

# ADVANCING OPTIONS TO IMPROVE & PRESERVE LONG-TERM AFFORDABLE HOUSING

Affordable Housing Initiative

Launch Webinar

Thursday, March 16, 2023

3 – 4 pm



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# AGENDA

- Introduction - CDF's Affordable Housing Initiative
- Voices of Shared Equity Homeownership – Seabury Cooperative (Video)
- Overview of Shared Equity Housing (SEH) Models
- Trends Report - SEH Landscape Scan
- Freedomland: Co-op City and the Story of New York
- Next steps
- Q and A



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# Funds



Cooperative Development Fund  
A Project of **CDF**

Larger grants, \$50k  
Int'l, housing, seniors, co-op development  
Advisory Board



Cooperative Education Fund  
A Project of **CDF**

Smaller grants, up to \$10k  
Supports cooperative education efforts  
Conference scholarships and sponsorships  
Advisory Board



Disaster Recovery Fund  
A Project of **CDF**

Supports co-op sectors post-crisis  
Rapid response, tax-deductible fundraising  
No admin fees

Who is CDF?

# Programs



Homecare Cooperative Initiative  
A Project of **CDF**



Cooperative Leaders & Scholars  
A Project of **CDF** and **NCA CLUSA**



Affordable Housing Initiative  
A Project of **CDF**



Cooperative Hall of Fame

Nimble and generalists  
Incubate to elevate  
Support co-op development and cooperators

# Fundraising



Affordable Housing Initiative



# SHARED EQUITY HOUSING MODELS

- Limited Equity Cooperatives
- Resident Owned Communities
- Community Land Trusts
- Deed restricted housing/Inclusionary Zoning
  - Percentage of market rate building (on site or off site), e.g., 10%, low income



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# WHAT IS SHARED EQUITY HOUSING?

## Features

- the housing is owner occupied
- resale is restricted
- equity is shared
- a stewardship organization oversees the land or housing

## Benefits

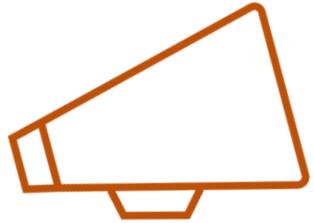
- potential for wealth building higher than rental
- \$1700 v. \$16 (annually)(Acolin et al, 2021)
- social capital
- advancing racial equity
- community control/political power
- housing affordability, stability



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# WHY SHARED EQUITY HOUSING MODELS?



They provide a cost-effective option to create a permanently affordable housing stock accessible to households with low-incomes.



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# THE STORY OF SEABURY HOUSING COOPERATIVE

- Seabury limited equity cooperative
- Developed in 1973 with assistance of HUD funding
- Setting: Urban, New Haven, Connecticut



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation



National Association of Housing Cooperatives

# NATIONAL ASSOCIATION OF HOUSING COOPERATIVES

The National Association of Housing Cooperatives (NAHC) is a 501(c)(3) nonprofit national federation of housing cooperatives, mutual housing associations, other resident-owned or controlled housing, professionals, organizations, and individuals interested in promoting the interests of cooperative housing communities.



NAHC.COOP



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation



National Association of Housing Cooperatives



2023

## OUR MISSION

To support and educate existing and new cooperative housing communities as the best and most economical form of home ownership.

## OUR HISTORY

Founded in 1960, NAHC was organized by Cooperative developers as well as a number of cooperative housing projects, such as Greenbelt Homes and Pennypack Woods Cooperative in Philadelphia, who saw a need to create an organization to support cooperative housing development and operations in the USA.

NAHC.COOP



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# What is a Housing Cooperative?

A cooperative is defined as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise”.

A housing cooperative is a unique form of home ownership in that a non-profit cooperative corporation holds title to the dwelling units and directly assumes the mortgage, tax and other obligations necessary to finance and operate the development.

Members support the corporation through occupancy agreements, eliminating need each member to be an individual mortgagor. Members have the right to vote on how the corporation conducts its business and participate on the board of the cooperative



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# Limited Equity cooperative advantage

A limited equity housing cooperative's (LEHC) main purpose is to provide affordable housing for its members.

LEHC's typically have income guidelines and act as a bulwark against gentrification.

Housing co-ops generally operate at-cost or on a not-for-profit basis. Beyond everyday expenses, most housing co-ops reserve money for emergencies, vacancies, unexpected increases in operating costs, regular maintenance and property improvements.

Limited Equity Cooperatives create long-term affordability to future residents by limiting the amount share prices increase on annual basis through the By-laws of the cooperative corporation.



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# Limited Equity cooperative advantage

# Economic benefits

LEHC's are affordable to households who might otherwise be priced out of the market.

Restrictions on share price increases preserve affordability for future members, while allowing current members to achieve price appreciation.

Lower monthly costs compared to other types of housing

High quality housing compared to rental housing

Shared equity creates collective economic strength

Equity can be inherited

Members may qualify for tax deductions similar to other ownership models



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

## Limited Equity cooperative advantage

## Personal Benefits

Members of cooperatives typically have a high level of satisfaction with their housing

Cooperative participation provides members a sense of achievement

Increased sense of independence

Democratic governance give members control over how their property is managed and maintained.

Share value allows for some wealth creation

The cooperative provides opportunities for participation and leadership



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# Limited Equity cooperative

## Facts

Limited equity housing cooperatives exist in 40 states, Washington DC and Puerto Rico.

Outside of NYC, most LEC's were primarily developed using FHA insured mortgage programs – 213, 236 and 221 (d) (3) BMIR

The 236 program and 221 (d) (3) BMIR program, as well as the Section 8 program, provided subsidies to create affordable LEC's

These cooperatives were developed primarily between 1952 and 1978. Production peaked in 1970 with 260 loans at a total of \$460 million .

In the 60's, over 900 cooperative loans were made at total of \$1.6 billion. Largest FHA insured loan ever was to a cooperative, Coop City.

The very first 213 cooperative, Belmar Gardens in Pittsburgh PA, is still in existence today.



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation



# uhab

COMMUNITY THROUGH COOPERATION



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# Limited-Equity Housing Cooperatives

Families **permanently** solve their own and their communities housing problems:

- Benefits of Co-ops
  - Personal
    - Satisfaction, Disposable Income, Inheritance
  - Building
    - Community, Lower Foreclosure, + Quality, - Cost
  - Neighborhood
    - Long Tenure & Affordability, Prevent Displacement, Leaders & Voters



“I see this as a total blessing, being able to come back to where I was raised.”

- Barbara, Brooklyn Co-op Shareholder



Affordable Housing Initiative

# Limited-Equity Housing Cooperatives

- 167,000 LEC homes nationwide
- Democratically Controlled
- Cooperatively Owned
- Permanently Affordable
- Resurgent Interest



Affordable  
Housing  
Initiative

# Limited-Equity Housing Cooperatives



## UHAB Works to Develop & Sustain LECs

- Organizing
- Development
- Training
- Member Services
- Co-op Preservation
- Stewardship
- Monitoring
- Share Loan Lending



Affordable  
Housing  
Initiative

# ROC USA and the Shared Equity Model



Affordable  
Housing  
Initiative



# What is a ROC?



## What is a ROC?



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# What ROC USA Does



ROC USA® helps homeowners in manufactured home communities overcome the three barriers to resident ownership:

- The chance to purchase
- The lack of capital to purchase
- The coaching and training to purchase and manage the community



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# Shared Equity Model



- Purpose: own, maintain as affordable in perpetuity
- Articles of Incorporation restrict resale and dissolution
- Shares and interests fixed and equal among all Members
- Restricts membership to homeowners in co-op's community
- Governed by Member-elected board of directors
- Homeowner members receive proprietary lease
- 75% of homebuyers earn less than 80% of Area Media Income



Affordable  
Housing  
Initiative





**GROUND  
ED  
SOLUTIONS  
NETWORK**

---

strong communities  
from the ground up

We work nationally, connecting local experts with the networks, knowledge and support they need.

We promote housing solutions that will stay affordable for generations so communities can stabilize and strengthen their foundation, for good.

# Community Land Trusts



Acquire, own and steward land **permanently** for the common good by providing:

- Affordable housing
- Commercial spaces
- Community spaces
- Farming or open land



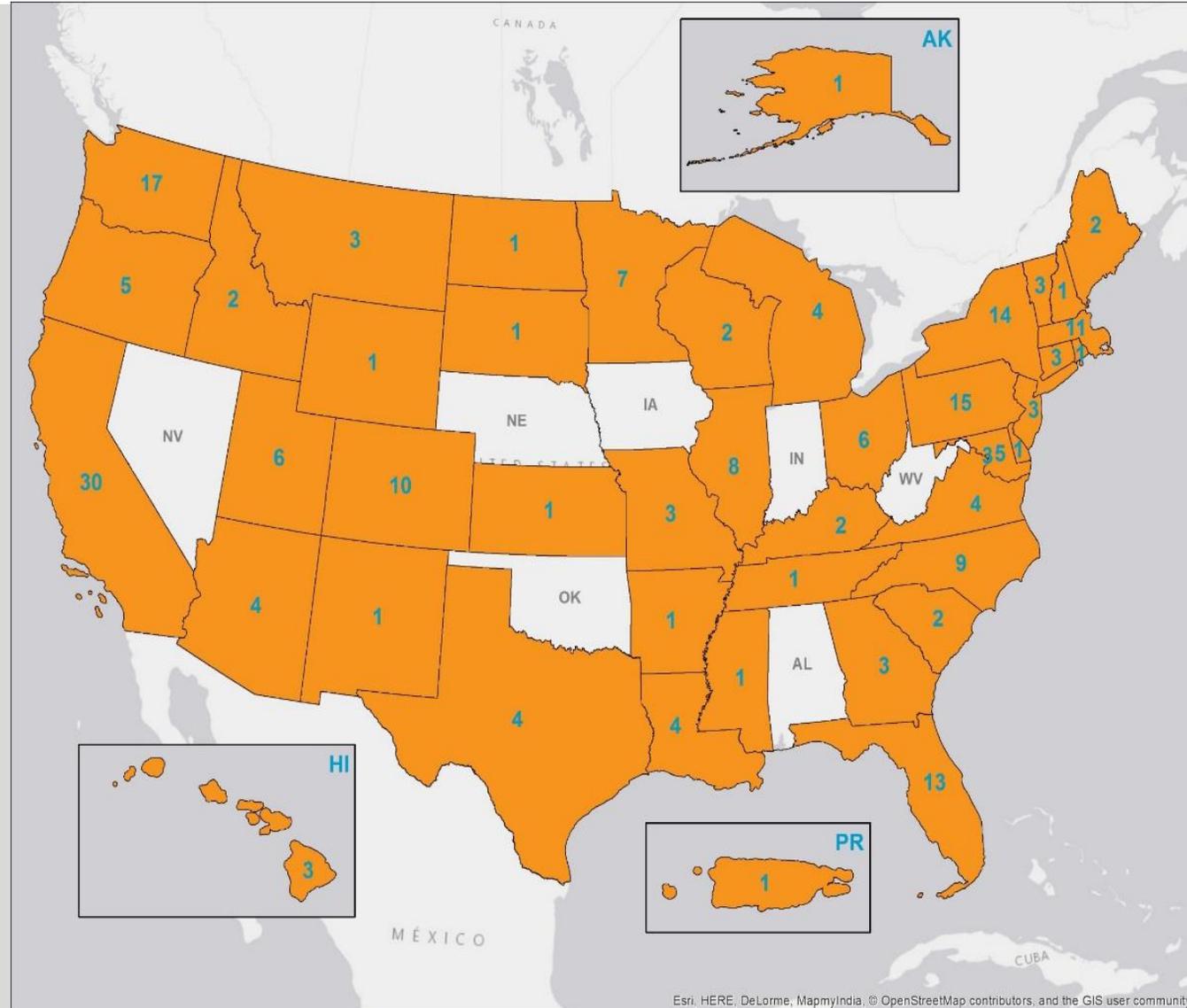
Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# Community Land Trusts



- 300+ CLTs nationwide
- Roots in the Civil Rights Movement
- Exponential growth in the 1990s and... now!



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# Deed-Restricted Housing



## Deed Restriction

- ▶ 500+ programs in 27+ states
- ▶ Tend to be imbedded within larger organization or government
- ▶ Deed includes restrictive covenants: 30-99 years



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# TRENDS IN SHARED EQUITY HOUSING - ECOSYSTEMS

- Bloustein team landscape scan – not to replicate the surveys out in the field by NACEDA/Urban Institute or Grounded Solutions Network
- Emphasis on the ecosystems that enable SEH to grow
- Three primary components of SEH ecosystems
  - State/Local Policy Regimes
  - Technical Assistance Providers
  - Availability of Finance Capital



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# TRENDS IN SHARED EQUITY HOUSING – KEY TAKEAWAYS

- Substantial growth in interest in the last twenty years in SEH
- Less growth in numbers of units in SEH programs; scale has been difficult in most places
- ROCs and CLT units have grown substantially, but from small bases
- Most local housing markets lack one or more of the components of the ecosystem needed for SEH to scale
- Substantial regional and local variations in the density and scale of SEH
- Funders have to decide whether to invest in new ecosystem development or strengthen existing (but incomplete) ecosystems



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# WHAT IS CO-OP CITY?



- Limited equity cooperative
- Located in the Northeast Bronx
- 15,372 apartments in 35 high-rise buildings along with 7 townhouse clusters
- Built between 1966-1972
- Largest “rent” strike in American history (1975-1976)
- Residents have had near the median American income for its entire existence
- Went from being a majority white and Jewish development to one that was majority Black.

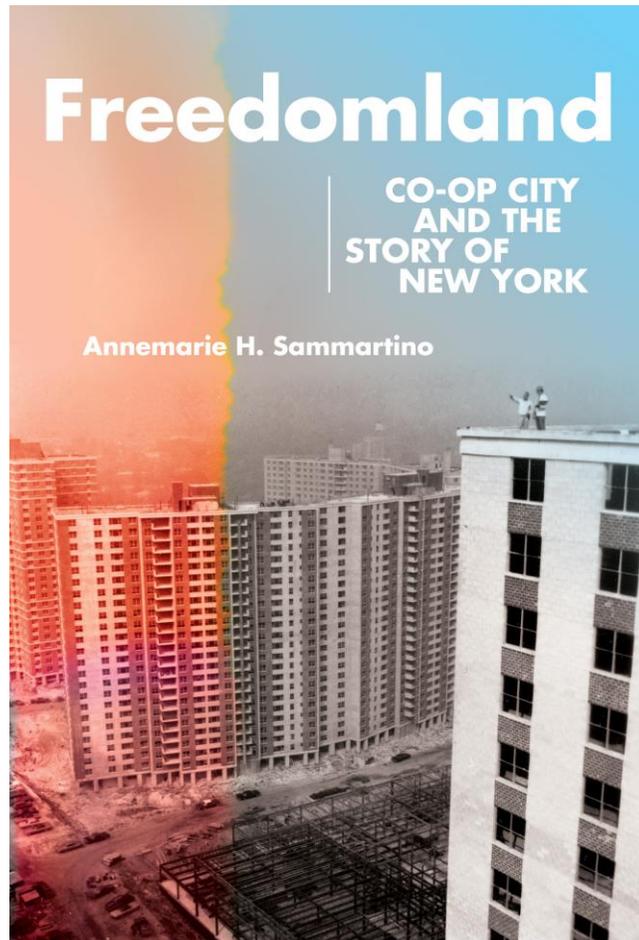


Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# FREEDOMLAND

## CO-OP CITY AND THE STORY OF NEW YORK



**Co-Op City:**  
**The city's best  
kept secret!**

**NOW AVAILABLE** are spacious 3 bedroom, 2 bath apartments, with terraces, for just \$11,375. Co-op City has great schools, 3 on-site shopping centers, 24-hour private police, available on-site nursery with daycare, baseball fields, tennis and handball courts, even a 4-mile bike and jogging path. If you act now, there is 100% financing available for qualified buyers. For more information and to see the furnished models, call (718) 320-3373.



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# TAKEAWAYS

- Large Scale Affordable Housing creates Large Scale Communities
- Relative class homogeneity (generally) worked to foster community stability
- The importance of community activism and its limits
- Neither “Top Down” nor “Bottom Up” approaches sufficient on their own
- **To buy** Freedomland visit [tinyurl.com/Co-opCity](https://tinyurl.com/Co-opCity) and enter 09BCARD at checkout for 30% off



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# NEXT STEPS

## Outreach + Education

- Making it easy for all – individuals, community organizations, housing agencies, policymakers
- More in-depth webinars on models, challenges and opportunities

## Landscape scan of Rural

### Identify enabling environments

- What does it take to (successfully) scale?
- Where are there opportunities?

### Identify an outcomes framework

- Advancing racial equity
- Providing long-term housing affordability and stability
- Improving financial wellbeing



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# IT TAKES ~~A VILLAGE~~ FUNDING!

Thank you

Primary support for the Affordable Housing Initiative is provided by the

Robert Wood Johnson Foundation.

The views expressed here do not necessarily reflect  
the views of the Foundation.

Additional resources from

Cooperative Development Fund of CDF

Do Well to Do Good funds honoring Chuck Snyder, co-op hero

USDA Rural Cooperative Development Grant



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# DISCUSSION

Questions? 

Comments 

Sharings 



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation

# CONTACT US

## **CDF.coop**

Mary Griffin, [mgriffin@ncba.coop](mailto:mgriffin@ncba.coop)

Electra Skrzydlewski, [eskrzydlewski@ncba.coop](mailto:eskrzydlewski@ncba.coop)

## **GroundedSolutions.org**

Beth Sorce, [bsorce@groundedsolutions.org](mailto:bsorce@groundedsolutions.org)

## **NAHC.coop**

Fred Gibbs, [fred@fkgibbs.com](mailto:fred@fkgibbs.com)

Hugh Jeffers, [hjeffers@centennialmortgage.com](mailto:hjeffers@centennialmortgage.com)

## **ROCUSA.org**

Mary O'Hara, [mohara@rocusa.org](mailto:mohara@rocusa.org)

## **UHAB.org**

Andy Reicher, [reicher@uhab.org](mailto:reicher@uhab.org)

Peter Dean, [dean@uhab.org](mailto:dean@uhab.org)

Rania Dalloul, [dalloul@uhab.org](mailto:dalloul@uhab.org)



Affordable  
Housing  
Initiative

A PROJECT OF  
**CDF**  
Cooperative Development Foundation