

PEACE VILLAGE CO-OP

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THE VISION:

Creating 70 units of permanently affordable, resident-owned housing for people with very low-incomes, through the adaptive re-use of an underutilized church property.

developed by

SquareOne Villages



www.squareonevillages.org/peace



WHO WE ARE | SquareOne Villages

SquareOne Villages creates permanently affordable housing co-ops and transitional tiny home villages for people in need of housing. Since 2012, our non-profit organization has developed four villages in Lane County, Oregon—one transitional shelter program (Opportunity Village Eugene) and three permanently affordable housing co-ops (Emerald Village Eugene, Cottage Village in Cottage Grove, and C Street Co-op in Springfield). 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 so far has been synthesized into what we are calling The Village Model—a collaborative, community-based approach to building and sustaining permanently affordable housing.

Due to the inadequate funding of the public subsidies that low-income housing developments depend on, innovative and cost-effective strategies are essential for responding 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 Cooperative Land Trust Housing.

In this shared ownership arrangement, SquareOne acts as the CLT—retaining ownership of the underlying land to ensure that it continues to be used for affordable housing in perpetuity—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.

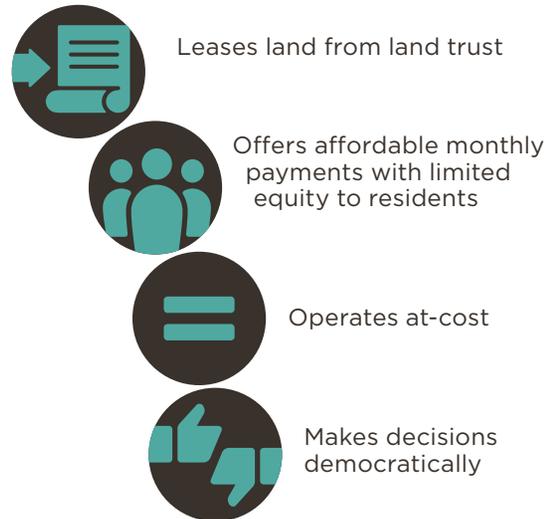
Peace Village Co-op provides an exciting opportunity to scale up The Village Model!

THE VILLAGE MODEL: Land Trust Co-op Housing

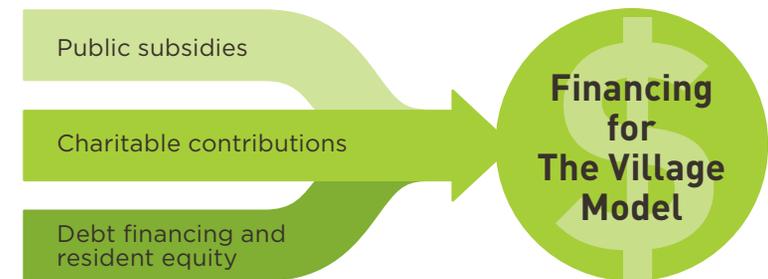
Creating owner-occupied housing for very low-income households

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

A shared-ownership structure



Building a community



REIMAGINING AFFORDABLE HOUSING



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OWNERSHIP STRUCTURE | Community Land Trust - Limited Equity Co-op Hybrid

Peace Village is founded on an innovative ownership structure. In this arrangement, SquareOne retains ownership of the underlying land, while the residents are equal members of a co-op that owns and manage the housing and improvements on the land. The primary benefits are:

1. Accessible Homeownership

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

CLTs commonly consist of single-family houses where individual households must qualify for individual bank loans. This poses major barriers to lower-income households and those with poor credit histories. In our collective ownership model, residents do not need to qualify for a mortgage individually. Instead, the CLT is able to provide a blanket mortgage for the entire LEC project, and any loans remaining from construction can be assigned to the LEC, rather than individual households. Co-ops have also proven to lower monthly housing costs by more than 20% compared to physically similar affordable rental housing managed by the same management companies.

2. Permanent Affordability

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

Our Village Model guarantees that housing developed will be permanently retained at affordable rates for people with low-incomes, whereas conventional low-income rental housing generally only guarantees affordability for 30 years or less. That means that each dollar invested by banks, government, foundations, or donors will go further. LECs preserve the affordability of housing by setting income limits for prospective members and restricting the resale value of a membership share. A partnership with a CLT adds an additional backstop to ensure perpetual affordability.

3. Long-term Stability

>> *A multi-layered ownership structure ensures a safe and stable investment...*

The CLT-LEC partnership never leaves anyone hanging. If an individual household misses a payment, all co-op members are in jeopardy and the LEC will step in to remedy the situation. As a result, co-ops offer lower risk to lenders and have proven to have lower default rates compared to rental properties owned by both for-profits and nonprofits. In rare cases where the LEC cannot remedy the situation, the CLT provides an additional backstop that will step in as necessary. Studies have found that homes owned as part of a CLT have proven ten times less likely to default compared to in the conventional market.

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 their 3.6 acre property at River Rd. and Ferndale Dr. to be developed as affordable housing. The site is conveniently located near the Santa Clara business district, and an LTD bus stop is located at the site.

DESIGN PROGRAM

Peace Village Co-op will include 70 new, permanently affordable housing units, including five floor plans to support a variety of households:

- ❖ tiny townhome (256sf + 112sf loft) | 14 units
- ❖ tiny townhome, ADA (400sf) | 4 units
- ❖ tiny townhome (384sf + 168sf loft) | 20 units
- ❖ 1-bedroom flat (354sf) | 24 units
- ❖ 2-bedroom townhome (768sf) | 8 units

In addition to the housing units, roughly 9,000 sq. ft. of existing buildings on the site will be utilized as common facilities by the co-op to host village meetings, events, and meals. This includes a recently renovated community kitchen and dining area, meeting space large enough to accommodate all of the residents, administrative office, storage space for shared tools and resources, and two additional large, flexible spaces to serve the needs and interests of the residents.

The housing is clustered around several flexible open spaces that can be utilized by the residents for a wide variety of purposes, including gardening and children's play area, as well as stormwater management.

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.







SquareOne tiny home

GROUND FLOOR: 256sf
SLEEPING LOFT: 112sf



SquareTwo tiny home

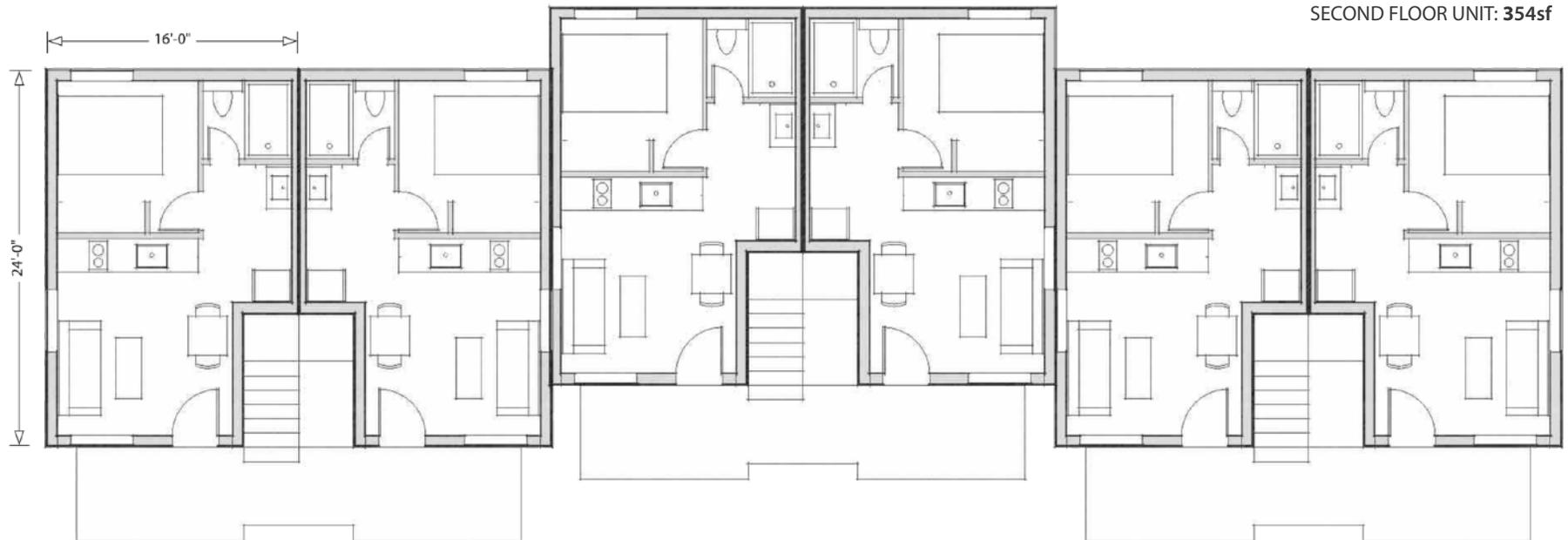
GROUND FLOOR: 384sf
SLEEPING LOFT: 168sf



Stacked 1-Bedroom Flats

GROUND FLOOR UNIT: 354sf

SECOND FLOOR UNIT: 354sf



TARGET POPULATION | 30 to 50% AMI

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 other affordable homeownership programs typically target people with low-incomes (around 80% area median income), **Peace Village aims to serve residents with very low-incomes (50% 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 at a lower cost 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)

SquareOne's community-driven approach builds equity through participation from, and collaboration with, diverse communities of people and organizations. 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.

Peace Village 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 BIPOC communities.

After the initial set of residents has been selected, SquareOne 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 (preliminary)	
Share Purchase	<ul style="list-style-type: none"> ❖ \$5,000 / household ❖ Individual Development Accounts (IDAs) can be used for this purpose ❖ Share loans will be available
Resale Formula	<ul style="list-style-type: none"> ❖ Initial Share Price ❖ + 3% simple interest per year
Monthly Carrying Charges	<ul style="list-style-type: none"> ❖ \$400 - \$650 per month ❖ Includes ground lease fee, utilities, maintenance, taxes insurance, replacement reserves, and mortgage payment.

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.