Cohousing for all...really!
Getting beyond being the exception

Kristopher Stevens
January 14, 2021

Image by Kristopher Stevens, Immeuble Eco-logis, Strasbourg, France - 2021

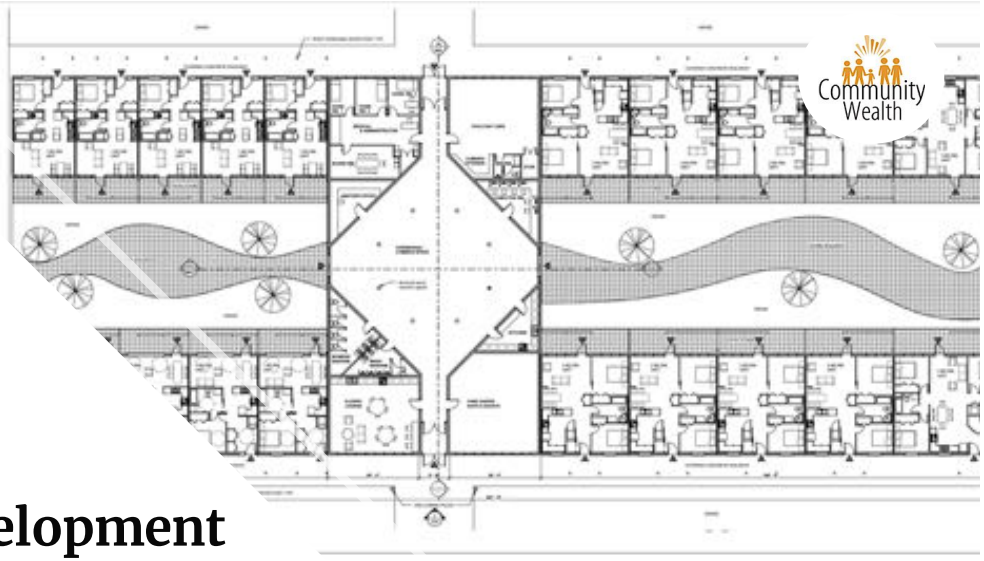
Traditional land acknowledgement

www.native-land.ca/

Image by Kristopher Stevens, Toronto, ON - 2019

- ***Community development services:*** *Overall coordination*, personal and interpersonal awareness, group process training, community building, recruitment and orientation support, communications strategy, marketing, etc.
- ***Development consultant services:*** Project management, budgeting, land negotiation, financial structuring, etc.
- ***Community Wealth:*** Non-profit financing and co-ordination.

Our Collaborators



A 20 unit development

10 Elder & 10 Family units
5,000 sq ft commons

HOME OPPORTUNITIES

The problem:

This approach
…like cohousing's
….is not sustainable or scalable

Image by Roots to Roofs, Victoria, BC - 2022

Roots to Roofs
Community Wealth
We've been asking ourselves...how do we:
1. Streamline the process?
2. Make cohousing financially accessible?
3. Make cohousing the cornerstone of a sustainable future?
Cohousing Options CANADA
Image by Kristopher Stevens, Eco-quartier, Strasbourg, France - 2021
HOME OPPORTUNITIES

Roots to Roofs

Community Wealth

Infrastructure Ontario

CMHC SCHL

Meridian™

HOME OPPORTUNITIES

We have found and adapted a non-profit development model that helps make cohousing more accessible through "community wealth"

Cohousing Options CANADA

40+ years of experience developing housing

Over 90 projects and 10,000 units built

The Development Framework

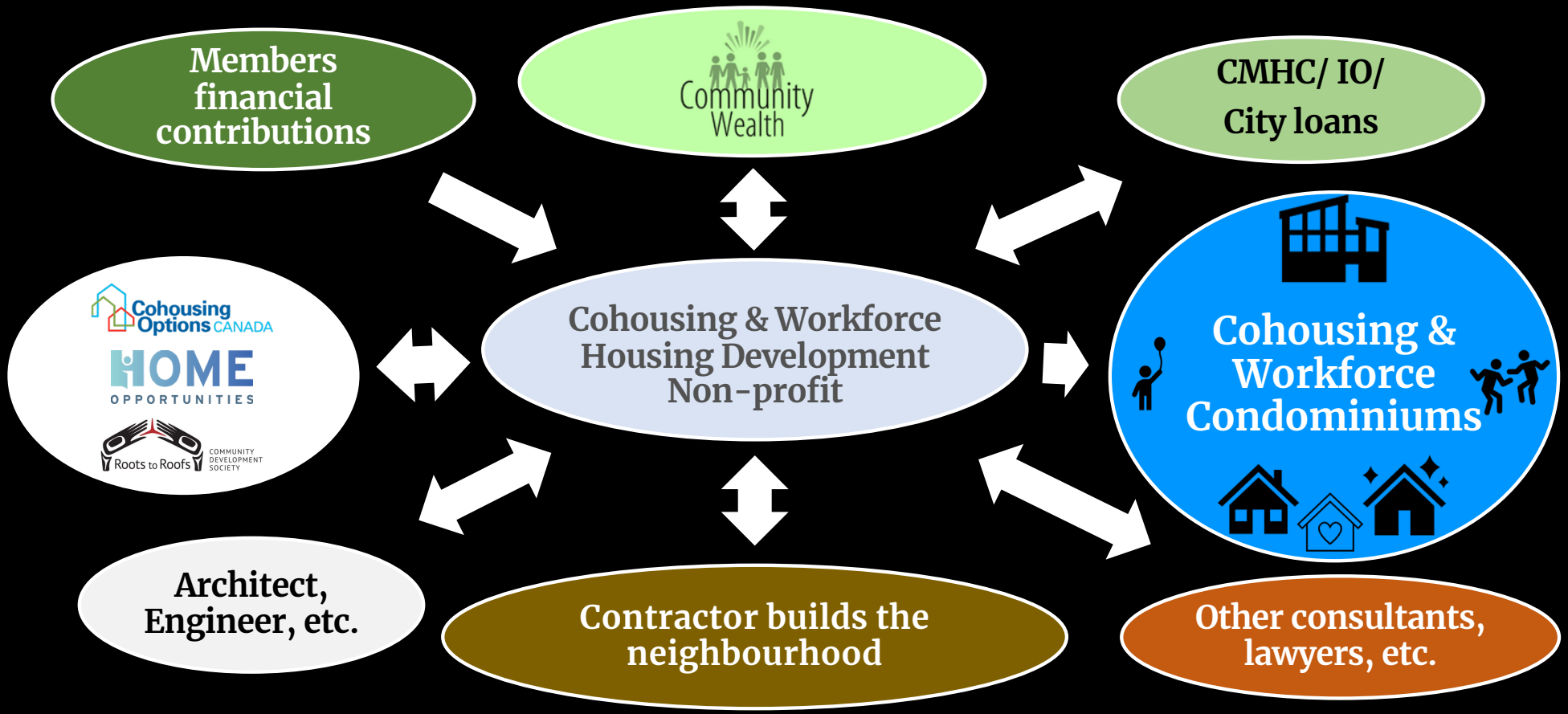


Image by Mike Labbe & Kristopher Stevens, Toronto, ON - 2021

Roots to Roofs

Community Wealth

An affordable home ownership model adapted to cohousing that serves incomes between $30,000 and $70,000 without grants or subsidies, that seeds more cohousing, workforce housing and social enterprises.

Cohousing Options CANADA

HOME OPPORTUNITIES

LONG TERM RESULTS = MORE COHOUSING

A 30 unit development worth ~$10.5 million would generate about $70,000 per unit, creating a surplus of $2.1 million to invest in more cohousing, affordable housing and other social enterprises.

Images by Kristopher Stevens, Cohabitat Quebec, Quebec, QC – 2020

It is a “community wealth” approach that:

- Enables broader participation in cohousing
- Lowers the carrying cost and financing interest rate for everyone
- Locks in the price based on market value while creating a buffer
- Uses the “surplus” generated to help purchasers first, and then others
- Potentially defers municipal fees & other costs
- Lowers the overall cost of the project
- Can allow for the sharing of development costs due to increased scale
- Opens-up potential off-market sites owned by likeminded land-owners
- Creates venture capital & loans for cohousing housing, financially accessible housing & other social enterprises
- Builds a coalition of likeminded people to improve their broader communities

Key concepts to keep in mind:

AFFORDABILITY

COMMUNITY WEALTH

SHARED APPRECIATION

BULK MORTGAGE

Affordable – financially accessible ownership

- 50% of the total development's units must be affordable whether rental or home ownership
- To be defined as affordable, a Household needs to spend less than 32% of its gross income (before tax) on acceptable shelter

Image by Kristopher Stevens, Cranberry Commons, Burnaby, BC - 2019

Community Wealth

A multi-stakeholder non-profit co-op that invests:

60% + to develop cost effective ownership housing

Up to 30% for social enterprises providing some jobs for the hard to employ

Up to 10% for capacity building and education.

50% + required to be reinvested in the region it was derived

Image by Kristopher Stevens, Harbourside Cohousing, Sooke, BC - 2018

Shared appreciation loans

- In addition to a home buyer's down payment and 1st mortgage, other lenders buy a share of the home as 2nd mortgages
- No payments are made on these loans while the owner lives in the home
- When the home is sold a percentage of the equity appreciation along with the principal is paid to the lender(s)
- The shared appreciation loan(s) can be paid back before the house is sold
- The Community Wealth 2nd mortgage (the surplus between the cost to build & the market value becomes a share equity loan) counts towards the overall down payment

Roots to Roofs

NATIONAL HOUSING STRATEGY

CMHC SCHL

Co-investment Fund

Cohousing Options CANADA

Community Wealth

Bulk mortgage

Duration: 2 x 10 years

Amortization period: 50 years

Interest rate: Based on Canada's bond rate & currently set at ~1.5%

- Prioritizes partnerships between governments, non-profits and the private sector
- Provides low-cost loans and/or forgivable loans
- The focus is on energy efficient, accessible and socially inclusive housing for mixed-income, mixed-tenure and mixed-use affordable housing

www.cmhc-schl.gc.ca

HOME OPPORTUNITIES

Next steps

Cohousing Options CANADA

Image by Kristopher Stevens, Toronto, ON - 2021

HOME OPPORTUNITIES

Image by Kristopher Stevens, Roskile, Denmark – 2018

THANK YOU!

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Cohousing Options CANADA **www.cohousingoptions.ca**

Roots to Roofs COMMUNITY DEVELOPMENT SOCIETY **www.roots2roofs.org**

Appendix 1: How the non-profit development financing works

Image by Centreline Architects, Sudbury, ON – 2021

Financially accessible home ownership

3B/2b family unit	$505,000***
Avg Gross Income needed	$40,350**
Min down payment	3-8%
Monthly carrying cost	$1,076
Utilities + Taxes	$486
First Mortgage	$590

* CMHC defines Affordable Home Ownership as below a threshold of 32% of household income
** Versus in excess of $100,000 gross household income
*** The $505,000 price (3B/2b) is based on a 3% down payment using the non-profit development approach

The 30 unit development scenario

This is about a 3 acre site

Image by Centreline Architects, Sudbury, ON – 2020

What goes into the cost of development?

	%	30 units
Land costs ($1.9 million site used as example) Price + carrying costs	5-25%	$523,750 - $2,618,750
Soft costs Pre-development Project management Architecture/Engineering, etc.	20-35%	$2,095,000 - $3,666,250
Construction costs: Site work, individual dwellings & common facilities Contractor fee, overhead & profit Contingency (~5%)	40-60%	$4,190,000 - $6,285,000
Surplus: Community wealth 2nd mortgage/Profit if Developer	10-15%	$1,047,500 - $1,571,250
Total project costs/Sales Value	100%	$10,475,000

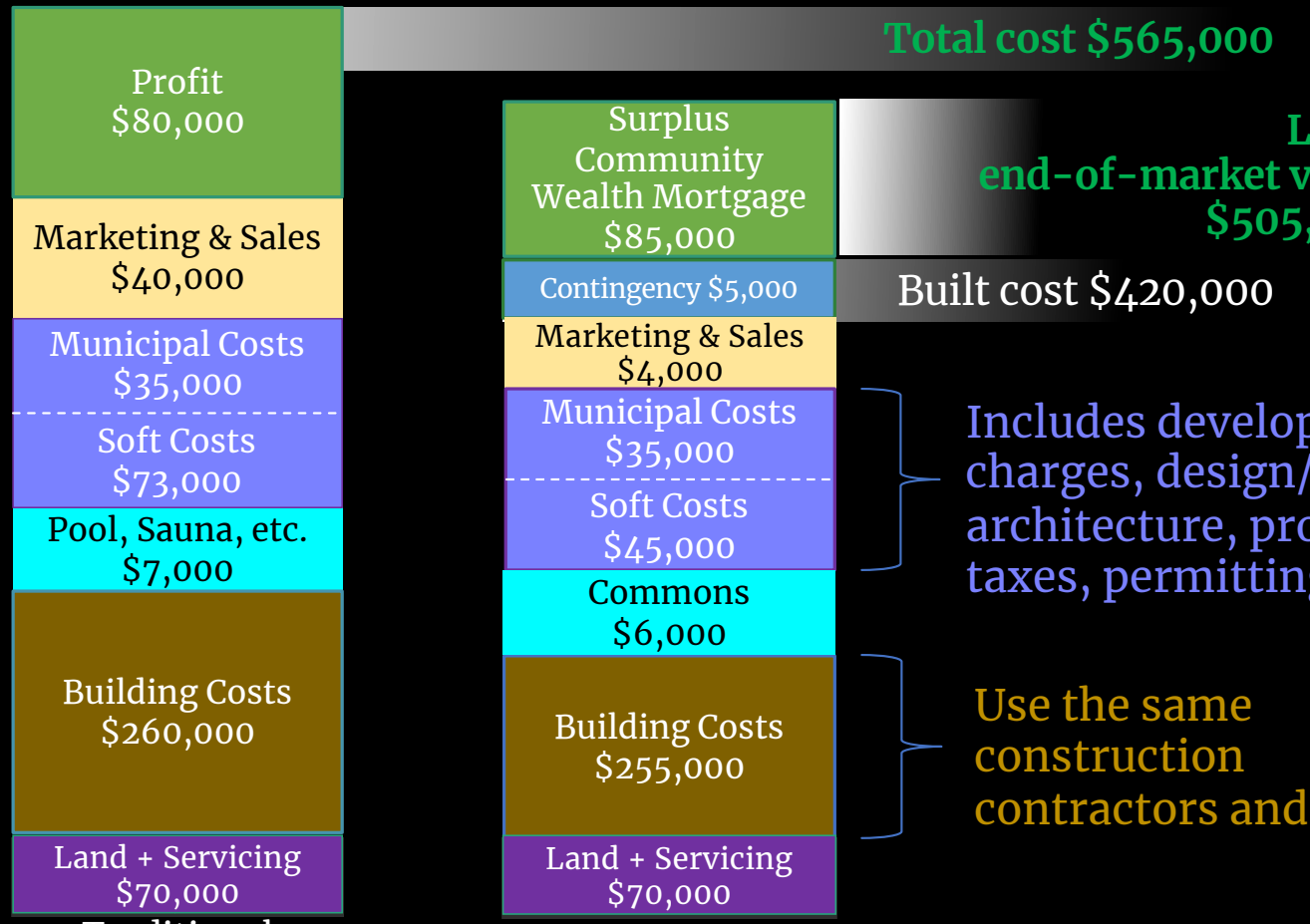
Cumulative financial contribution for 30 unit scenario

(Worst case scenario without Community Wealth)

	Financial Questionnaire	Pre-qualified mortgage	Currently own home	Need accessible financing (<$70)	Unit type				Home price (30 Units)	Cumulative Investment				Total Pre-const. contribution	20% of home cost	Additional $ for down payment
					St/ 1b	1B/ 1b	2B/ 2b	3B/ 2b		1 Mo.	6 Mo.	12 Mo.	24 Mo.	25		
Unit 1 Aaron	Y	Y	Y	N	1				$268,750	$5,150	$3,000	$7,000	$1,500	$15,150	$53,750	$38,600
Unit 2 Susan, John & Lili	Y	Y	N	Y		1			$305,000	-	$8,150	$7,000	$1,500	$15,150	$61,000	$45,850
THE OTHER 26 UNITS																
Unit 27 Peter & Elsa	Y		Y	N			1		$360,000	-	-	-	$15,150	$15,150	$72,000	$56,850
Unit 28 Raoul & Hema	Y	Y	N	N				1	$505,000	-	-	-	-	$0	$101,000	$101,000
TOTAL									$10,475,000	$40,000	$112,000	$316,000	$78,000			

How we do it

1,200 sq. ft.
3 bedroom



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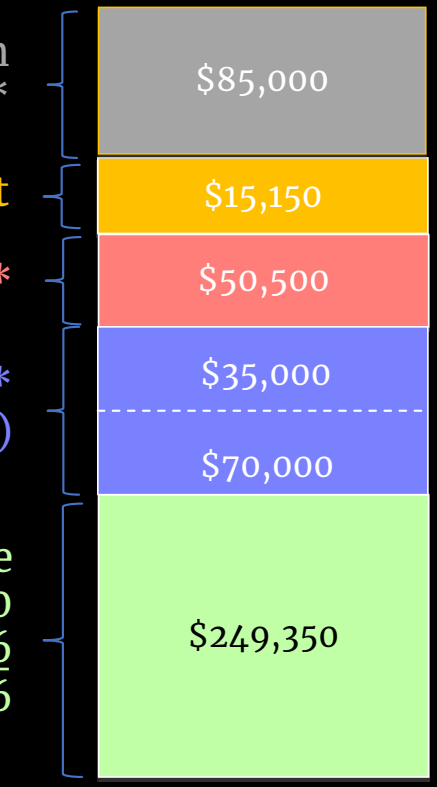
Non-profit financing approach



Community Wealth
2nd Mortgage Down Payment*

17% of the Market Value based upon Full Delivery Cost

Owners Down Payment

3% of the Market Value (minimum)

CMHC New Home Buyer Loan*

10% of the Market Value

Municipal Infrastructure Loan*
(Municipally supported)

Municipal Expenses

Land

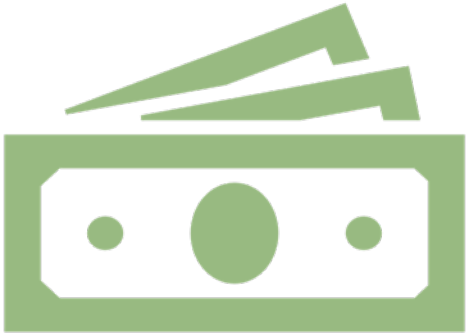
First Mortgage
Monthly Principal & Interest $590
Common Expenses & taxes $486
Total Carrying $1,076

Owner's Portion of the CMHC Bulk Mortgage

Appraised Market Value
$505,000

***SHARED APPRECIATION LOAN(S):**
A percentage of the appreciation in the home's value is paid to the lender along with their principal when the home is resold.

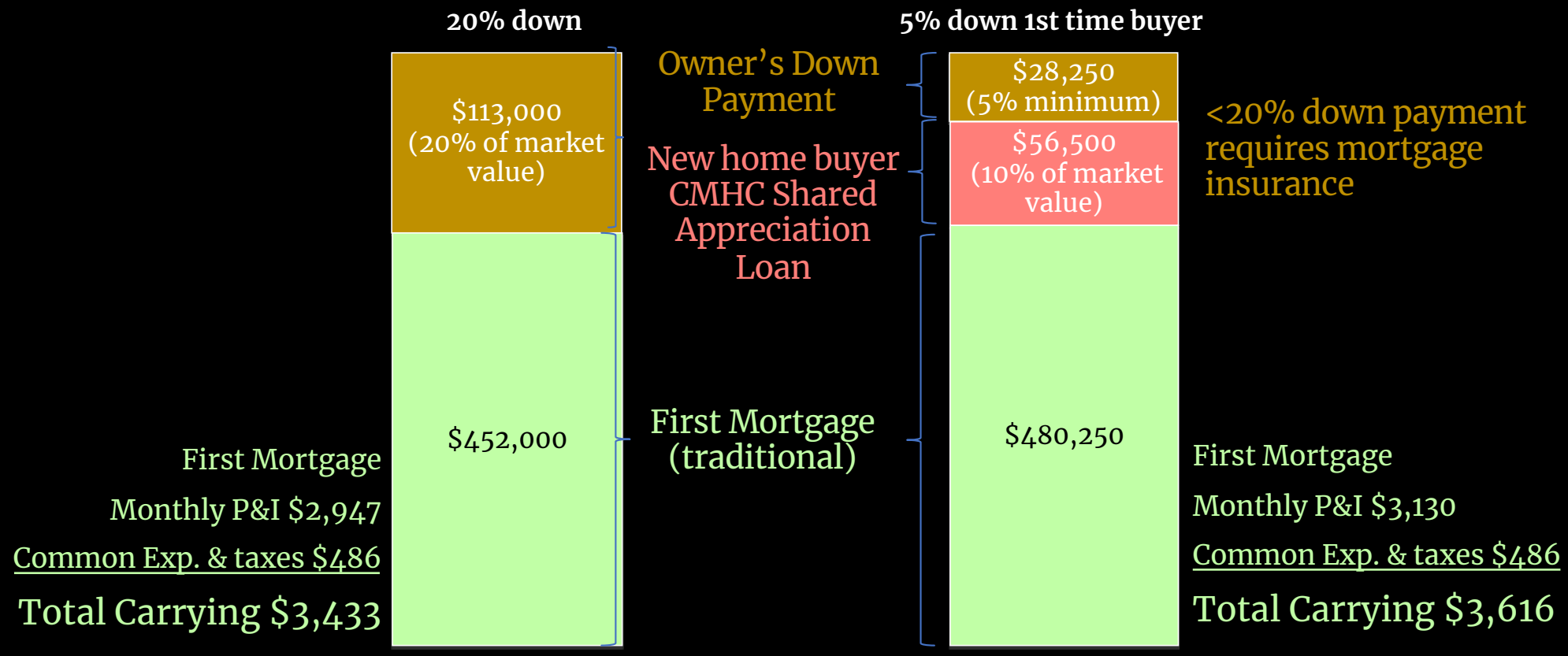
Two scenarios



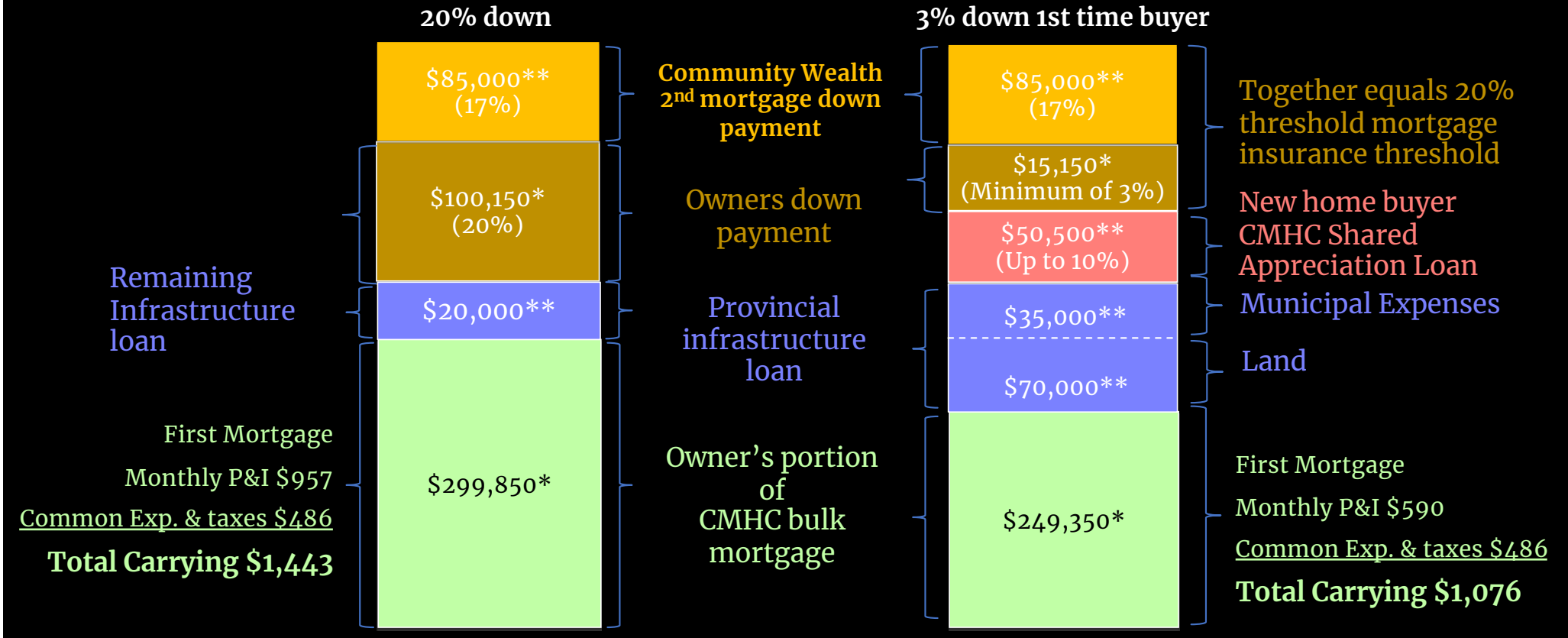
For-profit developer standard financing scenarios

Non-profit financing

For-profit approach with traditional financing

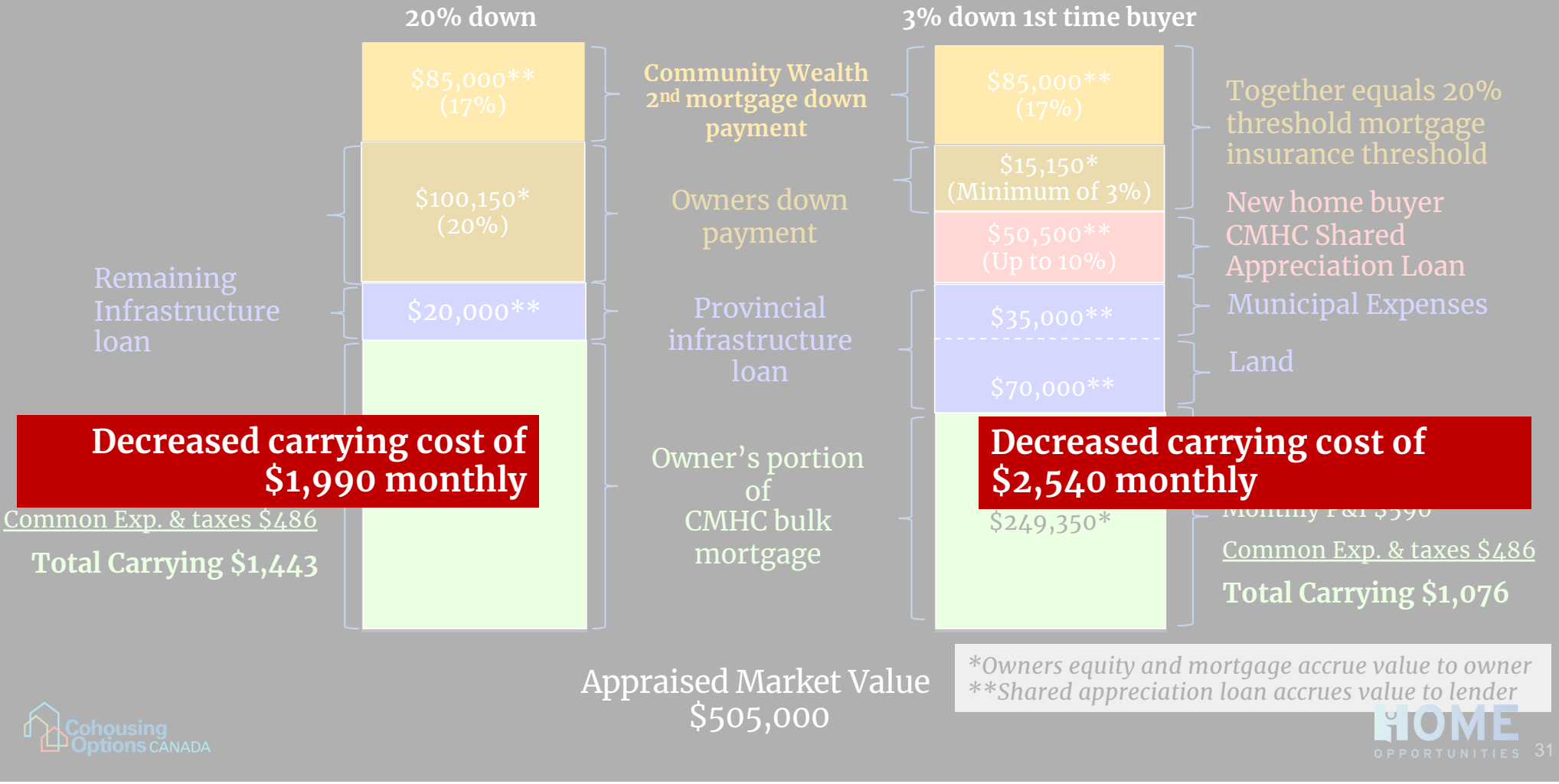


Non-profit approach with non-profit financing



*Owners equity and mortgage accrue value to owner
**Shared appreciation loan accrues value to lender

Non-profit approach with non-profit financing



Rent to own: If a potential household doesn't have 3% down

Image by Kristopher Stevens, Winslow Cohousing, Bainbridge Island, WA- 2018

Rent to Own Program
(basic criteria)

- 10 % max of the units could be rent to own
- Carrying cost 30-32% of gross income
- Must develop acceptable credit rating over 2 years
- Member of a savings program with a Credit Union
- We will explore matching funds

Image by Kristopher Stevens, Cranberry Commons, Burnaby, BC - 2018

Rent to own program
(Rights and responsibilities)

- Maintain the inside of your home
- No special occupancy rules beyond city bylaws
- Equity growth from day one subject to meeting the savings program commitment
- Respect your building
- Support your community

Image by Kristopher Stevens, Cranberry Commons, Burnaby, BC - 2018

Rent to Own Program
(Protections)

- We are going to do everything we can think of to make community members successful
- There will be an emergency fund to deal with short-term financial crises
- There will be a fund to deal with the end of the mortgage term when the interest rate can change
- Community members will be able to pay off their loans early if they wish

Image by Kristopher Stevens, Quayside Commons, North Vancouver, BC - 2018