

COOPERATIVE HOUSING

- **A PEOPLE POWERED HOUSING SOLUTION**

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**COOPERATIVE
DEVELOPMENT
INSTITUTE**

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The logo for Genesis Community Loan Fund is displayed within a blue rectangular box. The word "Genesis" is written in a large, white, serif font, and the words "COMMUNITY LOAN FUND" are written in a smaller, white, sans-serif font directly below it.

Genesis
COMMUNITY LOAN FUND

CO-OP HOUSING- WHY NOW?

The co-op housing model is not a new concept

- **Housing co-ops have existed in America since the 1870s. According to a history compiled by the National Cooperative Law Center, most co-ops established during the first several decades of the movement were organized by and for wealthy urbanites in cities like New York, Chicago and San Francisco, and most of those co-ops folded during the Great Depression.**
- **In the 1940s and '50s, federal laws were changed to give co-op owners many of the same financial benefits enjoyed by conventional homeowners such as tax credits and deductions.**
- **Since the post-war era until now the limited equity model of co-ops is on the rise supported by unions and activists who are concerned about housing needs for the majority of the population.**
- **Cooperative housing is the solution for aging in place, limited workforce housing and affordable housing units... to name a few.**
- **Wellness platform: services, connected neighbors, advocates, empowered within and outside of the community,**
 - ★ **Speaks to all political sides as it is about empowerment of people and not subsidy.**

**2017 report by the National Low Income Housing Coalition, titled
“Out of Reach: The High Cost of Housing,”**

Keith Ellison-D-MN-

Congress annually spends “about \$200 billion to help house American families,” but “[a] full three-fourths of these resources go to help subsidize the homes of the richest families through the mortgage interest deduction and other homeownership tax benefits. This means that we provide more housing assistance to help the richest 7 million households — who earn more than \$200,000 a year — than to help the 55 million households that earn less than \$50,000 each year, even though these families are far more likely to struggle to keep a roof over their head.”

How it works

LIMITED EQUITY COOPERATIVES

- ★ Co-op ownership is shared ownership of housing made up of the people who live in the housing. The housing can be apartments, townhouses, or individual houses.
- ★ Individual resident owns a share(s) of stock in the corporation made up of all of the residents. . It is different from typical single family homeownership where there is no sharing of ownership obligations
- ★ One mortgage for corporation. Individual share purchase prices are very low and entitles one to a long-term lease on a unit and a vote in corporate governance. The individual is both a "tenant" because of their lease with the corporation, and an "owner", because of their stock ownership and participation in group governance. The co-op members elect a Board of Directors who make most decisions about the co-op.
- ★ Incorporated under Maine Statute Title 13 Chapter 85- Subparagraph 1A (1754- limited equity)
- ★ Member control of rents, no landlord profits, empowerment of people who live there. Accessible to a wide array of income levels

RAISE-OP HOUSING COOPERATIVE



3 Apartment Buildings - 13 Occupied Units - Over 40 Residents

History of Housing Challenges



In 2013, three fires displaced over 200 people in Lewiston in one week

Organizing for Human Rights



Housing is a human right, a public resource, and a public health issue

A Mission to Grow



Raise-Op began expansion in 2014

Democratic Process



Board of Directors and House Committees

Balancing Individual and Group



Board grants certain authority to House Committees and Members

Long-Term Affordable Homes



- Benefit from savings and customizing their homes
- Limited-equity formula allows for modest return to members
- Cooperative mission brings people together around greater purpose

THE ROC MODEL -RESIDENT-OWNED COOPERATIVES

More than 500 mobile home parks in the State of Maine.

Park owners can increase rent as often as they wish with a 30-day notice to residents.

Park owners can sell the park with a 45 day notice to residents to anyone planning to change the use of the land- 1 year to move home or lose it.

Parks are often not maintained, managed or affordable. No access to home improvement funds.



ROC History:

- **Program Model started in 1983 in New Hampshire**
 - **1998- NH passes legislation that requires a park owner to negotiate a sale with residents for 60 days upon other offers of purchase**
 - **2008- ROC USA launches ROC USA to take the model national**
 - **2008- Genesis Fund launches program in Maine with ROC in Waldoboro Maine**
 - **Today- 8 ROC model co-op parks in Maine, 122 ROC model parks in NH and over 200 nationally.**
 - **Stable rent, no risk of closure, homeowner financing and home improvement funds.**
- Empowered people!**

Hear the storyfrom the people who own it!



TECHNICAL ASSISTANCE

- ★ **Organizing residents**
- ★ **Financial feasibility and business planning**
- ★ **Outreach to partners- financing, attorneys, management**
- ★ **Due diligence assistance**
- ★ **Closing table**
- ★ **Ongoing support- may be a lender requirement**



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FINANCING

**Acquisition Budgets – Manufactured Housing
Parks and Apartments**

Access to predevelopment funds

AAA Mobile Home Park

Uses				
	Acquisition			
	Land	\$1,375,000.00		
	Subtotal	\$1,375,000.00		
	Improvements			
	Dry well cleaning	\$1,400.00		
	Septic	\$40,000.00		
	Tree work	\$2,000.00		
	Subtotal	\$43,400.00		
	Professional Services			
	Engineer	\$9,000.00		
	Appraisal	\$3,000.00		
	Survey	\$0.00		
	Title insurance	\$2,050.00		
	Recording	\$2,500.00		
	Legal	\$9,000.00		
	Subtotal	\$25,550.00		
	Financing Fees			
	Loan Fees	\$5,972.00		
	Insurance first year	\$4,600.00		
	Taxes (3 months)	\$3,502.00		
	Rent proration (12/18)	-\$5,626.00		
	Technical Assistance Fees	\$42,000.00		
	Subtotal	\$50,448.00		
	Reserves			
	Operating reserve (2 months)	\$10,000.00		
	Replacement reserve (2% annual gross rents)	\$40,000.00		
	Subtotal	\$50,000.00		
	Total Uses	\$1,544,398.00		
Sources			monthly	annual
	A1 Savings Bank 10/25 years 5.4% 50% LTV	\$700,000.00	\$4,215.41	\$50,584.92
	Genesis Fund 10/30 years 5.7%	\$594,398.00	\$3,449.89	\$41,398.68
	BBB CDFI 10/30 years 5.4%	\$250,000.00	\$1,388.26	\$16,659.12
	Total Sources	\$1,544,398.00	\$9,053.56	\$108,642.72

76 Unit Park

Funding Sources

1st Priority Loan - MaineHousing	1,798,108.00
2nd Priority Loan - Genesis Fund	<u>311,713.00</u>
TOTAL	2,109,821.00

Uses

Purchase Price	1,900,000.00
Settlement Charges	
Legal - Attorney & Title Premium	14,320.00
Transfer Tax & Recording Fees	4,502.00
Prorated Real Estate Taxes	8,512.00
Genesis Origination Fee	3,117.13
Cooperative Development Institute	82,391.43
MaineHousing Account Funding	
Capital Reserve	61,132.25
Taxes & Insurance	2,029.89
Fund Operating Account	10,000.00
Fund Miscellaneous Reserve Account	25,000.00
TOTAL	2,109,821.00
Cost per Unit	27,760.80

141 Pierce Street Development Budget

Funding Source	Amount	Interest Rate	Amortization	Interest	Annual Debt Payment
Grants	\$65,000.00				
Donations	\$157,000.00				
CFNE Loan	\$67,499.31	5.50%	20	\$74,249.24	\$5,648.30
HOME Loan	\$62,325.00	0.00%	30	\$0.00	\$2,079.16
HOME	\$142,425.00	0%	15	0	
Shares	\$6,750.00				
Contractor In kind labor (40 hrs)	\$1,200.00				
Total Funding	\$502,199.31			\$74,249.24	\$7,727.46
Expense Item	Amount				
Purchase	\$239,000.00				
Heating	\$27,000.00				
Bathrooms	\$49,000.00				
Kitchen	\$33,000.00				
Cleaning/Debris Removal	\$9,000.00				
Doors/Lead Abatement	\$20,000.00				
Expand 1 unit to 4-bedroom	\$12,000.00				
Electrical-General	\$45,000.00				
Contingency (HOME)	\$9,750.00				
Entryway	\$10,000.00				
Plumbing-General	\$10,000.00				
Appliances	\$6,000.00				
Misc Flooring, Ceiling, Wall, Closet, Paint	\$14,500.00				
Miscellaneous	\$5,500.00				
Floating Costs	\$10,000.00				
Lead Inspection	\$2,400.00				
Total Development Cost	\$502,150.00				
Balance	\$49.31				
Total HOME	\$204,750.00				
HOME % of Total	40.77%				
HOME Units	4				

1 Bedroom rents \$625

2 bedroom rents \$665

4 bedroom rents \$815

QUESTIONS?



How to get started?

Check out our table:

- ★ **Program materials**
- ★ **Contact info**
- ★ **Cooperative Maine Report**
- ★ **Article from Bollard**