

COMMUNITY AND AFFORDABILITY: INNOVATIONS IN THE COMMUNITY HOUSING MOVEMENT



WHO ARE WE?



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Real Estate for the Greater Good

About LiveWork Denver:

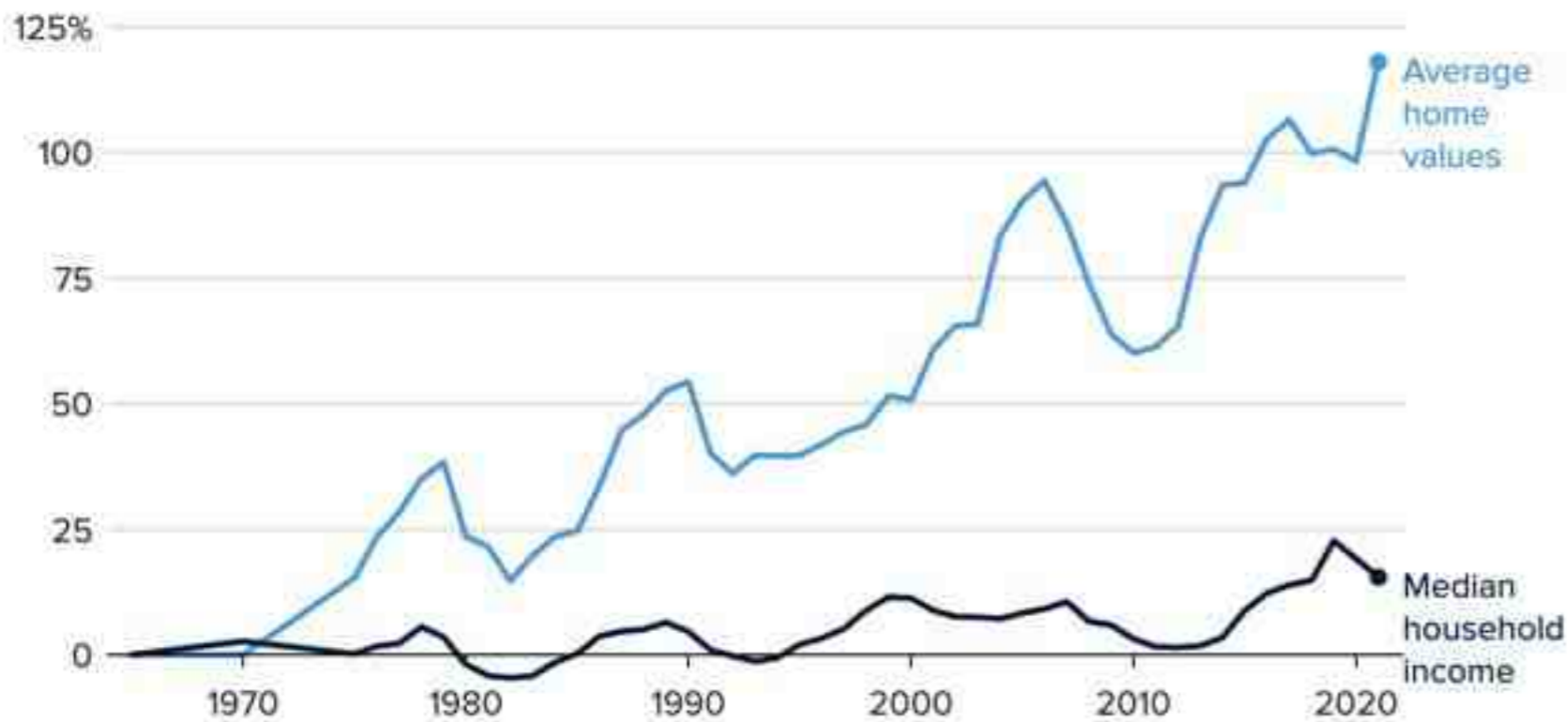
Helping artists, activists, and entrepreneurs define a pathway to property ownership. A mission-driven team that believes collaboration is a mechanism for personal and financial growth. Speciality in shared ownership and co-buying. Classes and curriculum around co-buying, live/work, creative financing, and first-time homebuyers.

**WHY IS AFFORDABILITY
SUCH A CHALLENGE?**

COST OF HOUSING HAS OUTPACED WAGES IN THE UNITED STATES BY A FACTOR OF 3 TO 1

Growth in U.S. home values outpaces that of incomes

Change since 1965



FIRST TIME HOME BUYER AGE:

1970: 25

2019: 34



MEDIAN HOME LIST
PRICE: \$600K

ANNUAL INCOME
REQUIRED FOR \$500K
MORTGAGE: \$139,000

DENVER AREA
MEDIAN INCOME:
\$70,000

**WE NEED INNOVATION
IN HOUSING!**

ACCESSIBILITY CHALLENGES IN COHOUSING

- ▶ Affordability! If cohousing costs more than traditional housing, the value proposition for choosing cohousing is weaker.
- ▶ Design that requires full amenities in each unit drives up pricing.
- ▶ If pricing is above the market average, lenders often require more cash to purchase a cohousing unit, prioritizing cash buyers
- ▶ Designing housing for cash buyers reinforces creating a community that has generational wealth
- ▶ Cohousing communities want intergenerational members but different generations have different access to wealth

**COLLECTIVES,
COOPERATIVES,
CO-HOUSING, OH MY!**

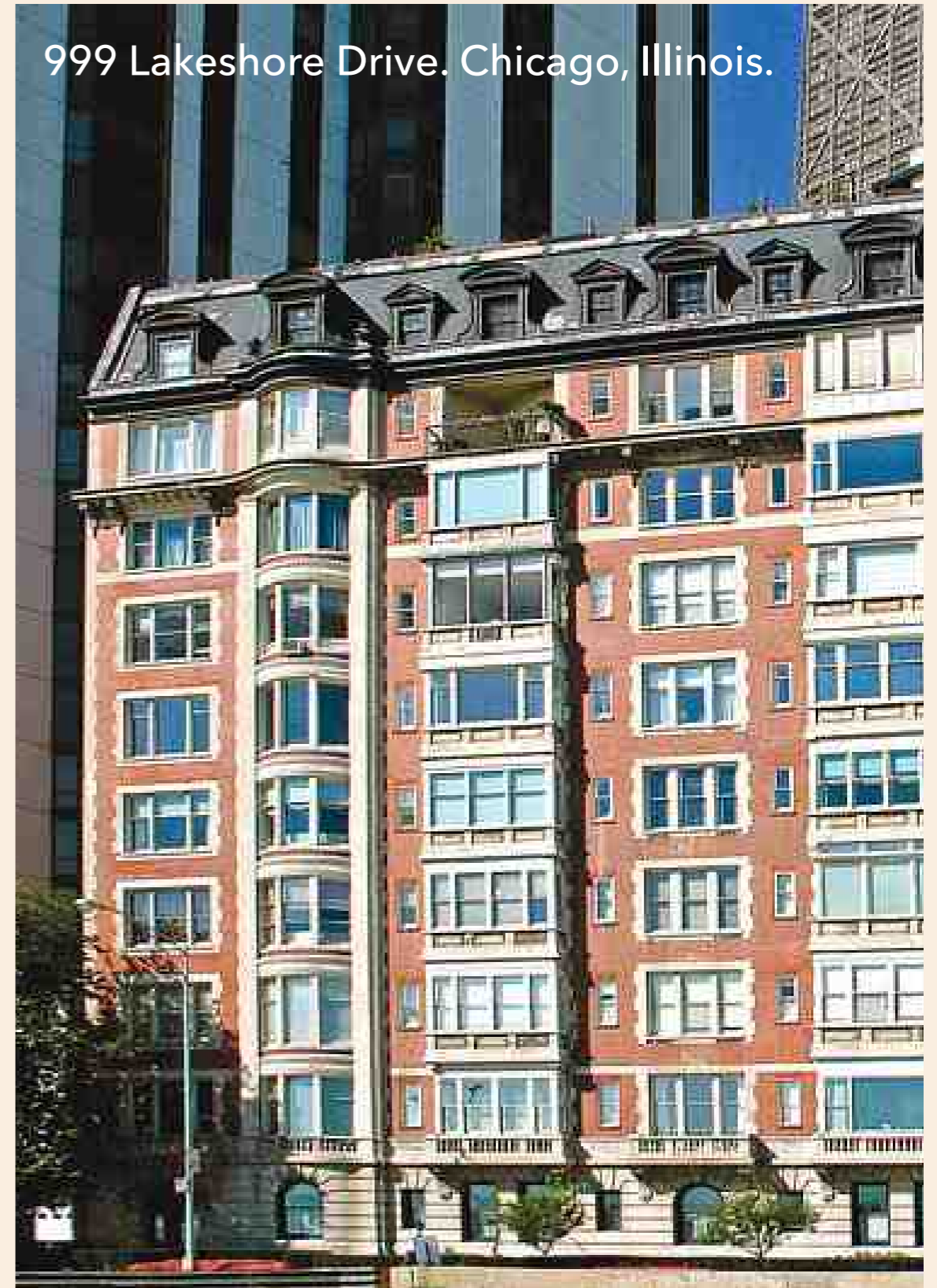
RENTAL COLLECTIVES / CO-LIVING

- ▶ Ownership stays with a landlord or land owner that lives on site
- ▶ Shared labor systems and democratic governance (extremely varied)

MARKET RATE COOPERATIVES

- ▶ Ownership of the building belongs to the members, as shareholders.
- ▶ Units are bought and sold based on the real estate market. Similar to condominiums.

999 Lakeshore Drive. Chicago, Illinois.



NONPROFIT COOPERATIVES

- ▶ Affordable housing often serving 30-60% Area Median Income
- ▶ Residents are renters, with access to housing but ownership of the building stays with the nonprofit
- ▶ Shared labor systems, often shared food and democratic governance
- ▶ Also called 'Group Equity' or 'Zero Equity' Cooperatives



Chrysalis Cooperative, Boulder, CO

NONPROFIT COOPERATIVES

PROS:

- ▶ Creates community culture
- ▶ Lots of sharing!
- ▶ Lots of structure, labor systems

CONS:

- ▶ More turnover
- ▶ No financial ownership



LIMITED EQUITY COOPERATIVES

- ▶ Ownership of the building belongs to the members, as shareholders.
- ▶ Residents can purchase or earn equity over time
- ▶ Individual equity payouts are capped or limited, not based on the market.
- ▶ Shared labor systems and democratic governance, varying based on layout/private space
- ▶ Also called 'Private Equity Cooperatives'



300 Sumner St.
Boston, Massachusetts

LIMITED EQUITY CO-OPS

PROS:

- ▶ Maintaining affordability while also offering equity gains
- ▶ Can come in all types of configurations / multi-family, single family, etc.

CONS:

- ▶ Limited equity gain
- ▶ Often must income qualify
- ▶ There aren't many of them!



CO-HOUSING

- ▶ Ownership of the building belongs to individual members
- ▶ Residents purchase homes / individual units
- ▶ Amenities / Layout features shared resources (community kitchens, parks)
- ▶ Often includes community management, shared labor of outdoor and community space, events

Capitol Hill Urban Co-Housing, Seattle



COMPARING COMMUNITY STRUCTURES

	Equity Stays with Organization	Equity Stays with Individuals	Shared Living Expenses	Shared Living Space	Democratic Management
Rental Collectives			X	X	X
Nonprofit Shared House Co-Op	X		X	X	X
Nonprofit Apt Co-Ops	X				X
Limited Equity Cooperatives	X	X	X	X	X
Market Rate Cooperatives		X			X
Co-Housing		X		X	X

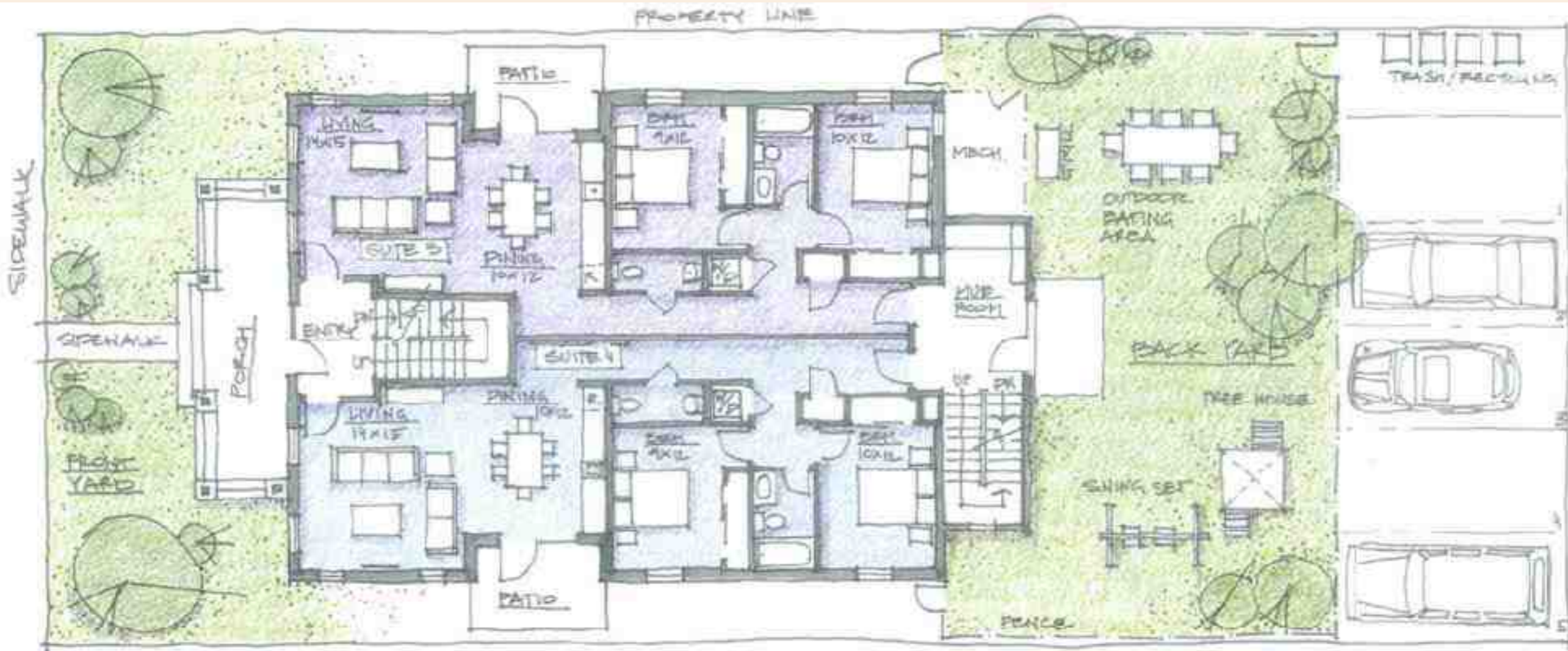
SHARING: OUT OF FINANCIAL NECESSITY AND DESIRE FOR COMMUNITY

- ▶ Existing co-living communities are struggling to **keep up with demand**; vacancy rates at an all time low
- ▶ The tight urban housing market is pointing to a future in which co-living is a **viable and beneficial housing option** for all life stages, offering community and shared amenities that are missing in traditional multifamily
- ▶ Young people and families are seeing the need to combine resources and the benefits of sharing in order to secure housing in urban environments



EMERGING SOLUTIONS

CO-OWN COMPANY -



STACKHOUSE



DIY COMMUNITY HOUSING

A.K.A how to still have separate spaces but not trigger zoning violations

- ▶ Backyard 'Offices''
- ▶ Tiny Homes and RVS
- ▶ Yurts
- ▶ Secondary Kitchens



CONVERTING EXISTING BUILDINGS

Think outside the new-build rowhouse for community! There are lots of multi-family properties in the US that could be converted into small scale cohousing, giving members individual units



- ▶ Purchase Price: \$3.2M
- ▶ 10,000 sq ft, originally single family mansion
- ▶ Eight units - average price per unit: \$400,000 (below average for 2 bedroom units in the area)
- ▶ Or convert one unit to common space for \$457,000 per unit
- ▶ Acquire the property as a single building and convert to condos for easier exits
- ▶ Even with renovations, you create community housing much, much faster than building new

CO-BUYING

- ▶ Two or more unmarried people buying real estate together
- ▶ Most commonly friends, relatives, or romantic partners
- ▶ Can include people who want to share a home or just co-investors
- ▶ Co-buyers now represent 31% of all transactions in the US.
- ▶ Most commonly for LiveWork Denver, co-buyer groups involve 2-3 individuals



CO-BUYING TO CREATE COMMUNITY

- ▶ Federally-backed lending programs for single family and multi-family homes
- ▶ Some simple conversions can create greater space separation
- ▶ More municipalities adding accessory dwelling unit options
- ▶ Opportunities to convert rental housing to cohousing
- ▶ Cooperative shares can help define creative ownership structures



WHY CO-BUYING?

MORE HOUSE FOR LESS MONEY

1758 S LINCOLN



- ▶ 2 bed/1 bath
- ▶ 1050 Sq ft
- ▶ Sale Price : \$615,000

2164 S LINCOLN



- ▶ 4 bed/2 bath
- ▶ 2047 Sq ft
- ▶ Sale Price : \$749,900

1758 S LINCOLN - 1 BUYER



- ▶ 10% Downpayment: \$61,500
- ▶ Estimated Loan Payment: \$3,039 monthly

2164 S LINCOLN - 2 BUYERS



- ▶ 10% Downpayment: \$37,495 per buyer
- ▶ Estimated Loan Payment: \$1853 per buyer monthly

1758 S LINCOLN - 1 BUYER



2164 S LINCOLN - 2 BUYERS



- ▶ Buying together saves each buyer \$24,000 in downpayment and \$1,186 monthly!
- ▶ Buyers are paying less for a larger, more updated home

CO-BUYING MULTI-FAMILY PROPERTIES - AFFORDABILITY AT SCALE



2045 S ALCOTT ST - SOUTH DENVER FOURPLEX

- ▶ \$1,275,000
- ▶ Two 1-bedroom units
- ▶ One 3-bedroom unit
- ▶ One 2-bedroom unit
- ▶ \$318,000 average cost per unit!
- ▶ Capacity to divide legally in the future



HOW DOES THE
MONEY WORK?

WHAT GOES INTO QUALIFYING AS A GROUP

- ▶ No official limits on number of people on a loan application
- ▶ Total income
- ▶ Total Debt
- ▶ Lowest Credit Score
 - ▶ Options for including co-buyer without having them on the mortgage



HOW MUCH DO I NEED TO PUT DOWN?

- ▶ Single Family homes as little as 3%
- ▶ Loans over \$816,500 require 20% down (maximum varies by county)
- ▶ Other strategies for financing 20% down requirement
- ▶ Other fees associated with buying:
 - ▶ Pre-payment of property taxes
 - ▶ Pre-payment of homeowners insurance
 - ▶ Closing Costs + Title Fees



HOW DOES THE MONEY WORK?

FINANCING MULTI-FAMILY

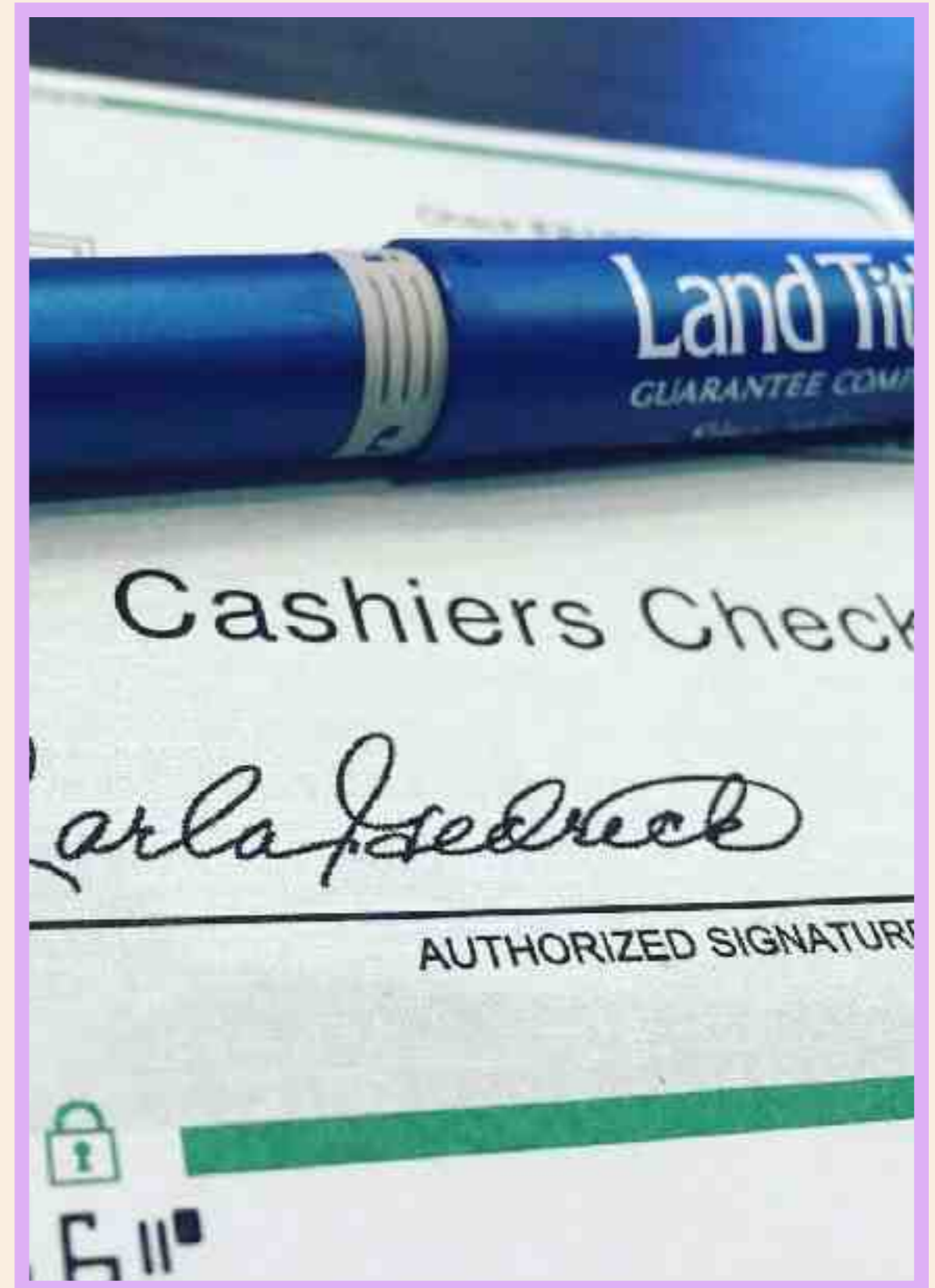
- ▶ FHA financing on multi-family (3.5% downpayment)
- ▶ Up to 4 unit conventional with 5% down

CROWDFUNDING YOUR DOWNPAYMENT

- ▶ Multiple individuals can donate up to \$500

BOARDER INCOME PROGRAM

- ▶ Using a lease to qualify for additional income



CLEAR AGREEMENTS ARE IMPORTANT!

- ▶ Have an exit strategy
- ▶ Save for home improvements
- ▶ Have an agreement on what happens in an emergency
- ▶ Co-Buying with friends isn't functionally much different than buying with a romantic partner. Get a pre-nup! ;)

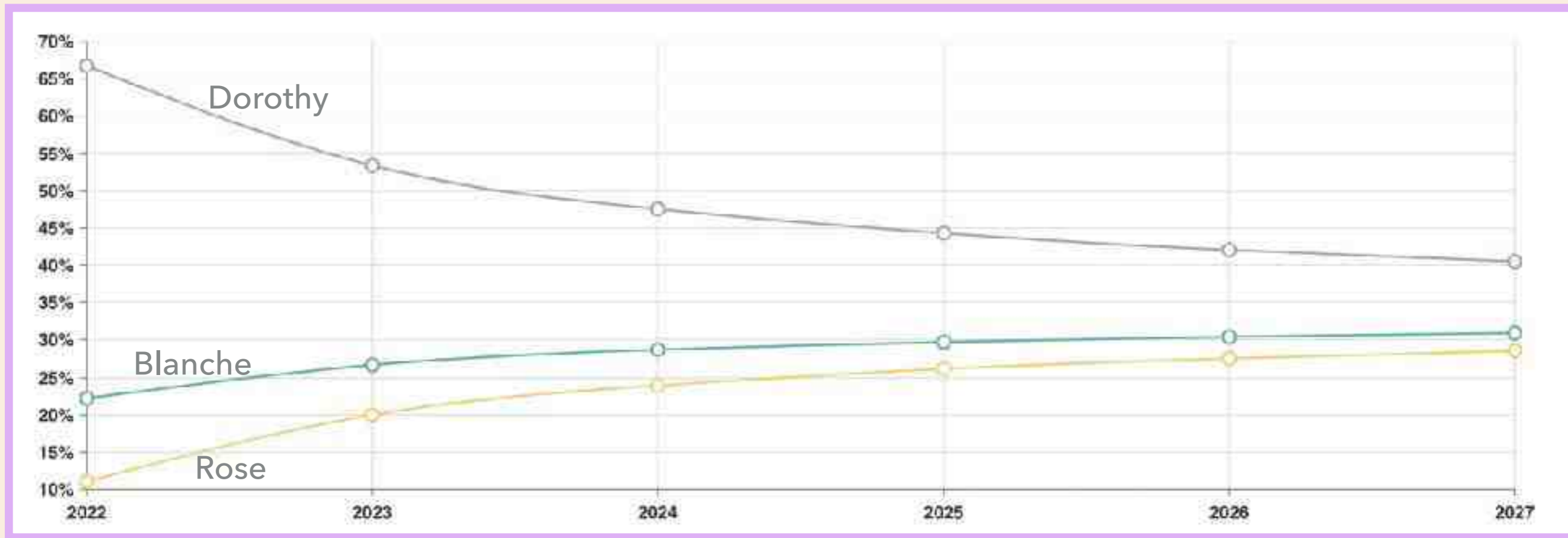
OWNERSHIP QUESTIONS:

HOW LONG DO YOU WANT TO OWN THE PROPERTY YOU'RE BUYING? WHAT HAPPENS WHEN SOMEONE WANTS TO SELL? DO EXISTING OWNERS HAVE FIRST RIGHT OF REFUSAL? CAN OWNERS SUBLET THEIR SPACE? DO YOU ALLOW SWEAT EQUITY?

SAMPLE CO-BUYING SCENARIO:

	Blanche	Dorothy	Rose
Downpayment	\$5,000	\$15,000	\$2,500
Closing Costs	\$2,000	\$2,000	\$2,000
Repairs During Ownership	\$4,500	\$1,000	\$7,500
Principal Paid during Ownership	\$30,000	\$30,000	\$30,000
Total Money In	\$41,500	\$48,000	\$42,000
Percentage Ownership	31%	37%	32%

EQUITY CHANGE OVER TIME



COMMUNITY

EXAMPLES

QUEEN CITY COOPERATIVE

- ▶ Shared Single Family Home
- ▶ Cooperative Governance
- ▶ Limited Equity Structure



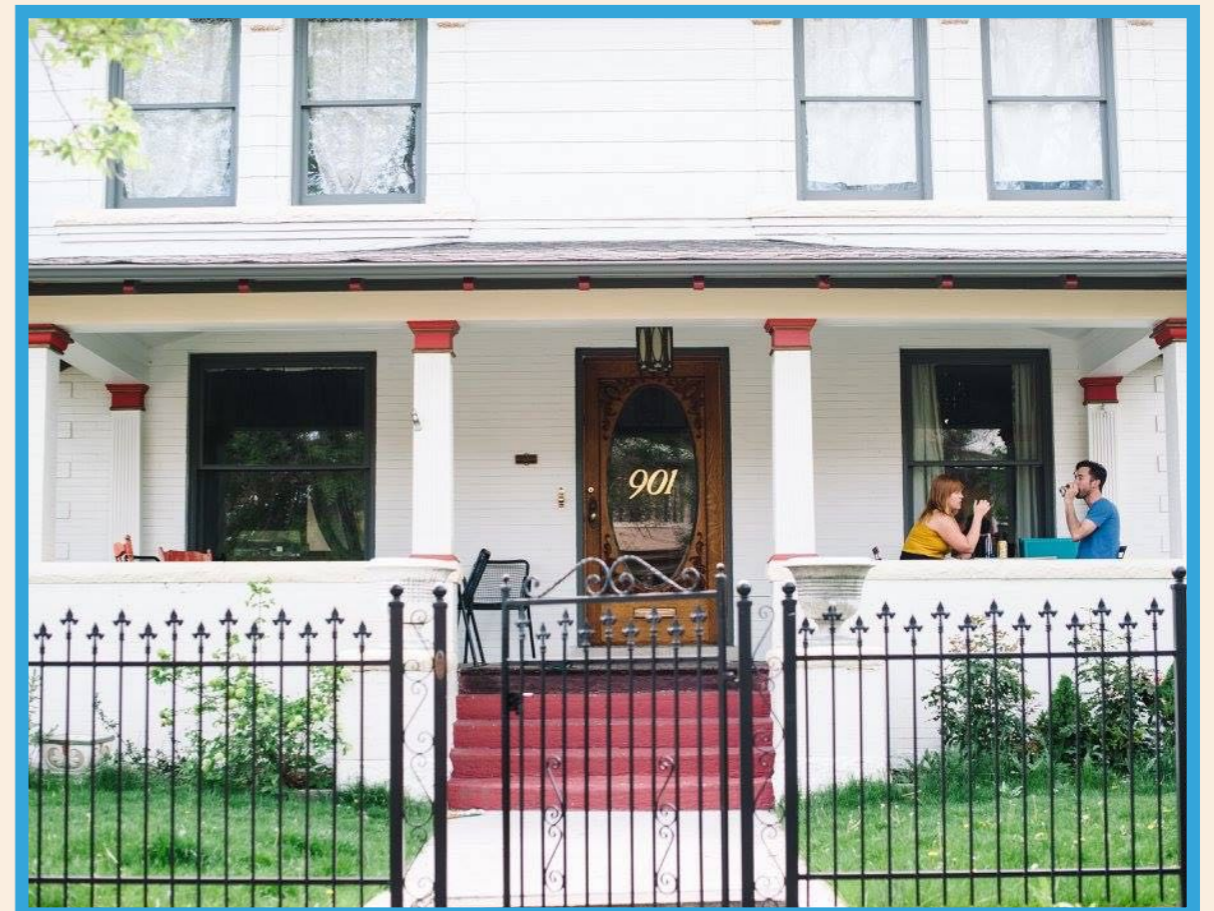
HOW DOES IT WORK?

- ▶ Original Loan: Family Co-Signer with downpayment support as a personal loan
- ▶ 7 member shares, ranging in price from \$10k to \$25k
- ▶ Members pay carrying charges that covers mortgage principal, interest, taxes, insurance (\$67k annually) + payments on their share loans (\$700/month average)
- ▶ Short term rental income covers home improvements, emergency savings, and house culture activities (\$30k annually)



WHO LIVES HERE?

- ▶ Queen City Cooperative currently serves 13 member-owners across 2 houses.
- ▶ Our ages range from 3 to 50 with most residents in their 20's and 30's
- ▶ Our members on average earn 60 to 70% Area Median Income (\$45-55k)
- ▶ This includes teachers, first responders, food service workers, non-profit managers
- ▶ We have a high percentage of LGBTQ residents
- ▶ About 28% of residents are BIPOC



HOW DOES IT WORK?

- ▶ Initial purchase price: \$680,000
- ▶ 10% down + 10% Home equity line of credit
- ▶ All long term residents participate in cooperative governance + budgeting of short term rental income
- ▶ Weekly meetings, two shared meals per week, shared labor system based on total time needed to care for our home.



LIMITED EQUITY PAYOUT EXAMPLE

- ▶ New member enters, occupying a room valued at \$20,000
- ▶ Member pays monthly payments of \$212 on their 'share loan,' amortized over 10 years.
- ▶ Member lives in the cooperative for 4 years, paying share loan balance down to \$13,014
- ▶ Their member share appreciates at a rate of 3% per year. At their exit, after 4 years, the share is valued at \$22,510
- ▶ Payout after 4 years = Share Value (\$22,510) minus loan balance (\$13,014) = \$9,496



USING EQUITY TO EXPAND

- ▶ 2015 - Initial acquisition
- ▶ 2020 - Used funds to purchase 751 E 9th Ave (Carriage house attached to first property)
- ▶ 2022 - Purchased second property, adding 5 additional shares.
- ▶ 2025 - Purchasing the home next door to the first house to create a family-oriented cooperative



CASA GALA - 65 & 67 GALAPAGO

- ▶ Multi-unit
Redevelopment
- ▶ Community event
space + shared studio
- ▶ Urban co-housing, high
density design
- ▶ One 3 bed unit
+ Four microunits





VIEW OF EAST FACADE & ENTRY



VIEW FROM LOFT



VIEW OF DINING STUDIO OFFICE & LOFTS LOFT



FACE OF COURTYARD & EAST FACADE OF STUDIO MICRO DWELLINGS



STAIRWAY LOFT



VIEW UP TO A LOFT



VIEW OF KITCHEN AND GATHERING ROOM



VIEW OF WEST FACING STUDIO MICRO DWELLINGS



VIEW WEST TOWARD KITCHEN DINING STUDIO & LOFT

YARROW COLLECTIVE

- ▶ Multi-unit purchase
- ▶ Sub-dividing through parcel reconfiguration
- ▶ Small scale co-housing community
- ▶ Focused on community housing for the queer community with an emphasis on working with the land



PANDO COOPERATIVE

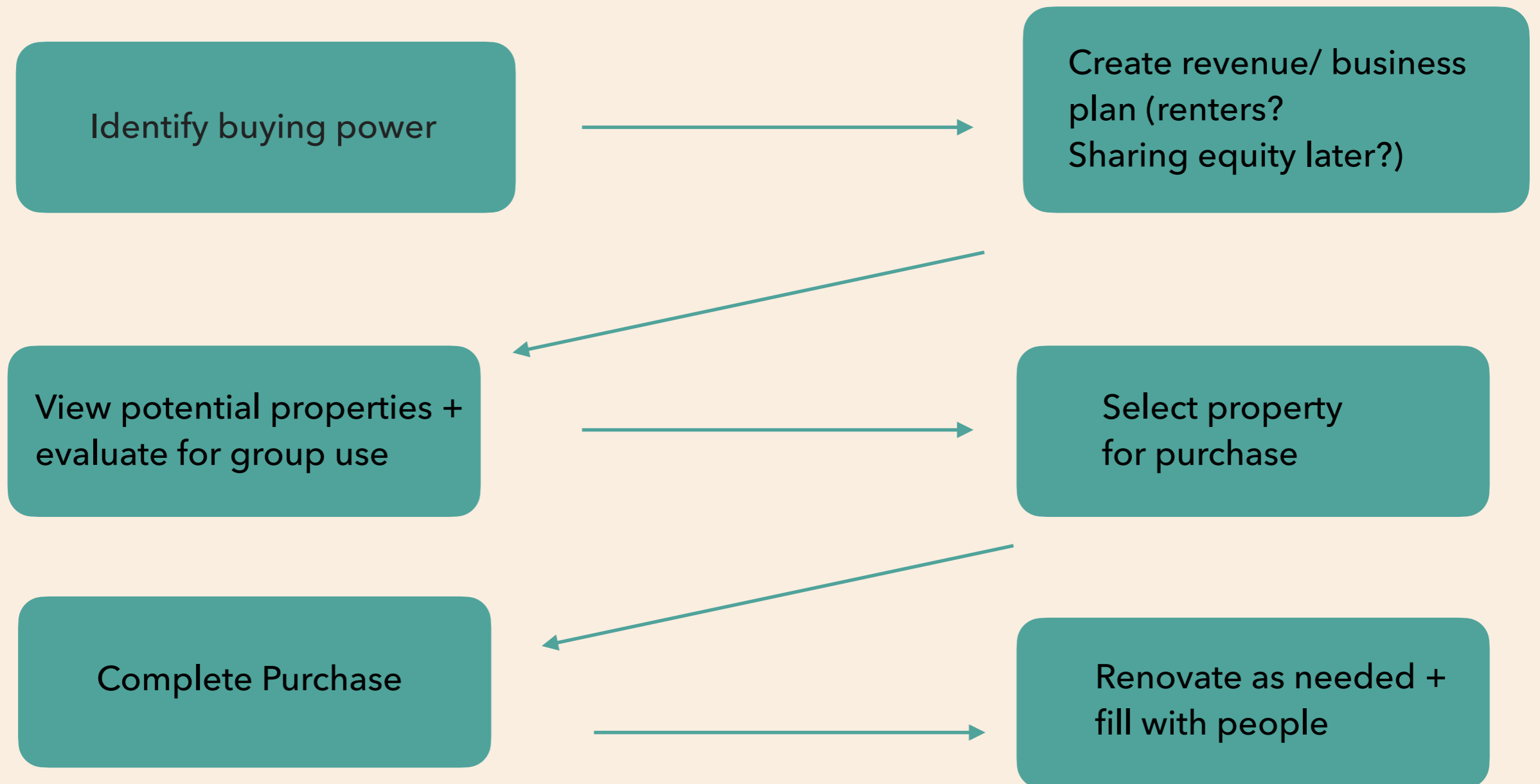
- ▶ Duplex property
- ▶ One unit already converted to have two kitchens
- ▶ Owners converted other side to two-unit setup
- ▶ End results - Four 'units' with 2 bedrooms each
- ▶ Nine friends purchased the property together after living together for years.



**SO HOW DO YOU
START?**

HOUSE FIRST

(COUPLES OR INDIVIDUALS BUYING)



PEOPLE FIRST

(GROUPS BUYING TOGETHER)

Identify your own needs +
buying power

Start convos with your sphere
and other co-buy-curious
who share values.
Be as specific as possible!

Identify your collective
buying power

Create entity or buying
structure, create
financial agreements!

Select property +
Complete Purchase

Renovate as needed +
move in!

HOUSE FIRST PROGRAM



HOUSE FIRST PROGRAM



- ▶ Two homes completed to date
- ▶ Ownership unlocked for 6 co-owners
- ▶ Passed along \$60,000 in initial equity to buyers
- ▶ Creates move-in ready homes, removing renovation headaches and financial hurdles for buyers
- ▶ Slows down the home-buying process so groups have time to self-organize and get their financing in order

HOUSE FIRST OPPORTUNITY



- ▶ 747-749 Knox St
- ▶ Two homes on one lot - 2 bedroom 1 bath and 1 bedroom 1 bath.
- ▶ Large backyard and two car garage
- ▶ Ideal for buyers that want some extra space
- ▶ Likely sales price at \$615,000 after renovations
- ▶ Anticipated Sale Date: September 2023

WE'D LOVE TO HELP YOU!

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