

SquareOne Villages has served as the planner, designer, fundraiser, developer and operator on our first three projects. This comprehensive approach has allowed our organization to innovate outside the norms of conventional housing finance and development—putting forth a collaborative, community-based model that ensures a more prudent use of existing resources. But we also recognize that no one organization can address the scale of our prolonged housing crisis alone. **In developing these materials, it is our intent to assist other nonprofit housing providers, lending institutions, social investors, and policy makers to also adopt these innovative approaches to reimagining affordable housing, which we have called the Village Model.** Below we'll take a look at each of these potential collaborators in more detail, along with opportunities for collaboration in bringing the Village Model to scale.

## **Nonprofits | Build More Villages**

One of the first critical steps in finding innovations in creating more affordable housing is to involve more players in the housing development process. Tiny house villages are particularly well suited to do this since they are human-scaled, community-based projects that the public can actively engage with in various ways. Since we built our first village, SquareOne has conducted dozens of presentations and workshops in other cities throughout the U.S., which has helped to catalyze several citizen-driven initiatives with aspirations of building a village of their own. Looking forward, we hope to develop even more efficient and mutually beneficial partnerships with other place-based organizations in order to scale the Village Model. We currently offer three programs for assisting in this endeavor:

### (1) Village Toolbox

Education and training is essential to developing a successful village and transforming how we approach affordable housing as a community. To this end, we have created a Village Toolbox that compiles many of the tools and resources that we have developed to plan, design, market, fund, and build our villages; including a road map for getting started and construction plans for building a tiny house. This is intended to provide a starting point for other organizations to gain a more comprehensive understanding of the Village Model, and how you can begin to put these ideas into action in your own local community.

### (2) Consulting

We offer consulting services to assist other groups during the critical pre-development stage of starting a village. Our process begins with technical assistance in developing the components of an effective project prospectus—including vision and goals, ownership structure, operating program, schematic design, and project budgeting. This provides you with a tangible, project-specific tool that you can use to market your village to prospective partners, funders, and local officials in order to build the political will for your project.

### (3) Partnership

Following a consulting relationship, both parties may determine that it is mutually beneficial to proceed into a more robust partnership. In this role, SquareOne may take on additional

responsibilities as a development partner to assist you in seeing your project through to implementation.

## **Lenders | Fund More Villages**

Existing public funding sources for low-income housing development are inadequate and therefore highly-competitive. On the other hand, relying too heavily on private fundraising has proven to create extended and unpredictable development timelines, and this approach is particularly limiting in rural areas with fewer resources to draw upon. Thus, we recognize the need to partner with lenders and social investors in order to begin to effectively scale our Village Model. SquareOne is currently seeking to collaborate with lending institutions and social investors on the following initiatives:

### (1) Non-conforming Mortgages for CLT-LEC projects

We are highly interested in developing partnerships with banks and credit unions in an effort to further support the financing of shared-equity homeownership projects, specifically those utilizing a Community Land Trust - Limited Equity Cooperative (CLT-LEC) hybrid ownership structure. This type of financing opportunity would allow lenders to advance their Community Reinvestment Act (CRA) goals. In the short-term we are looking for lenders in the Eugene-Springfield area willing to provide permanent mortgage loans on their non-conforming portfolios. Ideally this partner would have regional affiliates to support similar efforts in other communities as well.

### (2) Conventional Mortgages for CLT-LEC projects

Recent advancements have been made that have allowed traditional CLT projects eligible for conventional mortgages that adhere to underwriting guidelines established by Fannie Mae. There are also guidelines established for existing, stabilized LECs. But there is currently no such program for financing new CLT-LEC projects. In developing more projects of this kind, our long-term goal is to advance the capacity for CLT-LEC projects to be eligible for conventional financing.

### (3) Revolving Loan Fund

The creation of a revolving loan fund specific to CLT-LEC housing project would offer the most accessible and flexible means for providing financing to new projects. We are interested in pursuing a fund of this kind that could offer below market interest rates for 1) co-op share purchase loans, 2) construction loans, and 3) CLT property acquisition. Start-up funding would be required from foundation grants our social investors. As more co-ops are developed, income from interest payments and ground lease fees could help sustain and grow the fund.

## **Public Policy Makers | Catalyze More Villages**

Truly “changing the game” in terms of affordable housing requires bold action at the federal, state, and local levels of government. Thus, SquareOne seeks to collaborate with public policy makers to advocate for new legislation and public funding sources that advance the Village Model by incentivizing the development of cooperative housing and other shared-equity homeownership opportunities. Our priorities include:

(1) Recognize & Prioritize Shared-Equity Homeownership

Many of the existing public programs to support the development of affordable housing are geared towards either traditional rental housing or homeownership. Due to the overwhelming advantages of shared-equity homeownership discussed in this report, such as the ability to guarantee permanent affordability, we feel that these projects should be prioritized when awarding public funds. State or municipal funding programs, such as Eugene's new Affordable Housing Trust Fund, offer the most flexibility to incorporate this type of prioritization immediately.

(2) LEC Property Tax Exemption

Due to the non-speculative nature of CLT and LEC housing, it seems reasonable for municipalities to offer an exemption or reduction in property taxes. This would further reduce the operating expenses that need to be accounted for in the co-op's carrying charge, making the housing more affordable to lower-income residents.