

## Cohousing and Cooperative Housing

### What is it?

**Cohousing:** an intentional community of private homes supplemented by shared facilities. The community is planned, owned and managed by the residents – who also share activities which may include cooking, dining, child care, gardening, and governance of the community. Households have independent incomes and private lives. The legal structure is typically an HOA, Condo Association, or Housing Cooperative.<sup>i</sup>

**Cooperative Housing:** A term used to describe any type of cooperative living situation. However, the stricter legal definition usually refers to a Limited Equity Housing Cooperatives (LEHC). An LEHC is a building or buildings owned jointly by all the residents, with a single “blanket” mortgage. Each individual or family does not have to qualify for a loan, but rather purchases a share in the nonprofit corporation that owns the property, and has the right to occupy an individual unit.<sup>ii</sup>

### What is the difference between Cohousing and a Cooperative Housing?

Cooperative Housing and Cohousing are not mutually exclusive. Cooperative Housing is the form of ownership of the housing, while Cohousing is a lifestyle which describes how residents live in the housing. Most Cohousing communities are structured as condominiums, but some Cohousing communities may decide to buy their property as Cooperative Housing rather than condominiums.

Current Status	Placer County	Nevada County	Town of Truckee
Policy in Place	No specific policy, but Placer County is currently researching to determine whether a new zoning text amendment is necessary or whether already allowed under a Planned Development zone.	No specific policy, but policies to encourage alternative housing are included in Nevada County’s Housing Element.	No policy, but allowed in multi-family zones
Currently Allowed	Placer County is currently in the process of researching cohousing and cooperative housing – may already be allowed under a Planned Development zone.	Many of Nevada County's Housing Element policies contain language that encourage a “variety of housing types” and “alternative housing types” but there is no specific reference to cohousing.	Generally called “common interest developments” or “multi-family projects” and can be permitted in appropriate multi-family zones. Housing Element encourages alternative housing types such as cohousing to meet the diverse housing needs of all sectors of the community.

## Benefits of Cohousing or Cooperative Housing as a Local Housing Solution

- Affordable cohousing is designed to lower the cost of entry as members intentionally choose smaller units that are sized for downscaled lives; instead of spending their money on large personal houses, they channel it into shared facilities that can take advantage of economies of scale and efficient construction.<sup>iii</sup>
- Buying into Cooperative Housing Remains Affordable - With Limited Equity Housing Cooperatives, each household builds a small amount of equity on their share, usually tied to inflation, but by law, no more than 10% per year. Because the increase in equity is limited, the buy-in cost and monthly payments remain well below market rates. This makes home ownership available for lower-income individuals and families who otherwise could never afford to buy homes.
- Minimized costs of maintaining a household - Community members can share and exchange goods, tools, and expertise. The savings in energy, maintenance costs, and food outweigh the apparent up-front costs of new construction. A survey of 200 cohousing residents showed minimum cost savings per month of \$200 per household, with some even saving over \$2,000.<sup>iv</sup>
- Operating and Management Costs Remain Affordable – cohousing includes a substantial amount of volunteered effort on the part of the residents. Some communities have recently begun voluntary contributions programs to offset a small portion of the monthly operating and maintenance fees for affordable units.
- Communities with units specifically designated as affordable to low-income residents may often take advantage of government incentives such as fee deferrals, density bonuses, and low-interest mortgages.
- Incorporating Tenants as Residents - Resident renters of cohousing units are considered full resident members of the community and afforded the same rights and responsibilities as resident owners.
- Serves the Greater Neighborhood - Common houses are frequently used for meetings and events that serve the larger neighborhood.

## Other Communities where Cohousing has been a Successful Solution

Many communities have incorporated affordable units with cohousing. These units were funded by a variety of sources - internally/privately or publicly subsidized.

### Nevada City Cohousing – Nevada City, CA

**What:** 34 mixed income housing units including 5 affordable units as part of Nevada City’s inclusionary housing program. Also, each of the single-family lots have a rent-restricted secondary unit.

The cohousing community is built on a historical site, the world’s first hydraulic mining site of the 1860’s utilizing an 11-acre piece of land that was formally a "brown field." With the addition of solar systems, residents are actually earning money on their electric bills instead of owing it.



Petaluma Avenue Homes - Sebastopol, CA

**What:** 45 affordable units for low income families developed by non-profit housing developer.

**Funding:** Debt financing from Silicon Valley Bank, 9 percent Low-Income Housing Tax Credit equity financing from Hudson Housing Capital, Affordable Housing Program funds from Federal Home Loan Bank of San Francisco, and public funding from City of Sebastopol and Sonoma County.



Wild Sage Cohousing - Boulder, CO

**What:** A mix of market rate and affordable (40% deed restricted) home community.

**Funding:** There was little perceived impact on the cost and pricing of the market rate units and little or no direct subsidy for the affordable units. This was accomplished primarily through density bonuses granted to the projects because of the affordable units included on site. Also includes 4 Habitat for Humanity units.



Boulder Creek Community - Boulder, CO

**What:** An affordable, urban, rent-to-buy, "implant" community where 17 cohousing condos were part of an existing 363-unit condominium complex. Members of the cohousing community either rent these units or, after they have committed to the community, may choose to buy them from the private owner.

**Funding:** Private



**Challenges of Cohousing or Cooperative Housing as a Local Housing Solution**

- Emphasis on homeownership has put cohousing out of reach for many low to moderate income households lacking funds for a down payment.
- Can be difficult to obtain financing because the real estate and bank lending businesses are trained (and required by government regulations) to primarily evaluate home values based on "sale comps" and do not understand how to properly value cohousing homes.

**Status of New Policies/Ordinances Regarding Cohousing or Cooperative Housing**

- Placer County is currently considering creating a Zoning Text Amendment to define cohousing and cooperative housing, develop standards, and designate zones appropriate for such units. Possible adoption in 1 year. Contact Person: Shawna Purvines
- Nevada County and Town of Truckee are not currently working on new policies or ordinances regarding cohousing or cooperative housing.

<sup>i</sup> [http://www.cohousing.org/what\\_is\\_cohousing](http://www.cohousing.org/what_is_cohousing)

<sup>ii</sup> <http://www.bayareactl.org/resources/publications.php>

<sup>iii</sup> <http://www.affordablecohousing.org>

<sup>iv</sup> <http://www.ic.org/achieving-affordability-with-cohousing/>