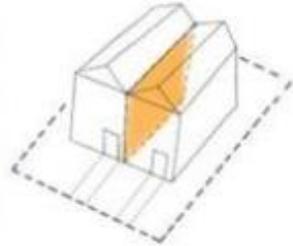
~\$3,300 per month
Pocketed by the Landlord



Oregon's Middle Housing Re-legalization

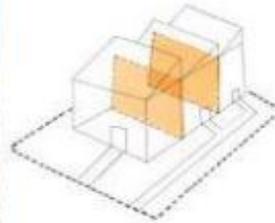
DUPLEX

Two connected or separated dwelling units on a single lot or parcel.



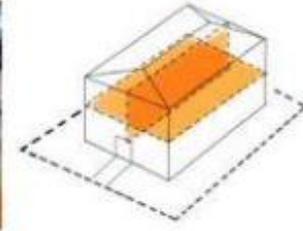
TRIPLEX

Three connected or separated dwelling units on a single lot or parcel.



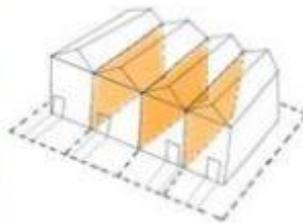
QUADPLEX

Four connected or separated dwelling units on a single lot or parcel.



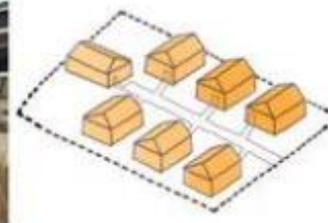
TOWNHOUSE

A dwelling unit that is part of a row of two or more attached dwelling units, where each unit is located on an individual lot or parcel and shares at least one wall with another dwelling unit.

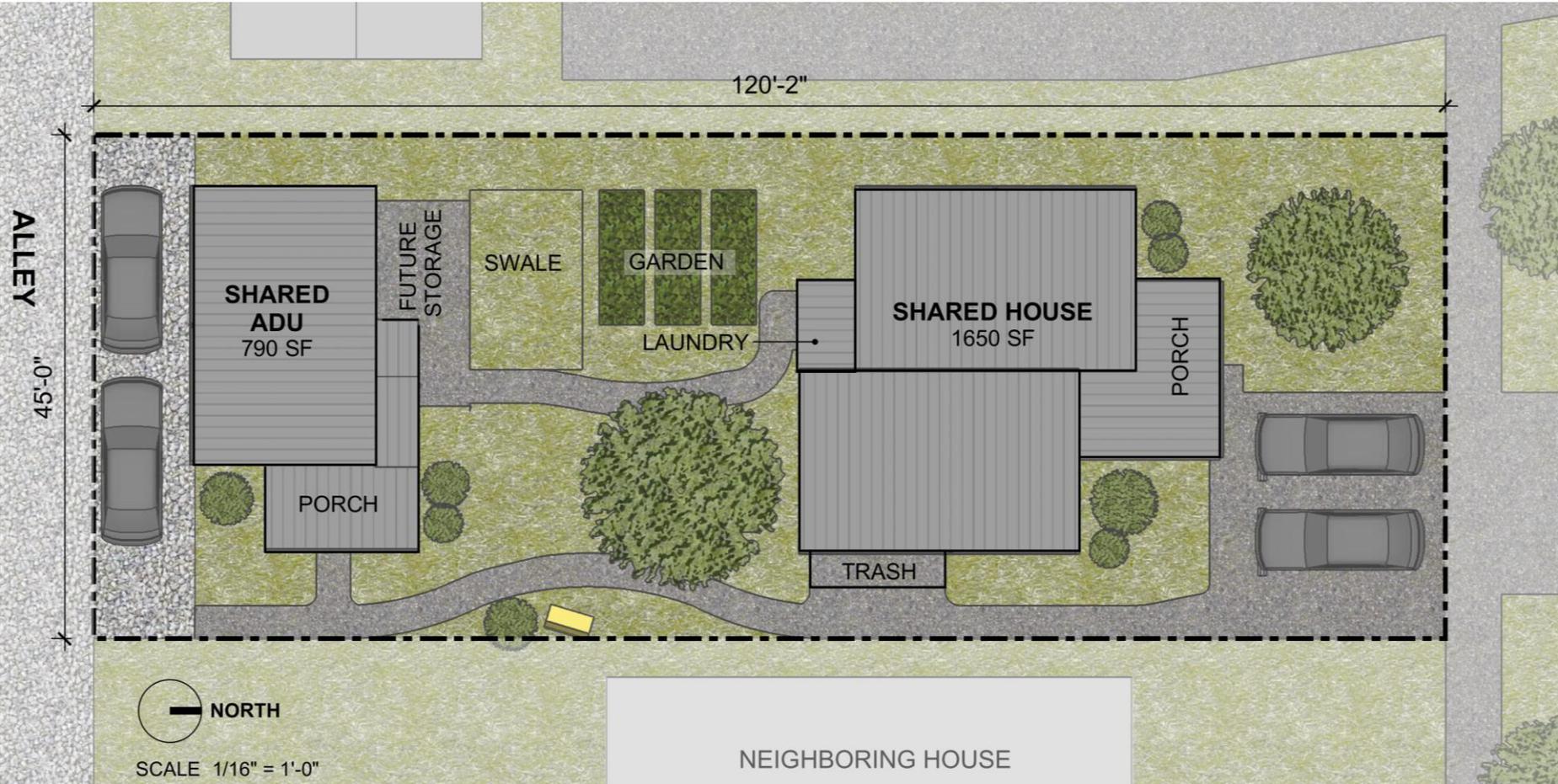


COTTAGE CLUSTER

A grouping of multiple unconnected dwelling units on a site with a common courtyard - each dwelling may share a single lot or occupy its own lot.



Middle Housing Homeownership?



(1) x \$600,000
Rental

(2) x \$300,000
Homeowners

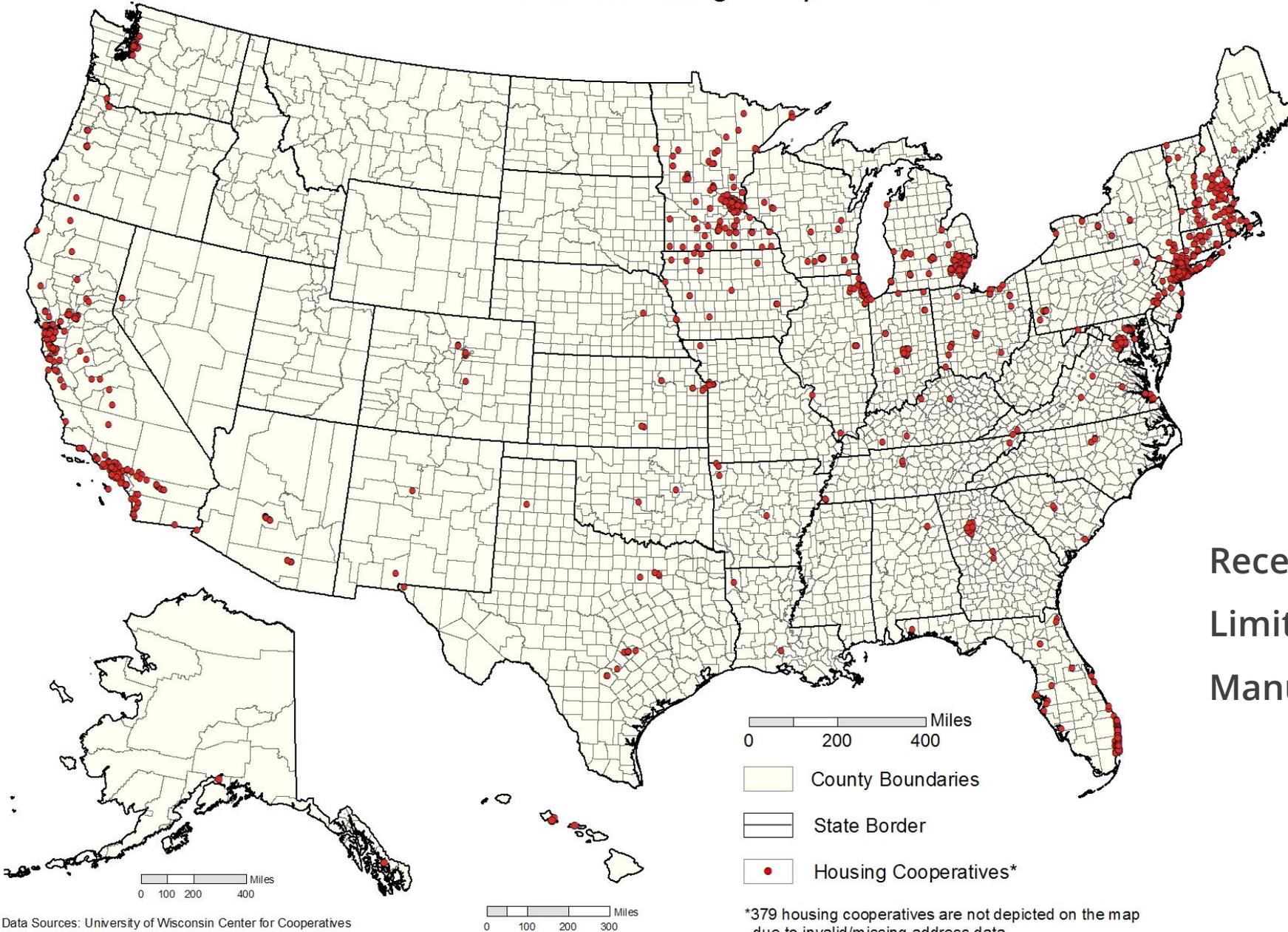
(6) x \$100,000
Homeowners

Homeownership Diversity, Equity and Inclusion?

Two Ownership Options for Multi-unit Properties (any Stacked Units)

	Property Type	Development Costs	Financing Options	Typical Demographic
Fee Simple	House/Townhouse on own lot (or CLT)	Moderate, Requires Subdivision	Excellent	Middle-High Income
Condominium	Multi-unit on Common Lot	High, Admin/Insurance	Good	High Income
Cooperative (Market-Rate)	Multi-unit on Common Lot	Moderate, Admin/Insurance	Bad	Middle-High Income
Limited-Equity Cooperative			Bad, but less critical	Low-Middle Income
Rental (Fee Simple by Landlord)	Any	Low	Good	Low to High Income

Distribution of Housing Cooperatives



Recent Growth:
Limited Equity Senior Housing &
Manufactured Housing Parks

Oregon has 1 Market-Rate Co-op

- Park Vista (Portland, 1960)
- Owner financing unavailable
- Cash purchases only



Limited-Equity Co-ops

- One-time Subsidy + Tax Exemption
- Fixed Housing Costs
- Low Purchase Price
- Limited Appreciation (~3-5%)
- Permanent Affordability

Case Studies:

Davis, CA \$14,700 annual savings
Bronx, NY \$16,500 to purchase a 3BR



East Blair Co-op

Eugene, OR | 1982

- Limited Equity Co-op
- 23 Residences
- Multiple Properties in Neighborhood
- \$5,900 annual savings per owner over market rents
- Strong resilience against gentrification



C Street Co-op

Springfield, OR | 2021



1 House (4) 1BR Suites



1 ADU (2) 1BR Suites

Triple-Bottom-Line Sustainability

Permanently Affordable Homeownership

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

Sustainable Living

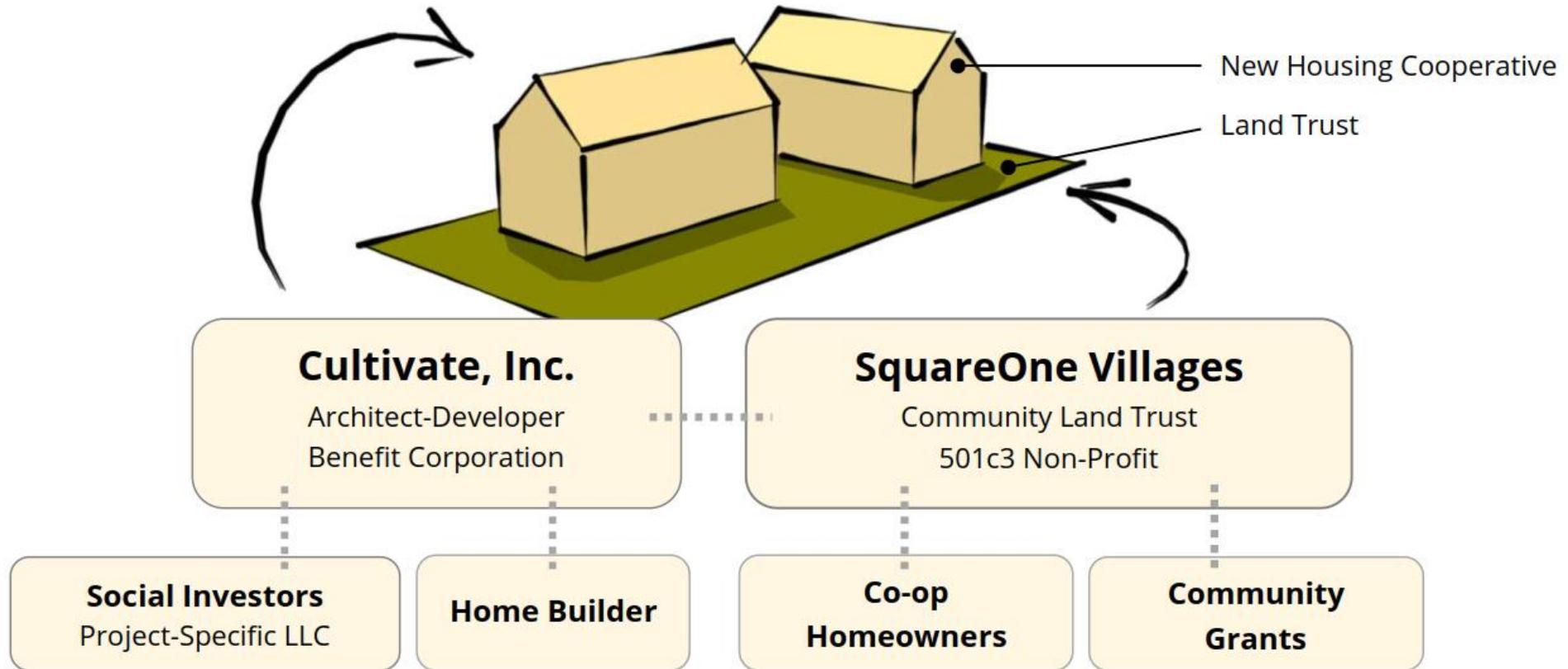
- Net Zero Energy Ready
- 10-minute walk to Downtown

Compared to Affordable Rental Housing

- < Half the Development Cost (\$100K/suite)
- < 10% of the Subsidy (\$20K per suite)



Limited-Equity Co-op / Community Land Trust



Market-Rate Developer + Non-profit Ownership

Density \neq Bulk

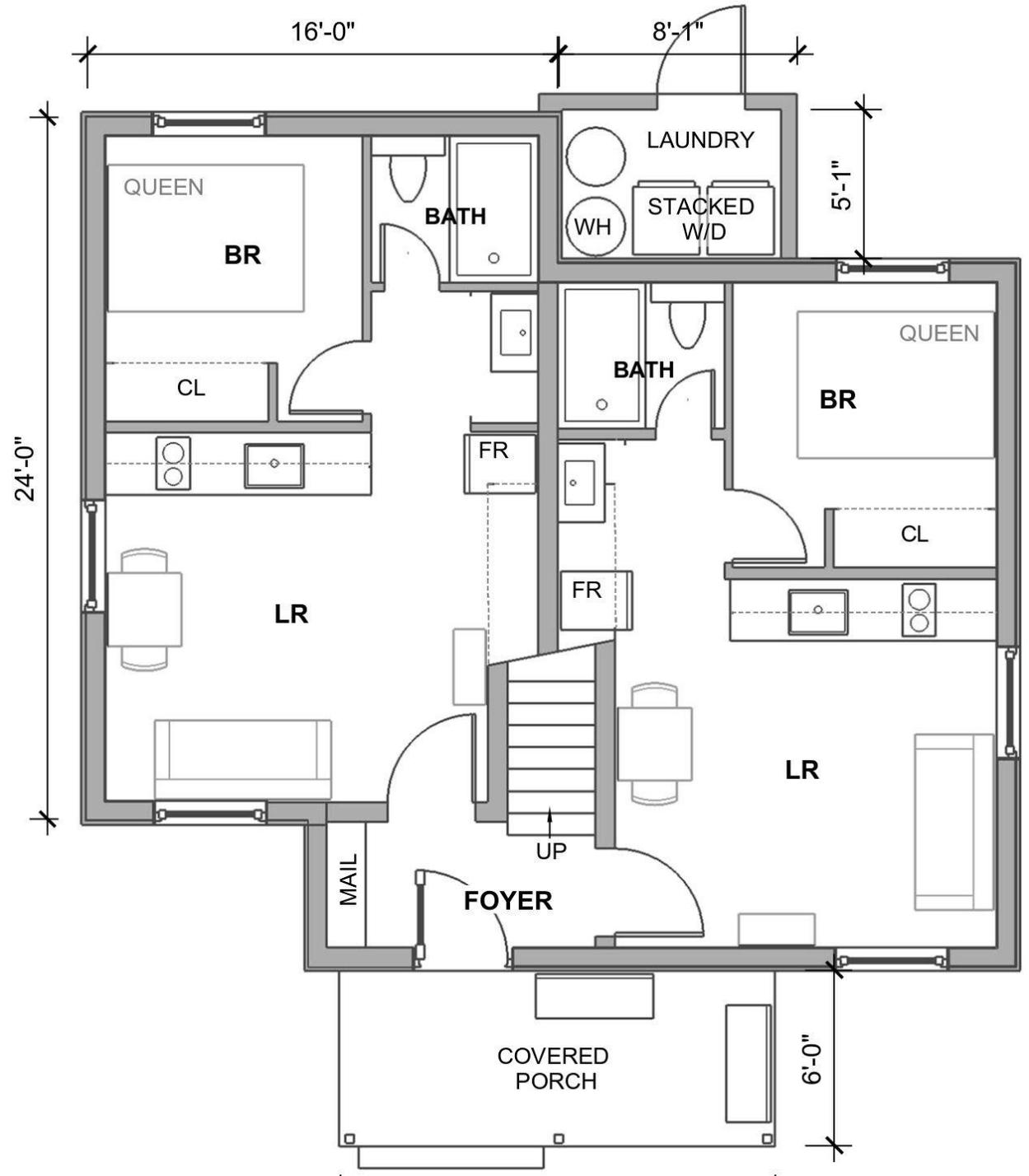
Density

48 households/acre
(exceeds limit of Springfield's
High Density Zone)

Bulk

Pretty Average
44% Lot Coverage
21 ft Height





1 BR / 1 Ba Suites
 384 SF

Net Zero Energy Ready

Ownership encourages Long-term Investment

Hard Costs: \$183/SF

Efficiency Measures

- Straightforward Design
- Thick 2x8 Envelope w/ Blown-In Insulation
- Passive House Airtightness
- Triple-Pane Windows
- Heat Pump Water Heater
- Operable Solar Shades
- Pre-wired for Mini-split Heat Pumps



Peace Village Co-op

Eugene, OR | In-Permitting



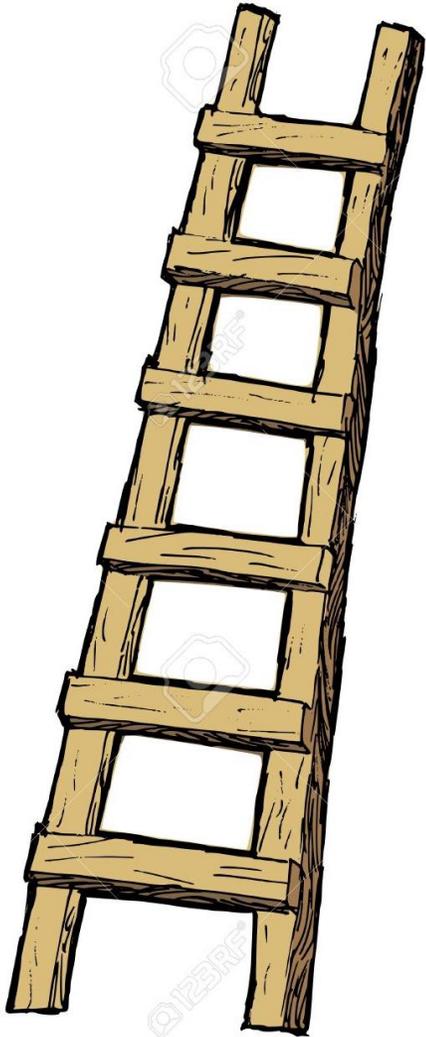
- Limited Equity Co-op / CLT
- 70 Units on 3.6 acres (19 unit/ac)
- One-time subsidy
- Permanent Affordability (60% AMI)



Middle Housing
Limited-Equity Co-ops

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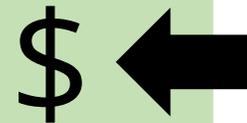
Homeownership for All
Sustainability for All



Owners
Fee Simple & Condo



Owners
Limited-Equity Co-ops

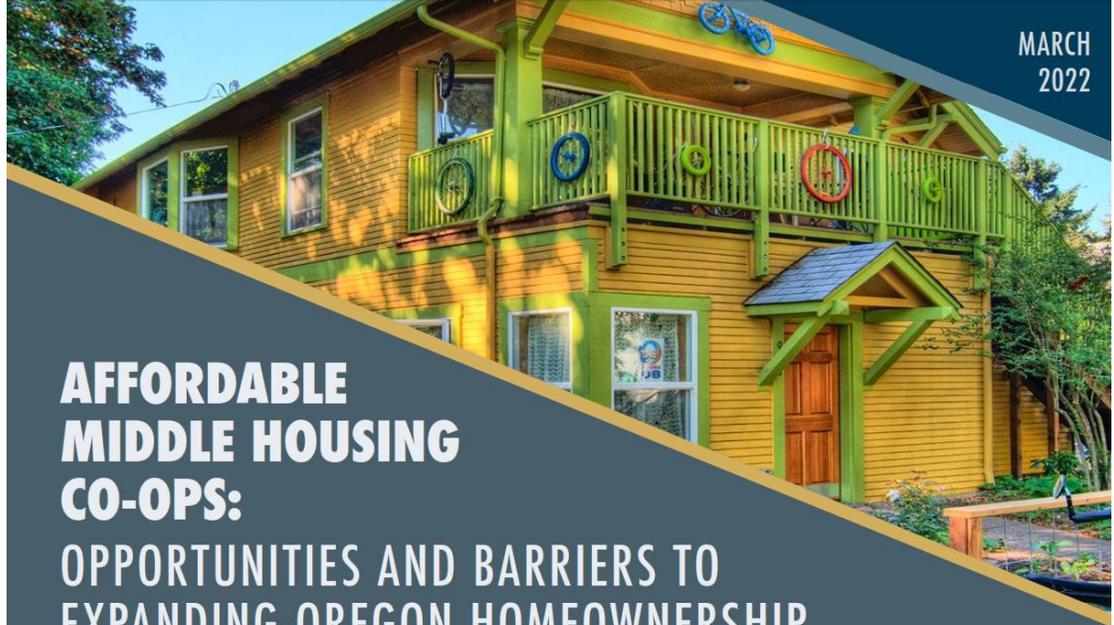


Legislative Opportunity

1. **Align OHCS Programs to support Limited-Equity Co-ops**
 - Allow rental programs to also support LEHC's
 - Oregon Affordable Housing Tax Credits (lower interest rates by 4%)
 - Homeownership Assistance Program (HOAP)
2. **Extend Property Tax Exemption to LEHC's**
3. **Expand Manuf Housing Co-op policy to all housing types**
4. **Require First Right of Refusal so Tenants can buy their Buildings**
 - Well-proven strategy in other jurisdictions
5. **State-wide Density Bonus for Permanently Affordable Homeownership**
6. **Permit Attached Duplexes through Residential Building Code**
7. **Prohibit regulation of density. Only regulate building bulk.**

Further details at www.squareonevillages.org "Oregon Legislative Concepts for Cooperative Housing"

MARCH
2022



**AFFORDABLE
MIDDLE HOUSING
CO-OPS:
OPPORTUNITIES AND BARRIERS TO
EXPANDING OREGON HOMEOWNERSHIP**

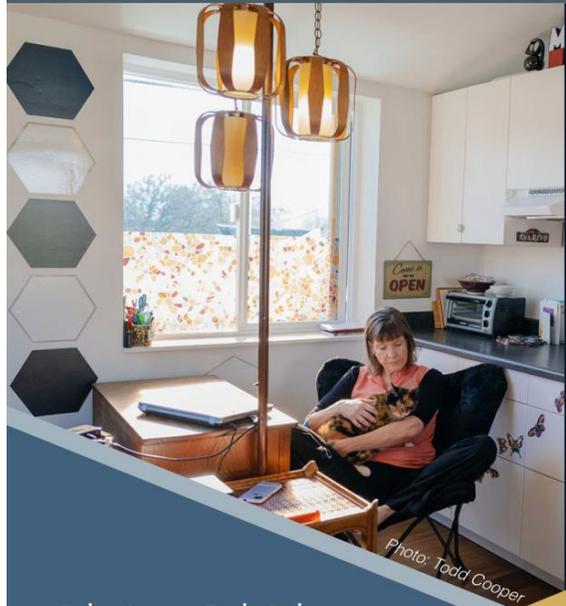
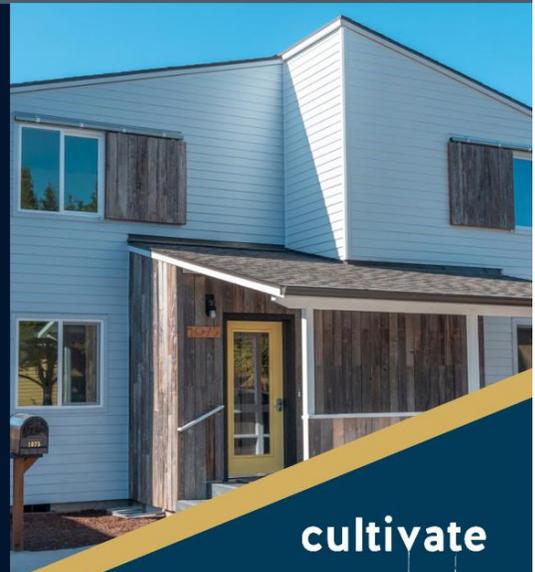


Photo: Todd Cooper



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& Anne Thrall-Nash

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