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C Street Co-op - Open House Speech

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On the day building permits were approved for these houses, my son was born just a few blocks down the road. My wife and I even took a walk to see the excavated site as we waited for contractors to progress. And now, as I turn over the keys to my first development, our firstborn son is just beginning to stand unassisted, and to lift his hands into thin air in wonder.

Oregon's lawmakers—with support from Congressman DeFazio who joins us today—have recently taken a heroic step for my son and his generation. With the passage of House Bill 2001, they have re-legalized “missing middle” housing. Starting next summer, duplexes, triplexes and fourplexes will again be allowed to be integrated into our neighborhoods. The re-legalization of these historic housing types signals to me a new era of housing inclusion and opportunity for Oregon.

Since the 1950's, thanks to the likes of Senator Joseph McCarthy, multifamily housing in America has been demonized and strictly segregated along socio-economic lines. Now after

decades of exclusionary zoning, housing supply has not kept up with housing demand, and we're witnessing extreme appreciation in real estate markets nationwide. Wealthy, cash buyers and investment firms are pricing the middle-class out of homeownership. Renters are being priced out of homes to an unprecedented level. Why? Because a renter's home is someone else's commodity. Because, the affordable housing industry is both underfunded and forced to accept a 20-year sunset clause on affordability—ensuring that even the lucky few families living there are not assured of permanent stability. Decades of exclusionary zoning and housing policies which marginalize low-income families and people of color are taking their toll on our society. And year by year, we see tents lining street after street where homes should be instead.

Homeownership has long been the economic foundation of the American middle-class. With the newfound opportunity of missing middle housing, our social challenge now is to figure out how to deliver homeownership opportunities through the thousands of small-lot multifamily developments that we'll see in the coming decades. Further, how can we ensure that these infill homeownership opportunities are accessible to historically marginalized people such as low-income earners and people of color.

The housing cooperative that stands before you demonstrates that, yes, this is possible—and that actually, it's surprisingly simple. Housing cooperatives offer us a powerful tool for small, multifamily homeownership. Co-ops have a rich history in America. 75% of New York City apartment buildings are owned as co-ops, many of them created when low-income families came together to buy their buildings from their absentee landlords. Many co-ops are comprised of middle-class folks, and some are very exclusive, and serve only the wealthy. Virtually any type of housing can be owned as a co-op, be it a Manhattan high-rise, a house boat, or an unusual arrangement of houses like those that stand before you.

Condos are a more common tool for multifamily ownership in Oregon, but they're cost prohibitive for small developments. It costs roughly \$25,000 to condoize a project, and requires designers and builders to carry expensive insurance policies. This is why condo development today is typically only seen for high-end housing, and why we typically think of multifamily housing as synonymous with rental housing. Housing co-ops offer a more affordable pathway to multifamily homeownership, and they require just a few standard legal documents to be established.

Co-ops can also be a powerful tool for affordable housing. Shared equity co-ops can establish permanently affordable resident-owned units, especially when combined with a community land trust like SquareOne Villages. The combination of a shared equity co-op and a community land trust means permanent stewardship of homeownership access for a community.

Before you stands the C Street Co-op—a humble, yet powerful demonstration of the kind of housing America needs: permanently affordable homeownership through small-lot infill

housing. It also demonstrates the viability of affordable and sustainable, low-carbon housing in a walkable neighborhood.

The C Street Co-op sits on a standard residential lot and consists of two houses with a total of 6 one-bedroom suites. Because House Bill 2001 is not yet in effect, we built kitchenettes instead of kitchens, and technically these are shared single-family homes rather than a true six-plex. The homes are inherently energy efficient by virtue of their shared wall construction, however they're also built to a Net Zero Energy standard of energy efficiency, with well-insulated 2x8 walls, triple-pane windows, and airtight construction. Add to this a 10-minute walk to downtown Springfield, and the stage has been set for a sustainable, low-carbon lifestyle. Additionally, with exceptionally well sound-insulated walls and floors, we've also endeavored to create as peaceful and private a living situation as possible for the resident-owners. I also want to mention that the landscaping will be installed once the fall rains arrive.

Financing one of the first co-ops to be built in Oregon in decades has not been easy. In the end we turned to the generosity of five local social impact investors for the \$600,000 needed for construction. And yes, if you're doing the math, that's just \$100,000 per unit—less than half the cost of typical affordable rental housing. We're grateful that Summit Bank was willing to try something new and provide a mortgage to the co-op. And I'm especially grateful to SquareOne Villages for helping me craft this vision, and being willing to innovate—that means a lot of uphill struggle and frustration—to see this vision become reality. Through their efforts we were able to secure the modest subsidy needed to extend these homeownership opportunities to folks earning just 60% of the area median income. That's an affordability threshold rarely achieved with ownership housing. And yet we did so with less than 10% of the subsidy required of typical affordable rental housing.

How did we do all this? There's no magic here. Just a new approach taking advantage of a new opportunity—simple, small homeowner suites built into a couple of unassuming single-family homes by a local residential contractor.

The C Street Co-op alone is not going to solve our housing crisis. Yet it offers a compelling demonstration of how missing-middle housing cooperatives can leverage a modest one-time subsidy to permanently enrich a neighborhood. How it can reintroduce diversity and inclusion—diverse both in types of buildings, and types of people. How it can support sustainable, walkable lifestyles. And how it can expand and steward permanent homeownership access for an entire community.

This demonstration project—though small—has been a monumental success. It proves that a vision for a socially and environmentally sustainable future is possible, if only we will make the most of this newfound missing-middle housing opportunity, and open new doors to homeownership.