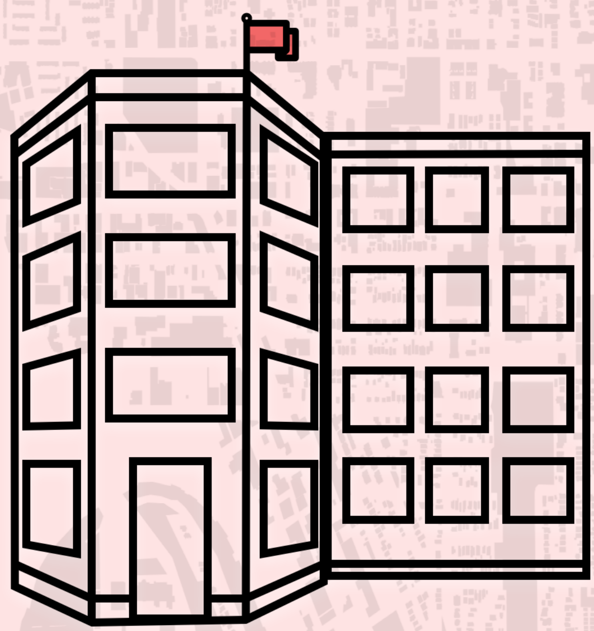
LIMITED EQUITY HOUSING COOPERATIVES

combatting displacement with collective ownership



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2019 - 2020

cep

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Limited Equity Cooperatives: combating displacement with collective ownership

Abstract

In Seattle, the past decade of job and population growth dwindled housing affordability and caused a record crisis of displacement and homelessness. The city's home prices accelerated beyond the means of working-class families, and new construction was dominated by rental housing that offers residents no long-term cost stability or tenancy guarantee. The City of Seattle hopes to see thousands of affordable homes built in the next decade to address the crisis. Limited Equity Cooperatives (LECs) are a model where residents of a building collectively pay a blanket mortgage and maintenance fund each month, enabling minimal buy-in values and permanent affordability. LECs common in several cities are as financially accessible as renting while maintaining the protection of homeownership. This project asks, "What public policy and organizational movements are necessary for spurring cooperative housing development as a method for combating gentrification and displacement in Seattle?" This project researches case studies of LECs across North America and identifies key findings through housing market data analysis and stakeholder interviews.

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Research conducted from September 2019 through June 2020. Published December 31st, 2020

Seattle, WA.

Acknowledgments

The work of this project was done on the ancestral and present land of the Dxʷdəwʔabš Tribe (Duwamish). Dxʷdəwʔabš Chief Si'ahl was the first signature on the Treaty of Point Elliott signed with Washington Governor Stevens in 1855. The city that named itself in honor of Chief Si'ahl forcibly exiled his citizens in 1885, and 165 years later, the federal government continues to deny Dxʷdəwʔabš rights to land and water. The housing crisis in Seattle began with this eviction and continues to disproportionately impact Indigenous people. After winning a petition in 1925, citizens finally received a $64 settlement in 1971. During Clinton's last days in office, the Bureau of Indian Affairs finally recognized the treaty, but the Bush administration quickly revoked federal status, and the Dxʷdəwʔabš people continue to fight in court for their rights. Honoring the Dxʷdəwʔabš people and affirming their rightful claim to this land is essential, but not enough. I encourage fellow settler colonizers of Dxʷdəwʔabš land to pay real rent at realrentduwamish.org.

I would like to express my deepest appreciation to Community, Environment and Planning Program Manager Megan Herzog, graduate teaching assistant Isis Gamble, Urban Design and Planning Department Chair Christopher Campbell, and graduate teaching assistant Dre Avila. Each provided constructive feedback and held me accountable to the project over the course of the 2019-2020 academic year. This project would not be possible without their dedicated work as professors and advisors. I would also like to thank each of the individuals that graciously met and spoke with me for this project. Carlyn So, David Tisel, Emily Darling, Erika Malone, Gaye Bissett, Jessica Gomez, Kerri Berlin, Laura Loe, Matt Hutchins, Mike O'Brien, Myra Lara, Dr. Rebecca Walter, Tamara Knox, Tom Jacobi, Uche Okezie, and Veronica Guenther each shared essential information for the creation of this project. Finally, I'd like to thank my peer educators in the CEP class of 2020, we were in it together, I learned so much from each student, and our cooperative classroom got us through an unprecedented year in history, even over video conference.

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Terms

Affordable Housing

Maximums	Extremely Low Income (< 30% AMI)	Very Low Income (< 50% AMI)	Lower Income (< 60% AMI)	Low Income (< 80% AMI)
Income for Individual	$ 25,100	$ 41,800	$ 50,160	$ 66,700
Studio Rent	$ 627	$ 1,045	$ 1,254	$ 1,667
Income for Family of 2	$ 28,680	$ 47,800	$ 57,360	$ 76,480
One-bed Rent	$ 717	$ 1,195	$ 1,434	$ 1,912
Income for Family of 3	$ 32,250	$ 53,750	$ 64,500	$ 86,000
Two-bed Rent	$ 806	$ 1,344	$ 1,613	$ 2,150
Income for Family of 4	$ 35,800	$ 59,700	$ 71,640	$ 95,250
Three-bed Rent	$ 895	$ 1,492	$ 1,791	$ 2,381

Figure 1: top: HUD 2020 Seattle-Bellevue, WA HUD Metro FMR Area Median Family Income and Income Limits. Right: Map of applicable HUD statistical area, which notably excludes Tacoma.

Housing is considered affordable to an individual by the US federal government's Department of Housing and Urban Development (HUD) when it costs less than 30% of their income including utilities ("Defining Housing Affordability | HUD USER" n.d.). Households that pay greater than this proportion of their income are considered "rent-burdened." The term "affordable housing" is a broad umbrella that includes housing subsidized or controlled in a variety of ways to make this possible for people earning between zero and 120% of their area's median income (AMI). Affordable housing ranges from for-profit apartments with rent control guaranteed by tax credits, to non-profit supportive housing programs for people with clinical service needs, as well as public housing operated by federally-authorized local housing authorities. Subsidized and controlled rents in affordable housing are set aside for people earning below certain AMI percentages. Income maximums and rent limitations for affordable housing are determined by family size and the number of bedrooms.

Community Land Trust

Community Land Trusts (CLTs) are a form of shared equity homeownership where households own their physical dwelling but lease the land from a non-profit organization that provides support and enforces resale affordability. The Lopez Community Land Trust uses the CLT model in hybrid with the LEC model. At the Lopez Island, Washington site, residents each own a share of the CLT organization and individually own their houses (Ehlenz 2014). Most often, CLT homes are single-family houses and can be either intentional communities in a single development or a scattered-site of various parcels owned by the CLT.

Homestead Community Land Trust is the largest community ownership organization in Seattle, with over 200 homes acquired or built since 2002. Homestead offers single-family and townhouse homeownership on Homestead-owned land for households earning between $30,000 and 80% of AMI, which is currently $86,000 for a family of three ("About Homestead — Homestead CLT" n.d.). Down payments are just 1% of the home's value, compared to the market standard of 20%. This makes the initial savings required for CLT ownership more comparable to that of renting. Homestead does not offer larger scale multifamily housing that may be more feasible for lower-income and smaller families.

Evergreen Land Trust owns seven intentional community houses across the Puget Sound, including Sherwood Cooperative in the U-District (Evergreen Land Trust n.d.). Members pay affordable rents to the non-profit organization and cook communal meals, but with small refundable deposits being the only form of resident ownership, they function as zero equity cooperatives on CLT-owned land.

Co-housing, Intentional Communities

Co-housing, or intentional community, is a form of housing associated with the counterculture movement and emerged in the US inspired by projects in Denmark that began in the 1960s (Martin 2016). Co-housing does not inherently have any income restriction or affordability requirement, and many are wealthy enclaves. Similar to Limited Equity Cooperatives, existing owners take part in approving new residents, deciding community norms, and participating in communal activities, but most sell at market-rate. A three-bedroom unit in the Jackson Place Co-housing building in Seattle sold for $620,000 in 2019, which the resident would pay the mortgage for in addition to the $592/month homeowner's association (HOA) fee ("Condo Unit 828 at Jackson Place Cohousing Seattle Sold NWMLS 1415269" 2019).

Housing Cooperative

In a housing cooperative, residents do not legally own their unit or any land. Instead, they own a share of the non-profit corporation that owns the building and land as a whole, and their share guarantees them a home and a vote in the cooperative's governance. In comparison, condominium residents own their physical unit and are in an HOA agreement with other residents to collectively manage common space. In some housing cooperatives, this ownership model can mean the flexibility of having "empty nesters" move to smaller units. Market-rate cooperatives exist and are comparable to condominiums in price.

Cooperative Condo

Literature Review

Introduction

In Limited Equity Cooperatives (LECs), residents own a share in the cooperative and pay a monthly housing charge that covers the long-term mortgage and maintenance on the building (Ehlenz 2014, 2). Several models exist with varying share values, ranging from equivalent to a damage deposit to a significant portion of the unit's share of equity and construction cost in the building. In many LECs, the value rises with inflation or a formula, so that when a resident moves out, they receive slight appreciation from the new resident's purchase, but the values never reach a point inaccessible to working-class families (Ehlenz 2014, 5). Residents participate in democratic governance to manage the property, often divided into committees, taking on all tasks that the community may have. This includes prospective resident admissions, maintenance, and the budget that determines monthly charges. From the 1950s through the 1980s, federal financing in various forms became available to Limited Equity Housing Cooperatives (Ortiz 2017). Cooperative development seeded what academics, including Amanda Huron, consider an "urban commons." While their development drastically slowed by the 1980s, LECs remain a significant form of the affordable social housing stock in New York, Washington D.C., and Canada. In Seattle, the model has growing attention and is emerging with a new development by the non-profit HomeSight. This literature review covers the displacement that LECs aim to combat, the conflicted role LECs play under capitalism, the discourse over their limited wealth accumulation compared to other forms of homeownership, and the political moment and policies that sparked their growth in D.C.

Housing Discrimination

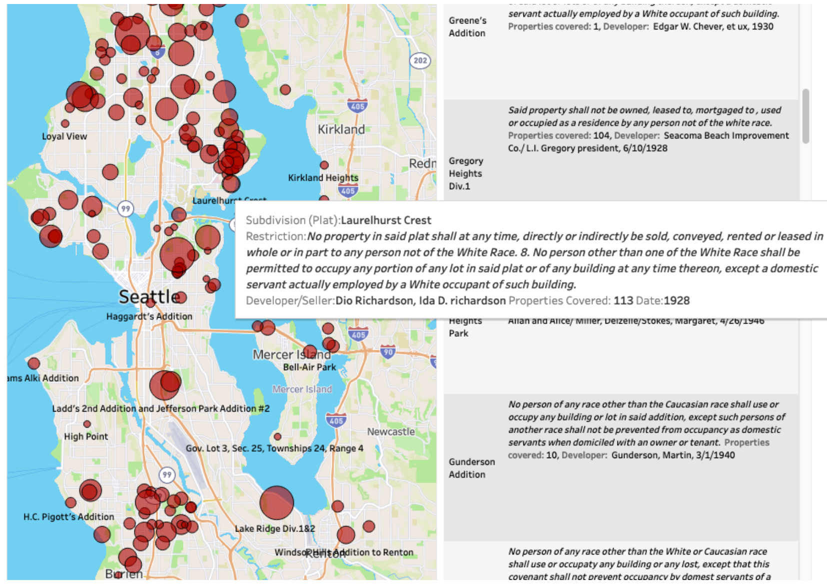
Homeownership for generations has been the cornerstone of the exclusionary "American Dream" (Ehlenz and Taylor 2019, 6). Bringing private property to the masses was seen as a method to prevent dissent against capitalism during the Cold War against the Soviet Union. Infamous white-only suburban developer William Leavitt conveyed the line of thinking to Harper's Magazine, stating, "No man who owns his own house and lot can be a Communist. He has too much to do," (Larrabee 1948, 84). The United States government has encouraged ownership for white families through mortgage subsidies and the promise of building generational wealth that maintains middle-class status ("About

ELT" n.d.). Between 2017 and 2021, this will amount to $400 billion in subsidy for homeowners, compared to just $72 billion in subsidies for low-income renters and public housing residents (Novogradac 2018). Property ownership relations are a "difference machine" that creates harsh class lines, with average homeowners in the United States having 3,600 percent the net wealth of average renters, an inequality that has widened over time (Blomley 2009, 581; Desmond 2017). Seattle's affordability crisis has made ownership even less accessible to families without existing wealth, nearly doubling the average listing price from 2011 to 2018 (Zillow).

The "difference machine" of homeownership upholds white supremacy. In Seattle, only 27.25% of Black households are homeowners, compared to 49.19% of white households (U.S. Census Bureau 2018). The difference is even more extreme across King County as a whole, where 61.44% of white households are homeowners, compared to just 28.37% of Black households (Ibid.). This discrepancy is a legacy of systemic housing discrimination methods that included redlining and racially restrictive covenants. With redlining, the New Deal-era Home Owner's Loan Corporation (HOLC) assessed and rated neighborhoods in every US city for their investment risk-level. Lenders followed the ratings when approving mortgages, denying or applying higher interest rates to "hazardous" property. The presence of Black neighbors was considered more of a risk than many extreme environmental hazards. In one affluent area of Tacoma, WA., the HOLC carved a six-block space out of the "blue" neighborhood as "red." The description provided by the HOLC states that "Three highly respected Negro families own homes and live in the middle block of this area facing Verde Street. While very much above the average of their race, it is quite generally recognized by Realtors that their presence seriously detracts from the desirability of their immediate neighborhood," (Nelson et al. n.d.). In contrast, nearby medium risk "yellow" blocks were for high voltage transmission lines running above.

Mortgage discrimination from redlining made homeownership more expensive and difficult for Black families than white families (Silva and Seattle Civil Rights & Labor History Project n.d.). Shaped by the exclusion Black people faced in every other corner of the city, the Central District became Seattle's majority Black neighborhood. In other neighborhoods where loans were available, racist community councils and developers maintained segregation with restrictive covenants. Covenants were built into the deeds in most neighborhoods outside of the Central District, preventing the sale of homes to non-white families (see *figure 2*). The Supreme Court nulled their contractual validity in 1948, but real estate practices didn't meaningfully change until after the 1968 Fair Housing Act (Ibid.).

Figure 2: map of racially restrictive covenants by Seattle Civil Rights & Labor History Project



In the fight for housing justice, cooperatives quickly developed as a solution. W.E.B. Du Bois, A. Philip Randolph, and Paul Robeson were among the residents of the first Black housing cooperative in New York, the Dunbar Apartments, which in 1928 had down payments of $150 and monthly charges of $14.50 ($2,235 and $216 in 2020 adjusted for CPI inflation, respectfully) (Nembhard 2014, 134). Although Dunbar Apartments did not survive the Great Depression, Civil rights leaders continued building and envisioning cooperative housing in the following decades. The fourth point in the Black Panther Party's 1966 platform written by Huey P. Newton and Bobby Seale reads:

> We believe that if the white landlords will not give decent housing to our Black community, then the housing and the land should be made into cooperatives so that our community, with government aid, can build and make a decent housing for its people (Newton and Seale 1966).

Each point in the platform represented a 'survival program' that the BPP sought to implement, with its free kid's breakfast program the most famous.

Cities including Seattle remain segregated along the same patterns as redlining. Patricia McCloskey, the woman who aimed a gun at Black Lives Matter protestors outside her mansion in St. Louis, spoke at the 2020 Republican National Convention. She warned of the goals 'Marxist revolutionaries' have, stating, "They want to abolish the suburbs altogether by ending single-family zoning. This forced rezoning would bring crime, lawlessness, and low quality apartments into now thriving suburban neighborhoods," (RNC 2020). McCloskey explicitly recognizes single-family zoning as a standing mechanism of segregation and white supremacy.

Rental Housing Crisis in Seattle

The average rent in Seattle climbed dramatically from $1,901 in September 2011 to $2,737 in September 2016 (Zillow 2019). This was driven by high-paying job growth, with 23,575 new tech jobs filled between just 2015 and 2016 (Levy 2017). Increase in population and cost of living tracked with homelessness, rising from 8,824 individuals in January 2011 to 12,112 individuals in January 2018 (Applied Survey Research 2018). Housing insecurity affects over one third of King County households, any of those families are at risk of losing housing due to

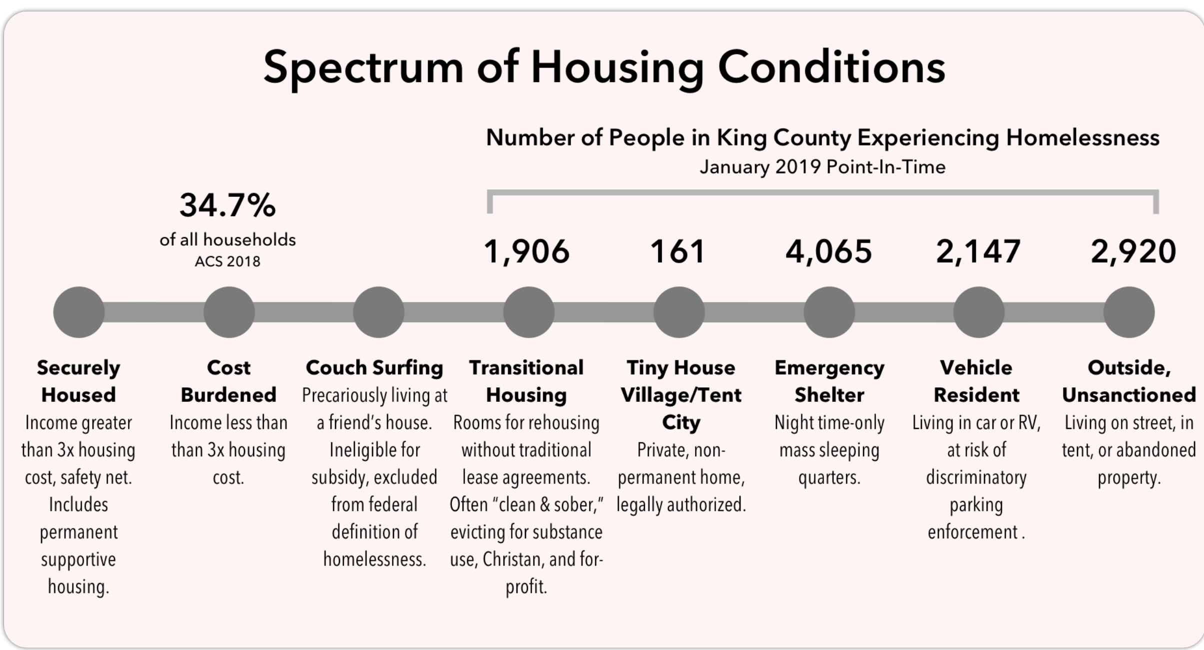


Figure 3: the spectrum of housing insecurity ranges from cost burden to unsanctioned outdoor living.

rent increase or income loss and would have a difficult time qualifying for other housing (U.S. Census Bureau 2018).

These growth figures have each since slowed or flat-lined. Still, the crisis of housing insecurity remains harmful and is likely to worsen significantly once mass unemployment during the COVID-19 pandemic is fully realized with the expiration of eviction moratoriums and CARES Act benefits (Sophia 2020). Each unhoused individual has a unique background and loss of housing, but the common denominator is a city that denies the basic human right of housing on economic grounds. Unemployment, substance abuse disorder, and mental health conditions are all intersectional issues associated with homelessness that cannot be effectively solved without housing first. Many housed people experience these same conditions but have a safety net that prevents loss of housing. In my personal rental experience, despite being speculative investors, landlords feel entitled to a substantial annual increase in their profit margin, exaggerating property tax as an excuse, and they're not letting the high rents of 2019's boom economy slip at all during the pandemic of 2020. Washington State Governor Jay Inslee issued an emergency order restricting landlords from increasing rents or evicting tenants beginning April 17th, and these rights will last through at least October 15th, but communication to inform tenants of their rights has been limited.

The city has upzoned, where denser and taller buildings are permitted, in the few areas of Seattle that already had apartment buildings. This can often result in demolitions of existing rental housing to make way for new units. Seattle has prioritized this strategy, increasing allowable density in all existing commercial and multifamily zones, while leaving 94% of single-family zoned land untouched (Bertolet 2018). Seattle's rapid population growth means it needs to respond with greater housing growth. Otherwise, landlords can exploit the demand, and only the influx of wealthier people will be able to afford the available housing stock. Sightline Institute refers to this process in the capitalist housing market as a "cruel game of musical chairs," (Bertolet 2017). Developing housing with corporate real estate ownership means further consolidating wealth and putting people's lives at the whim of 'market-rate' that demands ever-increasing profitability. If elected officials in Seattle hope to allow people to stay in their neighborhoods, Limited Equity Cooperatives are a model worth considering.

Theory of the Urban Commons

"The commons implies a resource that is vital to our collective well-being and substance that is owned, managed and used by the community. A commons embodies social relations based on democratic participation, interdependence, and cooperation." – Vandana Shiva, 2013

Limited Equity Cooperatives are a unique form of housing tenure that scholar Amanda Huron understands as existing in conflict within capitalism. The history of LECs involves tenant organizing that fought the threat of gentrification while gaining institutional support. It's crucial to understand how that institutional support was acquired, and to do so we must analyze the ideology that went into the cooperative movement. In a comparison to the commons that European peasants lived off of in pre-capitalistic times, Amanda Huron theorizes LECs as the "urban commons," under a Marxist framework that sees how the state has historically built cities as private space for capitalist accumulation (Huron 2018, 20). Huron refutes the "tragedy of the commons," which asserts that common resources will be depleted by self-interested individuals unless privatized. Comparing humans that utilize the welfare state to sheep over-grazing, white supremacist ecologist Garrett Hardin coined "the tragedy of the commons" in his 1968 paper in Science Magazine (Southern Poverty Law Center n.d.). This was the same year as Paul Ehrlich's infamous book in the same genre of eugenics, *The Population Bomb*. This early environmentalist movement motivated programs to forcibly sterilize of tens of thousands of women of color in the 1970s (Renee Tajima-Peña 2015).

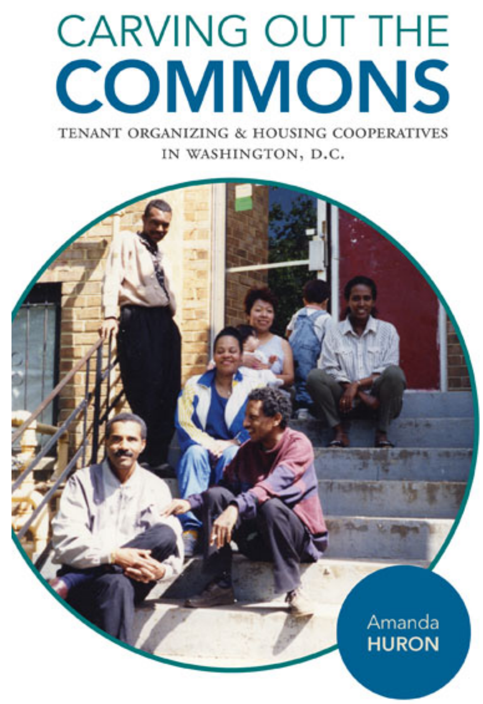


Figure 4: Cover of Huron's Carving Out The Commons

Instead, Huron proposes that democratic collective governance by the people that use and rely on a resource will best sustain the resource (Huron 2018, 21). During their tenure, cooperative members caretake their permanently affordable unit and participate in the democratic community. Their home is de-commodified and will be available to serve future generations. De-commodified housing still faces contradictions as it engages in the capitalist city, with membership that's fundamentally exclusionary. LECs have thrived where collective governance has functioned sustainably. Cooperatives die when the conflict of existing as a non-capitalist institution within capitalism has created too much tension.

Federal Cooperative Financing in the United States

With the introduction of the Section 221(d)(3) program in 1958, the US federal government began subsidizing and insuring private loans for affordable housing development at below-market interest rates, which included cooperatives (Sazama 1996, 4). The loans allowed three percent fixed-rate terms of 40 years with no down payment. With the 1968 Fair Housing Act, Section 236 supplanted this program with further subsidies at one percent interest (Ibid., 4). The federal government funded 642 low-income housing cooperative projects with 59,000 homes using these two programs (Ibid., 5). The program was indefinitely suspended in 1973 by the Nixon administration. As the federal government moved to privatize affordable housing further, the cooperative movement adapted. The Project-based Section 8 program financed cooperatives with 25,000 units (Ibid., 6). During the Carter administration, the National Cooperative Bank was formed as a public corporation to provide loans for affordable cooperatives (Ibid., 6). It was defunded and privatized during Reagan's administration but remains relevant as a non-profit bank experienced in Limited Equity Cooperative development.

The Low-Income Housing Tax Credit was introduced in 1986, and since then has been the federal government's primary method to encourage affordable housing development. Leasing cooperatives are a model developed to take advantage of this fully-privatized tax incentive, where the cooperative has a long-term ground lease from a separate entity that receives the tax benefit for hosting affordable housing (Sazama 1996, 8).

Condominium Conversion and Gentrification

A national boom of condominium conversion occurred from the late 1970s to the early 1980s, with 260,000 rental units flipped to condos from just 1977 to 1979 (HUD 1980, 12). In the decade of the 1970s, condominium conversion seized 7.73% of all rental stock in Washington D.C., and 2% in Seattle (HUD 1980, 240). 58% of tenants in buildings that had been converted were displaced by January 1980, and only 22% became homeowners in the process

(Ibid., 15). Scholars such as geographer Neil Smith see condominium conversion as the manifestation of gentrification brought on by neoliberal governance, identifying conversion as the "process elites employ to "take back" cities from the poor and working-class so that they can be used by the wealthy for their own housing, leisure, and investment," (Gallaher 2016, 2). The era's deregulation, removing many New Deal-era protections, integrated the 'FIRE' (Finance, Insurance, and Real Estate) sector. Financialized banking allowed housing to become a speculative investment commodity, a departure from the previous expectation of steady and modest land value gains (Ibid., 15).

The financialization of housing has hit existing homeowners hard as well. Washington, D.C. has sold property tax debt to private collectors, who have foreclosed on many elderly homeowners over property tax liens that were initially less than $2,000 (Gallaher 2016, 17). Between 1970 and 2011, DC's Black population dropped from 70% to below 50% (Ibid., 18). Gallaher grounds her research in an awareness that "in this context, staying put is often a political act. It is a process of staking a claim to the city, and a home within it, even if one does not own that home. It is a recognition that people have ties to the city that are more than economic—they are familial, cultural, and emotional—and that these connections should count for something when gentrification arrives," (Ibid., 18). This sentiment is essential for remembering the very real lives affected by the processes of gentrification and displacement discussed in scholarly discourse and offers a glimpse at what decommodification of housing hopes to accomplish.

Washington D.C.'s Tenant Opportunity to Purchase

In *Carving Out The Commons* (2018), Huron describes the context in Washington, D.C. that lead to the urban commons becoming feasible. Until 1975, DC had no municipal democracy, but instead a Congressionally appointed totalitarian commission (Huron 2018, 72). Becoming majority Black by 1957 and reaching 70% in the following decades, D.C.'s systemic disenfranchisement had deeply racist implications (Ibid., 72). The House and Senate Subcommittees that appointed the commission included notorious Klansmen Theodore Bilbo from Mississippi and John McMillian from South Carolina (Ibid., 72). At the time the first elected Mayor and City Council took their seats in the Capitol, gentrification was already ramping up, and D.C. had the highest condominium conversion rate in the nation (HUD 1980). Between 1975 and 1978, home sale prices in D.C. nearly doubled (Huron 2018, 73).

Figure 5 Dr. Martin Luther King Jr., right, among marchers for D.C. home rule, 1965

The progressive new city council responded with radical measures such as rent control, an ‘anti-speculation tax,’ and in 1977 gave tenants the unprecedented right, though no clear path, to collectively buy their building before any other bidder (Huron 2018, 74). If a landlord’s top bidder offers a contract and figure agreeable, the landlord must make the same terms available to the tenants to match. Tenants have 45 days to form a majority association and declare intent to purchase, followed by 120 days to finalize the sale. With an idea yet no ability, in 1978 activists facing eviction demanded the mayor form a city office to support low-income tenants in the process of collectivization. Soon, the city created the First Right Purchase Program through the DC Department of Housing and Community Development, offering technical assistance and low-interest loans for renters to collectively buy their buildings (Ibid., 75). Limited Equity Cooperatives are one option tenants have taken the agency to form through

TOPA. In some other cases, tenants use the law to negotiate a buy-out, sell their TOPA rights to a third-party buyer that can offer them preferable rent conditions, or agree to each buy their units at market-rate as a condominium or cooperative. In just two years, 50 buildings with 6,000 units had collectivized, with the large part of organizing effort done by Black women (Ibid., 77-78).

Figure 6: L Street Cooperative member meeting, 1992

Between 2002 and 2013, 1,400 units were preserved by tenant organizers with the help of D.C.'s First Right Purchase Program, the majority opting to become LECs (Reed 2013, 1). The cost is much lower than developing new affordable housing, at an average contribution of $93,000 per-unit in public funds, much of it in revolving loans (Ibid., 5). The program is funded primarily through the District's Housing Production Trust Fund and secondarily through Federal Community Development Block Grants, which both vary drastically year to year Ibid., 12). Reed, analyzing the District's program for progressive think-tank DC Fiscal Policy Institute, makes policy recommendations to increase public finance funding to meet demand, improve turnaround times on applications, and to integrate the TOPA process with the financing program (Ibid., 14-17).

LEC's are widely successful in D.C., delivering a housing cost at half that of HUD's fair market-rent estimates (Huron 2018, 94). The cooperatives are protected commons as long as they continue to pay off their subsidized low-interest municipal government-provided loan. At that point, members can become divided on whether to privatize as a market-rate condominium to cash-out equity or remain permanently affordable.

Condominium conversion in Seattle closely followed trends nationally and in Washington D.C. during the 1980s through the mid-2000s. From 2004 to 2009, building owners converted 297 apartment buildings containing 6,115 units to condominiums in Seattle (Cohen 2018). In the following nine years, just 15 buildings were converted. The direct displacement that results from condominium conversion was a primary factor in TOPA's passage in Washington, D.C, but is not currently a specific issue in Seattle. Condominium conversion isn't the only form of resale that is associated with displacement. A study of evictions in Atlanta found that resale of apartment buildings within the past year is associated with a 4.7% increase in evictions, and the authors speculated that "reasons for this could include the upgrading or conversion of the building to higher-end rentals" (Immergluck et al. 2020, 917). This process is frequently dubbed "renoviction" by tenant activists in Vancouver, BC (Office of Housing and Construction Standards 2019). Advocates in Seattle must emphasize factors most relevant to the local housing crisis and articulate how a TOPA-like policy could address these issues.

Resident-Owned Manufactured Housing Communities

Manufactured housing, or "trailer parks," is one area where LEC ownership has successfully grown nationwide in recent years. Manufactured homes accounted for 66% of new affordable housing built in the 1990s, and they continue to house 8.5 million predominantly low-income families across the US (Geoghegan 2013). Traditionally, parks sell manufactured homes individually, but homeowners must also rent the space it sits on, which is subject to just as much instability as any other rental housing (FitzGerald 2018). Trailer parks can be incredibly exploitative and put residents in a uniquely vulnerable position, as residents "own" a home on land they don't, and ultimately have less mobility than any other renters or homeowners. Mobile homes are not usually genuinely mobile, often fused from two separate trailer units, and permanently hooked up to utilities. Cities have used zoning regulations to ban new trailer parks entirely, so even if a resident could afford the thousands of dollars to re-mobilize their home, they would have difficulty finding a place to move it to legally. At the Applewood senior mobile home park outside of Salt Lake City, the landlord dramatically raised rent while planning to redevelop the site, fully expecting the 'homeowners' to abandon their property on eviction (Ibid.). Residents successfully organized with the help of Resident Owned Communities USA (ROC USA), and public pressure pushed the landlord to abandon development and sell the property to its residents as a cooperative. Monthly costs for Applewood Coop residents will now go directly to the mortgage and be stable until it is paid off.

Applying the Limited Equity Cooperative model to manufactured housing communities was first done in the New Hampshire in the 1980s, and today it accounts for 2% of all parks with approximately 1,000 communities (ROC USA n.d.). ROC USA has aided 250 of these communities in 16 states since its launch as a coalition of nonprofits in 2008.

Figure 7: Turnpike Park Cooperative, an ROC USA-organized manufactured home community in Massachusetts

Wealth Accumulation and Low-Income Homeownership Efficacy

Unlike regular cooperatives, residents in Limited Equity Cooperatives are unable to sell their share for speculative market value. Limited Equity Cooperatives range drastically in how ownership of the property is assigned individually or collectively. In Zero Equity Cooperatives, the share value acts solely as a refundable security deposit and can be as little as one month's housing charge. This is the case for almost all Canadian cooperatives. In cooperatives such as False Creek in Vancouver and 1314 K Street in D.C., values start very small and appreciate at a rate that keeps up with inflation, with False Creek shares now at $7,570 for 2-bedroom units. Departing residents sell their share to the new resident for a value maintained with inflation. This model is the case for the planned HomeSight LEC in Seattle, where $60,000-$106,000 share values will rise at a low flat rate prescribed by the resale formula in the cooperative's Bylaws. In other cooperatives, including the Pilsen Housing Cooperative in Chicago and Norwood Cooperative in DC, monthly blanket mortgage payments assign individual rather than collective equity, and departing residents sell the contributions they've made as a member to the next resident.

LEC models severely limit real estate wealth accumulation to maintain permanent affordability. As a method of affordable ownership, LECs have sparked debate in circles concerned that they continue to exclude Black and low-income Americans from systems of wealth accumulation, just as redlining and racially restrictive covenants have in the past (Huron 2018, 79). Huron sees this argument as ultimately a middle-class concern that doesn't recognize the imminent crisis of displacement many low-income tenant organizers face from condominium conversion. To them, growth in the exchange value of their home is not the primary motivation for homeownership. The organizations prioritize "affordability, control, stability, and community," over any form of building wealth (Huron 2018, 93).

Bundles of Rights

Two incommensurable social goals for affordable housing exist: providing permanently affordable homes, and allowing individual working families to gain generational wealth (Diamond 2009, 88). LECs offer owners a fundamentally different 'bundle of rights' from what most Americans see as property ownership. LEC owners do not profit off of the market's historical upward trajectory to bring them into the 'American dream,' their share value cannot be speculated on. This limitation may make some see LEC ownership as more similar to renting than owning property. Diamond combats this argument, showing that Lockean ideals of private property are not accurate to its historical practice. The United States has fetishized property and acted to protect the interests of the propertied class, yet at many times also limited the "despotic dominion" of individual owners through zoning, property tax, building codes, and tenant protections (Ehlenz 2014). Diamond describes that property is always to some degree regulated for social good, which forms a spectrum that includes the bundle of rights and limitations LEC owners have. Deed-restrictions on affordability ultimately expand access to some form of ownership to people that would otherwise rent and have fewer rights (Diamond 2009, 109).

The literature review conducted by Ehlenz and Taylor (2019) cast doubt on whether traditional homeownership achieved by low-income people is successful in the housing stability and wealth accumulation it promises (Ehlenz & Taylor 2019, 6). Fixed-rate, long-term mortgages provide consistent housing costs compared to rent, and homeownership has historically provided returns that outpace the stock market. The Great Recession highlighted that these benefits do not apply equally. Black and Latinx homeowners disproportionately faced foreclosure during the crisis (Ehlenz & Taylor 2019, 5). The ownership housing most affordable to the working-class is distressed, creating a risk of maintenance. A 10-year longitudinal study cited by Ehlenz and Taylor found that greater than half of low-income homeowners never realize positive wealth returns from their investment and return to rental housing within five years. Homeownership alone is unsuccessful at eliminating wealth inequality or providing security (Ehlenz and Taylor, 6).

Jacobus and Sheriff (2009), who recognize the concern, "in communities of color, where decades of redlining have left people acutely aware of the asset-building power of traditional homeownership," come to a similar conclusion in their analysis. While grants offer the asset-building power to lucky homeowners, they deplete the public subsidy. They find that "Only shared equity homeownership programs attempt to ensure that the buying power of public resources invested today is preserved so those resources can serve additional families into the future," (Jacobus and Sherriff 2009, 6). LECs can offer affordable housing costs through subsidized financing that can replenish the program as loans are repaid.

Programs that subsidize a low-income family's purchase of a home that allow them to sell at market-rate must discriminate, on no "moral basis," who receives the windfall and who is excluded, and fails to sustain the affordable housing stock. In comparison, permanently affordable housing programs ensure public dollars continue to benefit future families and keep the affordable housing stock within the commons (Diamond 2009, 106). While cooperatives also must discriminate in choosing their membership, under Huron's theory of the urban commons, the unit itself will permanently serve as a social good. As this paper will further discuss, the limited equity model can feasibly replace for-profit landlords for the working-class in broader situations than traditional ownership. Ongoing racial wealth inequality in the United States cannot be solved by homeowners grants alone, and the value that LECs provide to people that would otherwise continue to rent is worthy of public financing.

Class Character of Cooperatives

Chouinard conveys the difficulty cooperatives have in portraying themselves in a way acceptable enough to receive federal funding without compromising their socialistic existence. At the time, the president of the state-owned Canada Mortgage and Housing Corporation (CMHC) claimed that "such subsidies would destabilize the credit system, discredit conventional homeownership and family life, disrupt the Canadian economy, and were unwarranted by demand," (Chouinard 1990, 1442). This sentiment expresses a government interest in protecting two systems it saw as deeply connected: traditional family values and capitalist property relations. The cooperative movement was initially successful. Chouinard describes how the cooperative housing movement limited its role in explicit class challenges, and instead took an ideology of "consumer rights," that landlords have violated, abstracted enough from class struggle to protect itself from anti-communist 'red-baiting.' The International Co-operative Housing Federation's summary of the movement in 1982 described a "third sector," separate from both private and public industries, to promote the "power of the consumer," (Chouinard 1990, 1442).

Chouinard describes the successful, yet ultimately unstable decommodification that resulted from the movement's ideology, leading to the program's end by 1986. Competing for federal housing subsidy with other low-income housing providers lead cooperatives such as Toronto's Church-Isabella to accept the role of 'stepping-stone' to for-profit housing. Families with increased income were pushed back onto the private housing market, undermining the goal of de-commodifying housing (Chouinard 1990, 1450). An explicitly socialist ideology may not improve the cooperative movement's ability to gain political and financial support. However, I believe that this history shows the importance of explicitly promoting the unique value that the urban commons have in comparison to subsidizing traditional rental agreements.

Vidal explores this contradiction by theorizing LEC's as islands within the "commodified urban environs," that "are situated in a high-pressure and contradictory terrain that can produce perverse incentives and effects," (Vidal 2019, 161). I propose LECs as a solution to housing instability and gentrification, yet both issues remain relevant in Vidal's analysis of LECs. The availability of 'higher use' through redevelopment that would capitalize on a property's exchange value may convince members to re-commodify their cooperative, while their activity on-site that improves the building will influence and increase the rents of nearby commodified housing. LECs observed in Vidal's case studies of Montevideo, Uruguay, and Copenhagen, Denmark, both have gentrifying effects on the surrounding neighborhoods.

In practice, those suffering under capitalist housing form LECs in an effort to survive and form community. Huron finds that the secure and affordable housing they provide allows parents to invest in their children's opportunities (Huron 2018, 96). Stable housing empowers workers out of wage labor and towards creative pursuits, with numerous of her interviewees backing up Silvia Federici's theory that "participating in the commons should give people power to refuse wage exploitation," (Huron 2018, 98).

Analyzing the success of initiatives through the "right to the city" agenda of David Harvey, Vidal pushes back against the assumption by Marcuse & Madden that LECs are a progressive decommodification (Vidal 2019, 158). Vidal finds that this ideal conception of a greater commons with local stewards has never been fully realized in the Danish case study. Nepotism, inherited co-op shares, and a lack of open waiting lists keep the accessibility of housing "linked to one's social and cultural capital," (Ibid., 158). This conflict of an unfulfilled urban commons enables some of the benefits LECs are able to provide to low-income people that can only be compared with homeownership. Members have a lifetime housing guarantee and the right to pass their home down to family (Miceli et al., 475). While the theory of LECs as the urban commons is attractive, it is not necessarily most effective for the social good of members while they continue to float in capitalist waters.

Friedrich Engels, the co-author of *The Communist Manifesto*, answered the housing crisis of the rapidly industrializing time by asserting that the only solution under capitalism is meeting demand with supply, which will ultimately reproduce the shortage. The abolition of the capitalist mode of production followed by the expropriation and redistribution of underutilized housing is the necessary remedy to the housing shortage and homelessness, according to Engels:

> How is the housing question to be solved then? In present-day society just as any other social question is solved: by the gradual economic adjustment of supply and demand, a solution which ever reproduces the question itself anew and therefore is no solution. How a social revolution would solve this question depends not only on the circumstances which would exist in each case, but is also connected with still more far-reaching questions, among which one of the most fundamental is the abolition of the antithesis between town and country. As it is not our task to create utopian systems for the arrangement of the future society, it would be more than idle to go into the question here. But one thing is certain: there are already in existence sufficient buildings for dwellings in the big towns to remedy immediately any real "housing shortage," given rational utilization of them. This can naturally only take place by the expropriation of the present owners and by quartering in their houses the homeless or those workers excessively overcrowded in their former houses. Immediately the proletariat has conquered political power such a measure dictated in the public interests will be just as easy to carry out as other expropriations and billetings are by the existing state. (Engels 1872)

In his pamphlet *The Housing Question*, Friedrich Engels opposed followers of Pierre-Joseph Proudhon's school of thought that argued for abolishing rental housing by instituting universal homeownership. This paper brings to light several concerns that remain relevant for cooperatives to the present day. Proudhonists analyzed the tenant-landlord relationship as similar in class character to the wage worker-capitalist relationship and proposed that rent payments become mortgage payments and accrue equity in the property, which is one promise made by organizers of Limited Equity Cooperatives. Engels believed renting was unlike the exploitation of wage labor, and instead, "a quite ordinary commodity transaction between two citizens, and this transaction proceeds according to the economic laws which govern the sale of commodities in general and in particular the sale of the commodity, land property," (Engels 1872). Engels dismissed the Proudhonist concept as a "petty-bourgeois utopia which would give each worker the ownership of his own dwelling, and thus chain him in semi-feudal fashion to his own particular capitalist," (Ibid). Engels refers to the long-term debt commitment that the working-class would be saddled with, which is an equally valid concern for cooperative residents.

It's unclear which side of the debate Engels would agree with regarding if Limited Equity Cooperatives fulfill the goals of homeownership that William Leavitt saw as antithetical to communism or are the threat that "discredits conventional homeownership," the Canadian CMHC president warned of. Engels imagines the difficulty workers moving for employment would have in frequently reselling small shares of equity accrued in various homes. This immobility that has been realized by some LEC owners in D.C., such as one former resident at 1417 N Street Cooperative frustrated with delays in the sale of their $1,500 share caused by verifying the low-income eligibility of the buyer (Silverman 2018). More than the payment of rent, Engels is concerned with the exploitation that occurred when the worker that constructed the house was not paid the full fruits of their labor that the landlord will profit off of, and Engels reminds Proudhonists that this exploitation would not be brought to justice even if, "owners were to be deprived tomorrow of the possibility of receiving ground rent and interest," (Ibid).

In settler-colonial states such as the US and Canada, I believe this concept should be extended to the Indigenous nations whose land we have stolen and settled. LEC owners do not profit off of speculatively 'owning' stolen land in the same way homeowners and landlords do. However, bringing housing into cooperative ownership alone is not decolonization, and cooperative organizations should respect local Indigenous sovereignty and pay real rent as requested (“Real Rent Duwamish” n.d.). Chief Si'ahl, Ts'huahntl, Now-a-chais, and Ha-seh-doo-an of the Dxʷdəwʔabš Tribe signed the Treaty of Point Elliott with Washington Governor Isaac Stevens in 1855 (Duwamish Tribal Services 2018). The treaty guaranteed a reservation would be made with exclusive hunting and fishing rights, in exchange for ceding its previous territory of over 54,000 acres in what is now known as King County. The United States has remained in violation of this treaty, failing to create such reservation. Until it does so, the Duwamish Tribe has every right to the city that was named after Chief Si'ahl, and settlers should acknowledge and make a material contribution to the people whose land we occupy.

Conclusion

Limited Equity Cooperatives function as fundamentally separate from any other form of ownership or tenancy. D.C.’s *Tenant Opportunity to Purchase* Act is not a foolproof guarantee of conversion to affordable cooperatives, and public investment will be necessary for the development and success of LECs. Traditional homeownership does not have a strong track record for providing stable housing to low-income people. LECs are able to provide stability and control in the lives of members who would otherwise continue to rent but do not enable residents to grow wealth through real estate. Scholars such as Diamond believe that the LEC model brings homeownership to families that would otherwise be excluded, while Engels believes universal homeownership is a counterproductive policy for the goal of social justice. LECs have also been seen as a threat to the capitalist order by Canada’s CMHC, as well as Silvia Federici, who believes the stability provided by the urban commons can liberate families from wage work, a theory Huron observed in practice. The value of LECs should be framed as a permanent public resource, even when they must act exclusionary in the short term.

Methodology

Outreach and Engagement

My project began with research that focused on specific locals with significant histories of Limited Equity Cooperatives and finding the policies that enabled their creation and the impact of their existence. My literature review led me to reach out to a variety of non-profit, cooperative, and political leaders for more information on their work. I had conversations in person, by phone, and by video call with eight different individuals whose work is related to Limited Equity Cooperatives, taking detailed notes that are interpreted, described, and analyzed in the findings. Frequently, the participant I was speaking to connected me to other people they thought would also be informative for my project. In alphabetical order by first name, the participants I spoke with include:

- Carlyn So - Steering Committee of Pilsen Housing Co-op, Chicago
- Erika Malone – leads affordable homeownership programs for Seattle Office of Housing
- Gaye Bissett – CHF Canada administrative assistant in Vancouver office
- Jessica Gomez – Seattle Office of Housing Intent to Purchase Ordinance contact
- Kerri Berlin – staff member of Northlake Grove Cooperative by Compass Housing Alliance
- Mike O'Brien - Seattle City Council, 2010-2019
- Tamara Knox – Frolic Community developer, MIT
- Tom Jacobi – HomeSight Chief Portfolio Officer
- Uche Okezie - HomeSight Real Estate Development Director

In addition, I received advice on the project in conversations with:

- David Tisel – Somerville Community Corporation, MIT
- Emily Darling, SMR Architects
- Laura Loe – housing advocate with Share The Cities
- Matt Hutchins – CAST architecture
- Myra Lara – SKL Architects and small housing cooperative member
- Veronica Guenther – Community Roots (formerly Capitol Hill Housing), CEP alum
- Dr. Rebecca Walter – UW Real Estate Department

Data Analysis

To understand the material affordability achieved by the cooperative programs described in the literature review, I researched the monthly charges and share prices offered at cooperatives in D.C. and Vancouver, B.C. In D.C., the equity models used by different cooperatives range widely, and I recovered the type for each coop I found. In Vancouver, I calculated the average cost by unit size, and to illustrate the affordability achieved, I calculated affordability as a percentage of 2015 Census median income by household size, as well as earnings made by minimum wage workers.

My conversations with Dr. Walter, Mike O'Brien, and Laura Loe brought to my attention concern with the efficiency of existing affordable housing programs, notably the federal Low-Income Housing Tax Credit (LIHTC) and local Multifamily Tax Exemption (MFTE). One of the key advantages of LECs is their cost transparency; residents democratically approve annual budgets and pay for housing at-cost. To understand how this compares to LIHTC and MFTE and if there are potential benefits in the LEC model, I recorded the subsidized rents charged at three buildings from each program and compared them to market-rate units. In addition, I extracted, visualized, and analyzed data from the Seattle City-published PDF spreadsheet of MFTE buildings. With this data and how it applies to the 2020 HUD-published area median income and rent limits, I was able to convey the rents achieved by the bulk of units produced by this program, and how they compare to "what the market will bear." Finally, to understand the taxpayer cost and level of subsidy that the landlords of MFTE buildings extract, I used King County's portal that makes property tax bills public and calculated the exemption made on improvements value, dividing it by the number of rent- and income-restricted units

Tamara Knox's Frolic MIT dissertation included example pro formas that calculate expected costs achieved by a concept coop. Inspired by Knox's project, I ran pro formas on several examples for the Seattle area. I used LoopNet.com, a prominent commercial real estate listing website, to record the price and price per-unit of all available multifamily apartment buildings on March 9th, 2020. I calculated expected monthly costs for a cooperative conversion for both the average price and a particular building on the low-end of the spectrum. Next, I ran a pro forma on a new development that sought to take advantage of MFTE in Residential Small Lot zoning, the new zoning category that allows smaller and denser homes in neighborhoods that previously mandated a maximum of one home per 5,000 square feet. I cited cost assumptions from Knox's own pro forma and calculated the affordability by percent of AMI that would be achieved by each unit.

I reached out to CEP alum Veronica Guenther, an employee of local public housing agency (formerly Capitol Hill Housing), which owns and operates 47 subsidized rental properties in Seattle. Speaking with Guenther on February 1st, I gained an understanding of the current approach taken by the leadership of affordable rental housing developers, and their limited likelihood of adopting a radically different model that disempowers the organization.

Guenther referred me to Emily Darling, who is an architect of permanent supportive low-income housing with SMR Architects. I met with Darling on March 2nd. Darling emphasized my need to draw the differentiation between supportive housing, which often serves previously unhoused individuals and is operated by organizations like DESC and LIHI, and low-income non-profit affordable rental housing, which serves people earning below 60% of AMI and is operated by organizations like Bellwether and Capitol Hill Housing. Under no circumstance could an autonomous cooperative structure make sense for transitional and supportive affordable housing, with its residents needing services and case managers, and not in a position to immediately be responsible for collective governance. This information led me to focus my criticism on 'workforce'-level private affordable housing development, targeting the MFTE and 30% LIHTC programs, but not the 70% LIHTC and Seattle Office of Housing grants that frequently go towards supportive housing.

Public Presentation and Documentary Video

Following the end of in-person courses at the University of Washington due to the pandemic in March 2020, the key deliverable of the CEP Senior Project was revised from an in-person keynote presentation to a film, premiered live for the Senior Project Film Festival Zoom conference on May 14th, 2020. The documentary video is publicly available on YouTube (Simpson 2020). With the video medium, I was able to implement a variety of visual communication methods, including animated graphics, showing screen recordings of coop websites, panning and zooming in on interactive web maps of both my own and other's creation, and explaining the charts and figures on-screen. In addition, I shared my findings to a meeting of the grassroots group Share the Cities on April 26th, 2020, with similar content as the documentary.

Data

Interviews

Uche Okezie and Tom Jacobi (HomeSight)

February 18th, 2020 (in-person meeting)

I met with HomeSight Real Estate Development Director Uche Okezie and Chief Portfolio Officer Tom Jacobi on February 18th. I took notes while learning in detail about which subsidized financing programs are being used and which are not, the status of the development, and the feasibility for future LEC projects.

Shares will cost an average of $84,000 and will have a resale formula of 2% interest for the first seven years and 4% interest in the following years. At this point, Verity has signed a letter of commitment to work with residents on individually financing their shares on 10-15-year terms, including through a Sharia-law compliant loan that will use a fee instead of an interest rate for Muslim coop members. Once the shares are purchased, HomeSight's only stake will be an advisory board position, ready to offer technical assistance but allow the coop's democracy to function. The income restrictions are guaranteed for at least 50 years through the blanket subsidized funding that HomeSight is using. These include a Seattle Office of Housing 0% interest 50-year loan, a Washington State Housing Trust Fund grant, and a 50-year 1% interest King County loan. Jacobi noted that it's rare for an affordable housing project to get both county and city funding, and that a big reason for it is this project's prototypical nature. They don't necessarily expect the same level of support for future LEC projects, especially given the special state-level appropriation they received. The initial affordability target is below 80% of AMI for most units and 60% of AMI for some units. While these AMI targets produce housing costs for a family of four that are in a range greater than $2,000 per month, unlike other AMI-based affordable housing, the price is set to the actual cost of operation and will not go up solely from a rise in median income. Okezie predicted that the affordability of the cooperative will achieve a lower relative income bracket as the years pass.

Figure 8: HomeSight Othello LEC design by SKL Architects

I was curious about whether HomeSight had pursued Project-Based Section 8 vouchers as a method to reach lower-income families. They informed me that King County Housing Authority and Seattle Housing Authority have not historically been interested in using the program on homeownership-type housing. Everett and Snohomish County previously have, and one issue was instability induced by "aging out" and disqualifying families as children got older, and the expiration of subsidy at the 15-year mark.

HomeSight has targeted its marketing to income qualified residents within the South Seattle neighborhood as well as other neighborhoods that have been identified by the City of Seattle at high risk of displacement. When I asked about the potential for future LEC projects in Seattle, Okezie suggested that the land value is becoming increasingly cost-prohibitive and that HomeSight may be more likely to look towards more affordable south-end suburbs such as Burien and Tukwila. Both Okezie and Jacobi reiterated to me that the "biggest hurdle is financing" construction.

Erika Malone (Seattle Office of Housing)

March 17, 2020 (video call conversation)

Seattle Office of Housing funds both non-profit rental housing and affordable homeownership, but heavily skew towards the former with 6,700 city-funded rental units and just 150 homeownership units slated for construction between 2018 and 2022. In 2019, OH invested $107 million in rental housing and $2.44 million in affordable homeownership (Office of Housing 2020, 7).

The homeownership affordable housing program of OH officially added a Limited Equity Cooperative addendum to the Spring 2020 funding availability application. Given the meager investment the city makes in homeownership housing compared to rental housing, I was concerned that being qualified as ownership rather than rental would be a barrier for LEC projects. The affordability limit of homeownership housing is set to 80% of AMI, whereas 60% of rental projects must be set to below 30% of AMI and the remainder below 60% of AMI. This indicated to me that homeownership projects are seen by the city as serving middle-income workers and require less subsidy, which contrasts with a history of LECs often acting as non-profit rental housing able to house extremely low-income families. To understand the city's investments in LECs I spoke over a video call on March 17th, 2020 with Erika Malone, the fulltime employee managing the Seattle Office of Housing's affordable homeownership program.

Erika quickly clarified that although the maximum income for affordable homeownership is 80%, the average resident's income is very similar to affordable rentals at 58% of AMI. With down payment assistance and flat mortgage payments, affordable homeownership functions almost like rent control. Malone told me that she does not consider the city's funding skew towards rentals as a barrier to LECs. According to Malone, the housing development pipeline takes time and organizational capacity, but OH is flexible and ready to work with organizations on LECs. Our conversation took place as the first COVID-19 stay home orders went into place, the week when the global economy's reaction to the crisis was most foreboding. Malone expressed concern that "all the work we've built up may crumble," as the cyclical real estate market turns. Speaking again with me in September 2020, Malone's prospect for the future of affordable housing had become significantly less dire, though she relayed that HomeSight was still fighting for construction loans necessary to break ground.

Office of Housing rental funding is "generally in the form of long-term loans" (Office of Housing 2019, 16) with terms of over 50 years, an interest rate of 1%, and payments deferred until the sale or change of use of the property (Ibid., 16). The principal debt is never paid as long as it continues to be affordable housing. Monthly interest payments are only made if "project proformas indicate that the borrower will be able to make payments and meet expenses consistent with rent limits," (Ibid., 17). City loans for rental housing are effectively grants that maintain ownership recourse to enforce continued affordability.

Tamara Knox (Frolic Community)

March 19 and April 15, 2020 (video call conversation)

After reading David W. Tisel's MIT master's dissertation, "The Campaign for the Tenant Right to Purchase in Greater Boston," which sought to pass TOPA in Massachusetts, I reached out to him and spoke by phone on February 13th, 2020. Tisel referred me to MIT-peer Tamara Knox, who was in the process of moving to Seattle to begin development of Frolic, the cooperative project that she planned as her own master's thesis. Frolic identifies the ongoing displacement of Central District and South Seattle homeowners of color in single-family dwellings that are zoned for higher density. Houses are typically redeveloped as three to four townhouses that each sell for $700,000 or more. Growth has been concentrated in historically redlined communities of color, while white single-family neighborhoods remain, allowing only mansions to be developed in them. Frolic seeks to allow existing homeowners to "age in place" by redeveloping their lots with approximately six units of various sizes. The homeowner recoups some of their equity in cash, has a lessened property tax burden, and a more accessible home.

The existing homeowner transfers their title to the cooperative. When the cooperative obtains permanent financing, the homeowner can take liquid cash out as part of the deal. Alternatively, the homeowner can opt to maintain their stake and receive dividends from rent payments by residents. The resident shares are set to 20% of the property's equity, enabling expected buy-in values of approximately $75,000 and 10% down-payments of $7,500. Knox's pro forma projects monthly housing charges to be affordable for individuals between 70% and 130% of AMI, and charges fixed to an annual 2% increase. This effectively scales the building's affordability with inflation, which has been around 2% in recent years, significantly below the rental market's growth.

With the Community Investment Fund, both cooperative residents and other people are able to invest in the cooperative and earn dividends off of resident rent payments, which exceed the operating expenses. The portion of a resident's housing charge that pays down debt is assigned as shares to the resident. As a resident's share of ownership increases, a greater amount of their rent is returned to them each year as a dividend, counteracting the annual increase in housing charge for existing residents and increasing long-term affordability.

This is an unprecedented model that's reliant on community members pulling together $900,000 of the expected $2.6 million needed for developing an 8-unit site. The funding mechanism is most comparable to social impact investing. Bellwether Housing ran a social impact investment fund that promised 2% returns for 15 years while helping to fill the funding gap on the $257 million needed to build Bellwether's next 750 non-profit homes. Over seven months, the fund raised $3,046,175 from 'accredited' investors (people with over $1 million in non-residential assets or income in excess of $200,000) and an additional $300,021 from a public webpage targeting general community members (Bellwether Housing n.d.) .

Frolic does not want to utilize any housing subsidies. Knox told me that she believes the overhead required to prove affordability and qualify for grants and tax subsidies would be excessive. In addition, public money fluctuates drastically with economic crisis, and Knox believes a more resilient financing model will make Frolic more replicable.

I spoke with Knox a second time on April 15th, 2020 to check on the progress of the project amid COVID-19's stay-at-home world. Knox had found banks receptive to the project, with the relatively small size of loans seen as a low enough risk. Frolic had entered conversations with both Habitat for Humanity and HomeSight as potential guarantors of predevelopment loans.

Carlyn So (Steering Committee of Pilsen Housing Co-op, Chicago)

May 18, 2020 (phone conversation)

Carlyn So described how Pilsen Housing Cooperative (PiHCO) successfully acquired its first building in February 2020, with both existing tenants and new residents becoming coop owners. There are six units total, with one unit needing to undergo a complete overhaul before being occupied. The building's former landlord, who lives onsite, reached out after hearing about PiHCO's organizing, wanting to retire from building management but not wanting to cause displacement. Technical support was provided pro bono by a lawyer familiar with LECs at the University of Chicago's legal clinic, but no significant subsidy, tax incentive, or public funding is being used. The former landlord is providing seller-financing on below-market-rate terms, while rehabilitation is being financed through an $85,000 loan with Shared Capital Cooperative. Unlike most Limited Equity Cooperatives, payments into the blanket mortgage grant the member individual equity in the principal, but the resale price is limited to the sum of the resident's payments, with no appreciation. One member bought their unit outright for just over $100,000, while most members made down payments of $15,000 to $40,000. The largest family that moved in could only afford a $2,000 down payment, and community fundraising provided $6,000. When they move out and resell, that down payment value will go back into the cooperative for future internal subsidy.

PiHCO hopes to form a scattered site network of small apartment buildings across the neighborhood, protecting existing tenants and resisting the gentrification and displacement of Chicago.

Kerri Berlin (Northlake Grove Cooperative by Compass Housing Alliance)

April 27, 2020 (phone conversation)

Kerri Berlin has been a resident of the 24-unit Northlake Grove Cooperative since 2003 as Compass Housing Alliance's live-in staff member. The site was constructed using the Low-Income Housing Tax Credit and is not strictly a cooperative. Residents participate in meetings for community norms, grounds maintenance, and social events, but do not have a direct say in finances or the new resident application process. The building's affordability level is set to 35% of AMI, which is much lower than most LIHTC projects built in recent history. Even then, they've been able to hold rent below the cap by $50 for the most recently rented units and have policies to maintain price stability for seniors on a fixed income. The key cooperative aspects are in the community. Berlin described that even the least engaged residents gain comfort from a sense that their neighbors would be there for them if they asked for help. Residents are from very diverse backgrounds, and throughout the COVID-19 crisis have been able to provide mutual aid to each other, such as an in-building food pantry. According to Berlin, the stable community and housing cost help adults feel empowered to pursue higher education, and parents can work together on looking after children.

Mike O'Brien (Seattle City Council, 2010-2019)

April 17th, 2020 (video call conversation)

I spoke with former Councilmember Mike O'Brien, who took a particular interest in Limited Equity Cooperatives during his term. O'Brien identified that Seattle's non-profit affordable housing developers operate "a well-oiled machine" that many cities don't have, and we should be grateful for it. He quickly identified that despite this model's success producing housing, due to the rise in median income, rents have been allowed to increase each year in housing that the public is subsidizing. O'Brien mentioned that the city has been able to work with many non-profit providers in holding back increases. However, there's no legal mechanism to control the rents, and non-profits still must operate as a business that prioritizes their revenue to grow, win competitive requests for proposals, and continue developing housing. O'Brien is distraught that Seattle has become a city where only millionaires can afford to own their homes and have housing stability. Becoming majority renter was one milestone that Seattle hit during O'Brien's tenure, and he conveyed mixed emotions about it. When making appeals to local media and the city council, property owners frequently tout their status as if it entitles them greater citizenship and say. Just as O'Brien believes there shouldn't be profit to be made off of selling clean air and clean water, he believes housing is a human right. O'Brien compares the historical relationship between the price of housing and the price of commodities such as beer as illuminating the problem. Beer has remained affordable for a worker's wage; housing is now worth many more beers than it once was.

O'Brien became interested in LECs as a form of social housing, culminating in his organizing of the event "Building Affordability Through Community Ownership" in December 2016 with Puget Sound Sage. The panel included representatives from UHAB, the technical assistance organization from New York City, Africatown Community Land Trust, tenant owners from the Benson East apartments in Kent, and TRUST South Los Angeles. O'Brien advocated for the Seattle Office of Housing to support Limited Equity Cooperative developments and found the Office flexible and willing to invest in the model. O'Brien's sense corroborated Erika Malone's statements, the city's grant mechanisms do not impede LEC development.

Gaye Bissett (CHF Canada, Vancouver Office)

April 27th, 2020 (phone conversation)

One of the key factors in the success of cooperatives in Canada is the Co-operative Housing Federation. The non-profit is itself a cooperative of independent housing coops and serves all of them to provide technical support, communication, homeowners insurance, and lobbying power, with local offices and regional partner organizations. UHAB fills a similar role in New York, but there's no equivalent organization with the same level of infrastructure in the US. Gaye Bissett is the administrative assistant for the Vancouver office of CHF Canada, and I spoke with her by phone on April 27th, 2020. One of the issues that Canadian cooperatives have recently faced is the expiration of operating agreements for subsidized units that were in place for the duration of long-term loans with the Canada Mortgage and Housing Corporation (CMHC, the public agency equivalent to Fannie Mae in the United States). Bissett described a variety of methods cooperatives have used to avoid the displacement of their lowest-income residents. Taking advantage of decreased expenses with the mortgage paid off, some cooperatives are internally subsidizing with wealthier residents continuing to pay more. In many cases, refinancing has been necessary to make major renovations that 40-year-old buildings need. CHF Canada's work included lobbying efforts to renew subsidies for cooperatives as part of the National Housing Strategy Act of 2019.

Cooperatives in Canada are "zero equity" rather than limited equity. With a few exceptions, the share price that residents pay on move-in is a refundable security deposit. Bissett described that while they're legally autonomous organizations, cooperatives do not have the power to vote to privatize and sell for market value in the way some LECs in DC and New York have, stating that it would be "unfair" for individuals to make such a profit on public investment. If the cooperative were to disband, by deed-restriction all assets are to be given to a likeminded non-profit. Many cooperatives in Vancouver are built on ground-leased municipally owned land. As these leases come up for renewal, conflicts between the city and cooperative's interests have occurred. Bissett described that land value has dramatically risen since the 1980s, and the City of Vancouver real estate department has an incentive to maximize public revenue, which may require mixed-income redevelopments.

Reflecting on the COVID-19 pandemic, Bissett observed mutual aid occurring in her own cooperative and others across Canada. This has included grocery drop-offs and emergency fund distribution without cooperatives, and webinars on health practices run by the CHF Canada communications team.

Data Analysis

Canadian Zero Equity Cooperatives

Canada's history of zero-equity social housing cooperatives closely tracked that of the United States but reached wider geographic distribution and greater per capita prevalence. Between 1973 and 1993, a series of three programs through the federal government of Canada subsidized the new construction of zero-equity cooperatives, with 92,526 units in 2,121 buildings across Canada continuing to provide affordable and stable housing (Co-operative Housing Federation of Canada n.d.). Cooperative buildings that are still paying back the 30-50-year federal loans also contain the Canadian equivalent of project-based Section 8 housing voucher units, where low-income tenants pay only 30% of their income and the government covers the difference. Subsidized households account for one-third of all units in Canadian social housing cooperatives, while the remaining two-thirds are unsubsidized (Co-operative Housing Federation of Canada n.d.). This success is a legacy of activists in the late 1960s forming a coalition of labor, religious, student, and cooperative

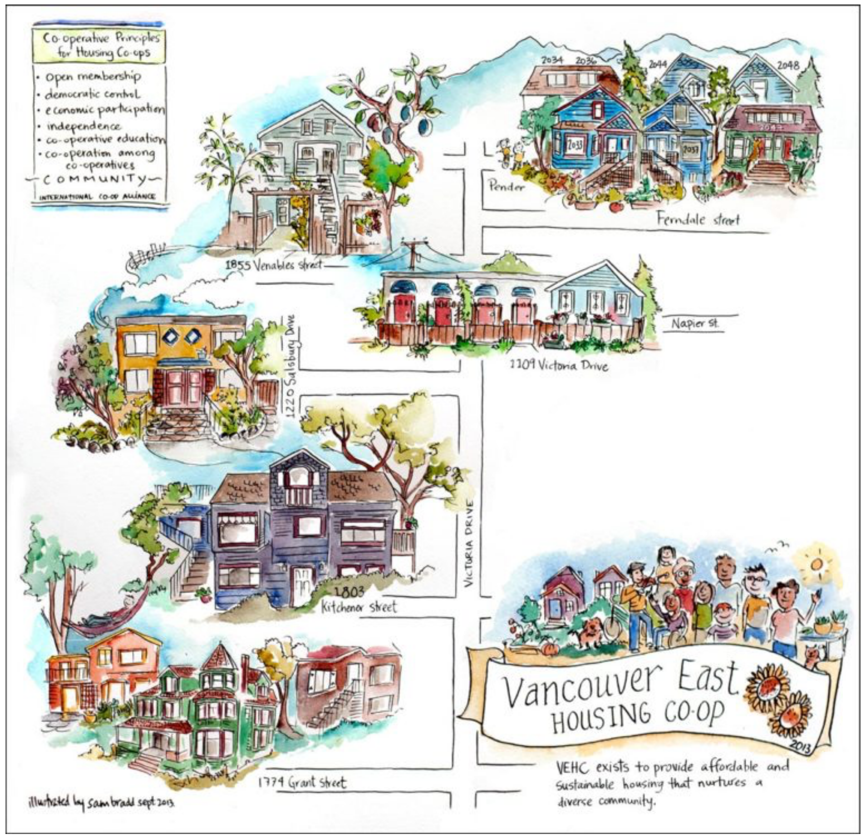


Figure 9 Vancouver East Housing Co-op Illustration

organizations to fight against the exclusion of cooperatives from federally backed mortgage programs (Chouinard 1990, 1441).

Vancouver Cooperative Housing Cost Study

I found the Cooperative Housing Federation of Canada (CHF) website that lists all participant cooperative buildings in the country, mapped with their address, contact information, and if available, website. I searched for each coop in Vancouver city limits and visited the websites of each that had them ("Find a Co-Op" n.d.). Many of the websites had their monthly housing charge, as well as buy-in share price, listed publicly. I recorded this data in a spreadsheet on March 20th to understand the average price for unsubsidized cooperative units in Vancouver, and how that compares to market-rate rent in the city. I recorded data from the 24 cooperatives within Vancouver city limits that had publicly listed figures for their housing cost dated no older than 2016. I found that monthly charges were 34-44% that of real estate site zumper.com's average market-rate rent, with four-bedroom units most dramatically more affordable. See *Addendum 1* for full, per-building data.

In one example, costs for market-rate units listed in November 2019 at Antrim Place Cooperative in Vancouver range from CAD $794 per month with a $1,000 co-op share value for one-bedroom units to $1,250 per month and a $3,000 share value for four-bedroom units. This compares to private rentals in Vancouver that averaged $2,100 per month in April 2020 for one-bedroom units, with first and last month's rent, security deposit, and cleaning fee typically due before move-in ("Average Rent in Vancouver, BC and Cost Information - Zumper" 2020).

Charges average under 30% cost-burden for an individual in a studio and just 32% cost-burden for a family with two workers in a four-bedroom unit. The Canadian Census separates household income between one-person households and two or more person households. The most recent census figures available reflect 2015 income, and the median income has likely risen in Vancouver since then. With that in mind, 2-bedroom cooperative units are affordable to a family of 2+ people earning 51% of Vancouver's median income. This compares to the average 2-bedroom market-rate rental, where families must be at 135% of median income earning at least $119,800 to avoid being cost-burdened. All cooperative unit sizes are below

70% of the AMI for 2+ person households. The affordability achieved by Canadian cooperatives compares especially favorably to that achieved by various programs in Seattle described above.

Unit type (#)	Average market-rate rent	Average coop share value	Average coop monthly charge	Cost-burden for 1 min. wage ($13.85) full-time worker	Cost-burden for 2 min. wage full-time workers	Affordable at X% of AMI for 1-person household (2015)	Affordable at X% of AMI for 2+ person household (2015)
Studio (3)	$1,800	$1,850	$695	28.9%	14.5%	72%	31%
1-bed (24)	$2,100	$2,024	$923	38.5%	19.2%	96%	41%
2-bed (24)	$2,995	$2,379	$1,147	47.8%	23.9%	119%	51%
3-bed (23)	$3,600	$2,759	$1,372	57.2%	28.6%	143%	62%
4-bed (13)	$4,500	$3,458	$1,538	64.1%	32.0%	160%	69%

Figure 10: Vancouver Cooperative Housing Price Study

Washington, D.C. and TOPA

Contemporary Regulatory Battles Against TOPA

In 2018, DC's city council passed legislation that exempted landlords of single-family rental dwellings and Accessory Dwelling Units (such as basement suites within houses) from TOPA requirements. In the lead-up to this legislation, media coverage painted a sympathetic picture of "mom and pop" landlords that felt exploited by tenants utilizing their TOPA rights, and data that showed only 5% of renters ultimately purchased their home (Kass 2018). Under the new law, renters of single-family dwellings only need to be notified of intent to sell, and do not have the right to purchase. NBC4 Washington ran the headline, "Some D.C. Renters Make Tens of Thousands of Dollars Exploiting Decades-Old Law." The article described tenants who were unwilling to take $10,000 TOPA waiver offers from their landlord, having connected with a third party buyer willing to them more, with that buyer able to use the delay mechanisms of TOPA to force the sale price down (Piper 2017). Landlords lamented this practice as "extortion" and a "hostage" situation that has resulted in a $100 million per year industry in DC. The article states that these rights could even be exploited by, “a health worker who lived in the home to care for grandma for a few weeks or the summer intern who rented a room,” (Ibid.). Functionally, TOPA gave tenants the ability to negotiate for the highest tenant relocation payout between their landlord and any number of home buyers and developers, taking a chunk of real estate appreciation away from the owner.

This compares to Seattle, where property owners are sometimes required to cover half of a relocation assistance payment between $500 and $3,998, or 3-months’ rent, dependent on the tenant’s income and the reason for forced relocation (“Tenant Relocation Assistance Ordinance - SDCI | Seattle.Gov” n.d.). Single-family houses make up a significant share of Seattle’s rental housing stock, with approximately 90,000 residents (U.S. Census Bureau 2018). Policy must avoid conflating single-family rentals with “mom and pop” landlords. Following the recession, private equity funds consolidated 200,000 foreclosed houses to just a few landlords between 2011 and 2017, including hundreds in Seattle’s metropolitan area (see figure 11; Andrews and Sisson 2018). Policy should be developed that is conscious of the political power and public sympathy that ‘mom and pop’ landlords have, especially in an era where Seattle promotes the development of accessory dwelling units, while still providing the many tenants of single-family dwellings with fully realized rights. Limiting the sale of TOPA rights to for-profit third parties may reduce situations that media would report as “extortion.”

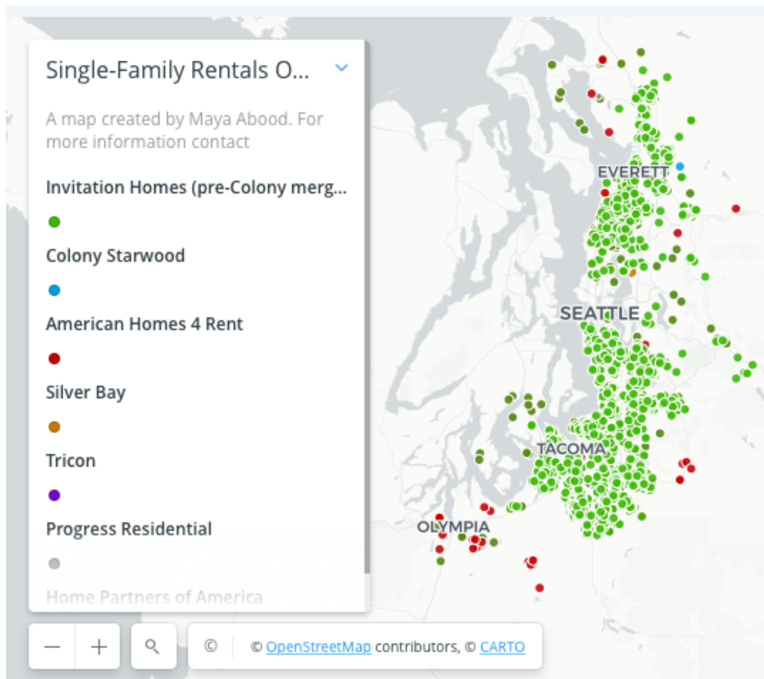


Figure 11: Wall Street-owned single-family rental homes in Seattle region

Efforts for TOPA outside of the District

In Google searches, I found efforts since 2019 to pass TOPA legislations in Richmond, Oakland, and Berkeley California. The documents I found include Change.org petitions put forth by landlords’ associations to advocate against the proposal, including updates celebrating the “success” in stopping the legislation Richmond, delays due to Coronavirus in Oakland, and organizing for public comment appearances in Berkeley (Association of United Richmond Housing Providers 2019, Stop TOPA Oakland n.d., STOP TOPA Berkeley n.d.). Local news articles I found on the topic include, “Moms 4 Housing inspires bill that offers tenant protections,” on KTVU in Oakland, with City Councilor Nikki Fortunado Bas using the recently publicized County Sheriff eviction of mothers squatting in a vacant home to promote the passage of TOPA (Rendon and Seldon 2020). In Berkeley, a PDF document shows the Office of the Mayor’s research into TOPA, which includes the findings that DC and Takoma Park, Maryland, a suburb of DC, are the only municipalities that currently have such legislation (Office of Mayor Jesse Arreguín 2020).

Minneapolis Ward 3 City Councilmember Steve Fletcher has been studying TOPA since fall 2019 and is currently working with Local Initiatives Support Corporation (LISC) Twin Cities on writing the legislation, debating the merits of third-party TOPA-right transferability. Fletcher hopes that after the bill is introduced this fall, it might be able to help community-led efforts on rebuilding areas damaged during protests that followed the murder of George Floyd.

Through scholarly and Google web searches, I looked into contemporary efforts made to implement a policy like TOPA in other cities. In Seattle, I found that the 2019 amendment of the Notice of Intent to Sell Ordinance follows the language of TOPA, but only requires landlords provide advance notice of sale to tenants and Seattle Housing Authority. The ordinance does not require landlords provide tenants or public agencies the opportunity to negotiate a sale, only a warning. Blogger SCCInsight called the revision “[threading] the needle of trying to facilitate tenants’ ability to pull together a bid to buy the property while not introducing unnecessary delays,” and saw it as an overreach that potentially violates the State of Washington Constitution against takings (Schofield 2019).

Courts in Washington State have previously ruled against a right of first refusal for mobile home residents, considering it a taking. In the November 2019 ruling of *Chong Yim v. City of Seattle*, the Washington State Supreme Court overturned previous interpretations of what constitutes takings. It brought the state case precedent in line with the federal guidelines, which would allow right of first refusal laws. Courts had previously ruled against a right of first refusal for mobile home tenants, which is one type of property where tenant organizers have been successful in organizing Limited Equity Cooperatives nationwide. In further searches, I found a real estate agent argue the legislation would have the unintended consequence of incentivizing landlords refuse lease renewal of tenants below the 80% AMI threshold if they are thinking about selling (Bowlin 2019). I reached out to the Seattle Office of Housing's contact on the program, Jessica Gomez. Over the phone on February 25th, 2020, I asked about the program's efficacy since the summer 2019 implementation, and the concerns expressed over the constitutionality and unintended incentives. Gomez told me that the higher penalty has meant increased compliance by landlords, that no known tenant or SHA purchases have resulted, no lawsuits have been taken against the legislation, and no perverse effects have been observed. She concluded that the program provides tenants with the security of information but has otherwise not made a huge impact.

D.C. Cooperative Housing Cost Study

Washington DC has no equivalent to the Cooperative Housing Federation in Canada, and cooperatives differ significantly in their property management, associated non-profits, and equity scheme. Very few cooperatives operate their own websites, with listings generally posted to real estate websites, such as Zillow and Redfin, when units become available. In some cases, the departing member is responsible for the listing, while in others the building has a professional property management company. The

Figure 12: Claiborne Coop (Highsmith, 2010)

Coalition for Nonprofit Housing & Economic Development, a DC-based non-profit, operates a webpage that lists the names and addresses of known housing cooperatives in the District. Using Google searches of these names and addresses, I found archived and current listings for six cooperative units in DC posted since 2016, five of which were one-bedroom units and a single two-bedroom unit. Among them, four are zero equity cooperatives that act very similarly to the Canadian model, with a share value equivalent to a small security deposit. 1314 K Street Coop uses a formula that gradually increases the share's price, maintaining relative consumer price index value. Only one, Norwood Cooperative, used an equity accruing model. At Norwood, the portion of monthly housing charge that pays the mortgage assigns equity to the resident. The share of the departing member in 2019 had reached $40,000. The value of the share does not increase with speculation, only rent payments. Families unable to pay the $40,000 to move in would need to individually finance a mortgage for that value on top of the blanket mortgage that monthly charges contribute to.

	Listing dated (m/d/y)	Income eligibility	Share value	One-bed monthly charge	Two-bed monthly charge	Equity type	Link
Pleasant Park Cooperative	03/01/18	Below $31,800 for family of 3 (60% AMI)	$1,500		$1,081	Zero	http://www.micasa-inc.org/wp-content/uploads/2018/03/1.-Pleasant-Park-Marketing_App-3.13.18.pdf
Norwood Cooperative	02/28/19	Below 80% of AMI	$40,000 to purchase equity of $188,000 unit share	$1,300		Yes, departing residents sell the value of the principal that they've paid down to the next resident.	https://www.realtor.com/realestateandhomes-detail/1417-N-St-NW-Apt-701_Washington_DC_20005_M51737-23830
Maya Angelou Cooperative	05/25/20	Below 80% of AMI	$2,000	$750		Zero	http://oakesmanagement.com/all-vacancies/
4920 A Street Coop	05/25/20	Below 80% of AMI	$900	$900		Zero	http://oakesmanagement.com/all-vacancies/
1314 K Street Cooperative	04/29/20	Below 80% of AMI	$4,360	$1,113		Original buy-in plus formula appreciation	https://www.zillow.com/homedetails/1314-K-St-SE-Washington-DC-20003/108451853_zpid/
Claiborne Coop	02/17/16	51 - 80% AMI	$1,400	$1,400		Zero	https://www.zillow.com/homedetails/3033-16th-St-NW-APT-404-Washington-DC-20009/2100403818_zpid/

Affordable housing is defined in the US as housing that is rent-restricted to cost less than 30% of the income of a family at a specific income level, with the highest regularly subsidized level being at 80% of the area's median income (AMI). The median income in Seattle's area reached $113,000 in 2020 for a family of four. Unlike public and voucher housing, in affordable housing, a household's rent is not based on their personal income but is instead 30% of the income cap for the unit. All residents earning less than the exact income cap are rent-burdened. Unaffordable rent in affordable housing is essentially unavoidable without the unit being cross subsidized with Section 8 Housing Choice Vouchers.

Unit Type - Income Restriction and Size	Number of Units	Maximum Income	Maximum Rent
One-bed at 75% AMI	2,102	$ 71,700	$ 1,792
Studio at 65% AMI	1,347	$ 54,340	$ 1,359
One-bed at 80% AMI	671	$ 76,480	$ 1,912
Two-bed at 85% AMI	496	$ 91,375	$ 2,284
Studio at 80% AMI	347	$ 66,880	$ 1,672
Two-bed at 90% AMI	149	$ 96,750	$ 2,418

Multifamily Tax Exemption

The Multifamily Tax Exemption Program in Seattle allows new construction housing to be exempt from property tax on the building for its first twelve years if the landlord restricts the rent of 25% of units to be affordable for various income levels. The affordability required ranges from 40% of area median income (AMI) in dorm-style units to 90% of AMI in 3-bedroom units. Of the 5,340 MFTE rent- and income-restricted units in existence in Seattle, the majority are one-bedroom units at 75% of AMI (2,102 units), studio units at 65% of AMI (1,347 units), and one-bedroom units at 80% of AMI (671 units). With 2020 HUD-published median income figures, which in most cases have not gone into effect yet due to the COVID-19 pandemic, maximum allowable rents in the six most common unit types range from $1,359 for a studio to $2,418 for

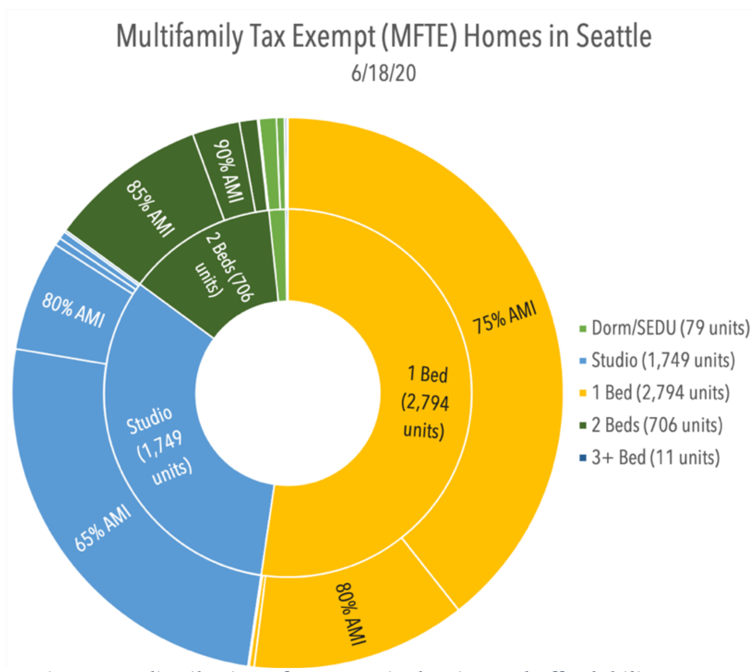


Figure 13: distribution of MFTE units by size and affordability

a two-bedroom. In comparison, the market-rate median rent in July 2020 is $1,375 for studios, $1,749 for one-bedroom units, and $2,250 for two-bedroom units.

In 2020, the 53-unit MFTE building at 7011 Roosevelt Ave NE will pay $28,857.31 in property taxes on land value, while $11,247,307 of improvements value was exempt from taxation. This results in a savings of $107,139 per year in property tax for the landlord. 14 of the 53 units are rent-restricted, with ten studios affordable at 65% AMI and four one-bedroom units at 75% AMI. Distributing the $107,139 of tax exemption between the 14 affordable units, the public is effectively subsidizing each MFTE unit in this building by $638 per month. This massive subsidy is resulting in rents that are nearly identical to "what the market will bear" for unrestricted units in the same building. A 414ft² MFTE unit at 7011 was listed for $1,450, while a 393 ft² market-rate unit was listed for $1,395, saving the tenant only 5 cents per square foot. 7011 Roosevelt is not unique in the lack of difference between affordable and market units, with 2 out of 6 buildings having more expensive-per-foot MFTE units:

Building	MFTE unit rent	Market-rate unit rent	MFTE unit size (ft²)	Market unit size (ft²)	MFTE $/ft²	Market $/ft²
7011 Roosevelt Way NE	$1,450	$1,395	414	393	**$3.50**	$3.55
836 NE 67th St	$1,051	$1,250	242	303	$4.34	**$4.13**
1815 Bellevue Ave	$895	$965	169	161	**$5.30**	$5.99
1212 Harrison St	$1,648	$1,690	545	475	**$3.02**	$3.55
1050 James St	$1,501	$1,825	603	698	**$2.49**	$2.61
4040 26th Ave SW	$1,599	$1,715	592	645	$2.69	**$2.65**

Seattle passed Mandatory Housing Affordability in 2019, requiring that all new multifamily housing development contribute to affordability by either paying a tax, which funds grants to non-profit providers that serve people with income below 30% of AMI, or by implementing rent control on a small percentage of the units in the building. These units must meet affordability for 60% of AMI. Mansions and single-family houses in the remaining single-family are notably exempt from the tax.

While the median income has been rising rapidly in Seattle, a rising tide does not lift all boats. The 2018 American Community Survey found that 23% of households in Seattle still earn below $40,000, which is well below the income needed to afford housing set to an AMI level above 40% (see figure 10). For the 73,630 households earning under $40,000, the median income rising is not relevant, yet it severely impacts their ability to afford the affordable housing produced. An individual working fulltime at the small employer minimum wage of $13.50/hour with healthcare benefits earns $28,080 per year before taxes. Living in one of 65% AMI studio apartments created under MFTE, they would pay 58% of their income in rent. A family of two minimum wage workers with a child in an 85% AMI two-bedroom unit would pay 48% of their income in rent. AMI-based rent in a booming economy also means very little annual stability in rent, with everyone else's income determining your rent.

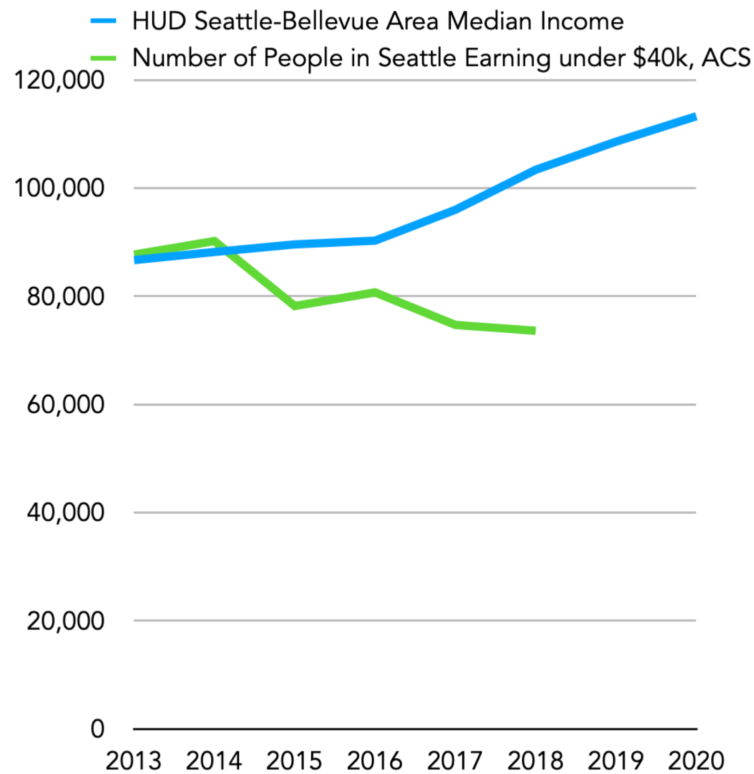


Figure 14: Census ACS, HUD

Jasmine Smith (MFTE resident)

April 5th, 2020 (phone conversation)

I spoke with Jasmine Smith, an acquaintance that has lived in an MFTE unit for about a year. Her income is considerably below the 80% AMI cap for her unit, and she relented that MFTE means, "everyone is guaranteed to be rent-burdened by default." Getting approved for the unit involved 2 hours of paperwork and weeks of stressful waiting from the city, and she observed that it would be especially difficult for a worker of multiple food service jobs to prove their qualification. Washington Governor Jay Inslee ordered a statewide emergency rent freeze for between April 17th and June 4th, which has since been extended to October 15th, restricting any landlord from increasing rent, regardless of lease status. As a result, Seattle has not yet published the 2020 rent limits for AMI-based restricted housing, although the numbers are available on the HUD website. Despite this, Jasmine's landlord offered an 11% rent increase on her MFTE unit beginning May 25th, violating the emergency order. With the 2020 AMI-based rent, Jasmine's unit would be $1,403, comparable to market-rate units in the neighborhood. Seattle's MFTE documentation expects in good faith that landlords will not increase rent by more than 4% per year, but the AMI-calculations are the only legally binding restriction. After calling the assistant attorney general's office and bringing the order to her property manager, the landlord offered a 5-month lease renewal at the 2019 rate.

Low-Income Housing Tax Credit

Federal affordable housing programs have many of the same issues as the local MFTE. Vintage Housing is a for-profit affordable housing developer of 45 buildings with 9,072 units across the US using the Low-Income Housing Tax Credit (LIHTC) ("Home | Vintage Housing" n.d.). With LIHTC, the federal treasury indirectly covers either 30% or 70% of construction costs for affordable housing. State agencies are granted tax credits by the IRS based on population. Affordable housing developers apply for LIHTC with the state agency in a ranked process, with the 70% version of LIHTC more competitive. Projects are ranked based on factors including promised amenities, transit access, accessible units, and serving vulnerable populations. When the tax credit is awarded, the developer sells it to a bank that can benefit from the associated tax break, who pays them most of its value back as cash, taking a cut in the process. The ultimate tax credit recipient receives 4% (30% LIHTC) or 9% (70% LIHTC) of the building's construction cost each year for ten years, while the resulting affordable development is required to remain rent- and income-restricted for 15 years. The less competitive 30% version of LIHTC is combined with tax-exempt bonds, where the remainder of the cost

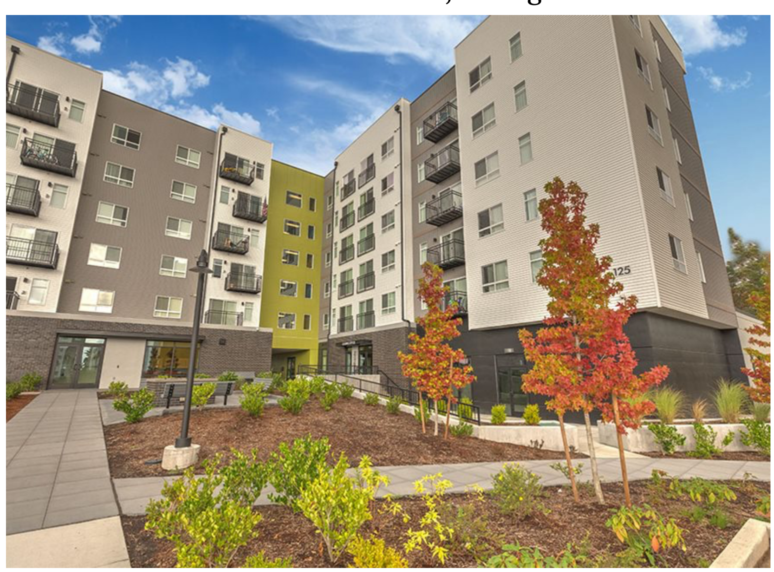


Figure 15: Southside by Vintage LIHTC building

is financed through a similar multi-party process that results in a loan with an interest rate of approximately 3%.

Southside by Vintage is one LIHTC 30% building that opened in 2017 in West Seattle with one-bedroom units renting for $960 (Miller 2016). Three years later, the same units are listed for $1,306 (Vintage Housing and FPI Management n.d.). LIHTC buildings are intended to be deeply affordable units for very low-income people after receiving a massive subsidy from the US treasury, yet rents are still increasing rapidly, and approaching market-rate rents. Much of the existing affordable housing system is not able to produce stable and affordable housing.

The following demonstrates rents offered at three for-profit 30% LIHTC buildings in Seattle, with the LIHTC and tax-exempt bond allocations they received. Larger units still trend more significantly affordable in comparison to market-rate:

Building	Year Opened	Studio		One-bed		Two-bed		Total Units	LIHTC Allocation	Bond Allocation
		Price	Size (ft²)	Price	Size (ft²)	Price	Size (ft²)			
Linden Flats	2018	$1,273	488	$1,273	557	$1,505	707	170	$17.9m	$34m
Southside by Vintage	2017			$1,306	538	$1,559	1,012	298	$27.9m	$55m
Tressa Apartments	2009	$1,132	384	$1,210	450	$1,445	668	466	$33.3m	unknown
Average market-rate rent (zumper.com)		$1,375		$1,749		$2,250				

Figure 16: Low-Income Housing Tax Credit (30%) buildings in Seattle compared with market-rate rent

On February 25th, I met with Dr. Rebecca Walter, a professor in the real estate department at the University of Washington, whose affordable housing class initially exposed me to Limited Equity Cooperatives. Dr. Walter was particularly interested in my research on the opportunity for Low-Income Housing Tax Credits (LIHTC) to be used for Master Lease Cooperatives, where the cooperative has a long-term ground lease from the recipient of the tax credits. I learned about this model in a 2004 report produced by the University of Illinois for the Chicago Mutual Housing Network (Zelalem et al. 2004). LIHTC has produced much of the new affordable housing in the United States for decades but Dr. Walter sees its process as inefficient. I found that the Chicago Mutual Housing Network (CMHN) had been long defunct, which was led by the recently deceased Charles Daas ("In Memoriam - Charles Daas" 2019). Two housing projects created by the CMHN that used the Master Lease Cooperative model, the Nuestro Hogar Cooperative and the Harold Washington Unity Cooperative, are now listed on the website of the Bickerdike Redevelopment Corporation, an affordable housing renovation non-profit (Bickerdike Redevelopment Corporation n.d.). It is unclear whether the LEC model is used at these properties, and I did not hear back from Bickerdike after reaching out by email.

Figure 16: Opening ceremony for Liberty Bank Building (Alex Garland)

Although not a Limited Equity Cooperative, the Africatown Community Land Trust Liberty Bank Building used a similar model with LIHTC-funding (Carder 2019). The Liberty Bank Building, named after the Black-owned bank that the site once held, was completed in the historically red-lined and rapidly gentrifying Central District neighborhood of Seattle. Africatown partnered with Capitol Hill Housing, one of Seattle's public housing authorities, to initially construct the building as a traditional affordable rental building federally subsidized by the Low-Income Housing Tax Credit (LIHTC). Once the 15-year period of LIHTC enforcement is over, the building can be converted to a CLT, and existing residents will be able to own their unit. A similar arrangement but using the Limited Equity Cooperative model is certainly possible, and it shows the benefit of cooperation with an existing affordable housing agency.

Seattle Real Estate Market Study and Apartment Conversion Pro Forma

On March 9th, 2020, I cataloged all available multifamily buildings for sale with publicly listed prices on LoopNet.com, a popular commercial real estate website. I gathered each building's address, the number of units, listing price, construction year, square footage, average unit size, and price per unit. I found that the average cost per unit was $319,682, with a range of $199,333 to $487,500.

Address	Units	Price	Year built	Size (ft²)	Interior ft² per-unit	$/unit	$/ft²
4029 7th Ave NE	75	$16,900,000	2014	56,250	750	$ 225,333	$ 300
629 12th Ave E	9	$2,895,000	1922	4,921	547	$ 321,667	$ 588
1025 N 36th St	3	$1,095,000	1901	2,200	733	$ 365,000	$ 498
6401 20th Ave NW	12	$3,750,000	1958	7,544	629	$ 312,500	$ 497
3627 13th Ave W	3	$1,395,000	1959	2,700	900	$ 465,000	$ 517
2005 13th Ave W	9	$3,200,000	1968	7,023	780	$ 355,556	$ 456
1914 Ferry Ave SW	9	$2,200,000	1953	9,000	1,000	$ 244,444	$ 244
910 E Prospect St	4	$1,250,000	1905	2,400	600	$ 312,500	$ 521
12552 35th Ave NE	6	$1,950,000	1967	6,540	1,090	$ 325,000	$ 298
5219 22nd Ave NE	4	$1,950,000	1914	3,810	953	$ 487,500	$ 512
811 N Motor Pl	7	$1,950,000	1967	5,454	779	$ 278,571	$ 358
5236 California Ave SW	10	$2,600,000	1967	8,808	881	$ 260,000	$ 295
1631 Boylston Ave	30	$7,250,000	1907	22,800	760	$ 241,667	$ 318
714 7th Ave	75	$14,950,000	1910	26,545	354	$ 199,333	$ 563
1124 Lakeview Blvd E	4	$1,450,000	1912	3,042	761	$ 362,500	$ 477
2317 E Ward St	3	$1,075,000	1908	1,893	631	$ 358,333	$ 568
3019 NE 143rd St	11	$2,250,000	1961	7,548	623	$ 204,545	$ 298
1010 N 45th St	5	1,395,000	1907	3,191	638	$ 279,000	$ 437
4127 California Ave SW	6	1,995,000	1963	5,494	916	$ 332,500	$ 363

Figure 17: Listings recorded from LoopNet.com

Without subsidies, financing a building with a per-unit cost of $320,000 would cost $1,190 per month with a $64,000 20% down payment. With property tax, insurance, utilities, and $100 per month of maintenance savings, the total housing charge would equal $1,677. With private mortgage insurance (PMI) to allow for a 3%, $10,000 downpayment, the monthly cost would be $2,046. This is equivalent to the $2,093 rent that the landlord charged at time of listing for 1-bedroom units in 629 12th Ave E, a building that was available for $321,667 per unit. Without subsidies, converting market-rate apartments to cooperative ownership would produce market-rate housing costs, although greater long-term cost stability can be expected, and equity is built by either the cooperative or individual member. Real estate investors in high growth markets frequently expect most of the return on their investment to be from increase in property value on resale, rather than rental income.

Figure 18: 3019 NE 143rd (Google Streetview)

Generic average apartment unit	20% down	97% financed with PMI
List price	$ 320,000	$ 320,000
Down payment	$ 64,000	$ 10,000
Loan principal	$ 256,000	$ 310,000
Monthly costs		
30 year fixed 3.8% interest mortgage payment	$ 1,190	$ 1,443
Private mortgage insurance (9 years)	N/A	$ 116
2020 Property tax (629 12th Ave E)	$ 197	$ 197
Homeowners insurance	$ 38	$ 38
Utilities	$ 152	$ 152
Maintenance fund	$ 100	$ 100
Total monthly cost	$ 1,677	$ 2,046
Affordable for income	$ 67,080	$ 81,850
Affordability by percent of AMI for 2-person household	70%	86%

Low-income affordability could be achieved by some of the cheaper apartment buildings that I queried. The 11-unit building at 3019 NE 143rd, pictured in *figure 17*, was one of the cheapest at just $204,545 per unit. I created the following pro forma with actual 2020 property tax figures, a 30-year fixed 3.8% interest loan with a 20% down payment, $100 per-unit contributions to a maintenance fund, and citywide averages for utility and homeowners' insurance (King County Property Tax Information n.d.; QuoteWizard n.d.). Similar to HomeSight's LEC project, $33,000-$45,000 per-unit down payment would need to be financed separately by the resident. One option would be Seattle's Down Payment Assistance Loan Program, which requires the buyer contribute just 1% of the purchase price and covers the remainder up to $55,000 at 3% interest with payments deferred for 30 years or until the homeowner sells ("WSHFC | Seattle Downpayment Assistance Loan Program" 2019).

3019 NE 143rd	Total (11 units)	Studio (1)	1 Bed (6)	2 Bed (4)
List price	$ 2,250,000	$ 165,000	$ 195,000	$ 228,750
Down payment	$ 450,000	$ 33,000	$ 39,000	$ 45,750
Loan principal	$ 1,800,000	$ 132,000	$ 156,000	$ 183,000
Monthly costs				
30-year, 3.8% interest monthly mortgage payment with 20% down	$ 8,377	$ 614	$ 726	$ 852
2020 property tax	$ 1,431	$ 105	$ 124	$ 145
Insurance	$ 968	$ 88	$ 88	$ 88
Utilities	$ 1,475	$ 105	$ 115	$ 170
Maintenance fund	$ 1,100	$ 81	$ 95	$ 112
Total monthly cost	$ 13,351	$ 993	$ 1,148	$ 1,367
Affordable to family earning…		$ 39,720	$ 45,920	$ 54,680
Household size		1	2	3
Percent of AMI		48%	48%	51%

Residential Small Lot New Cooperative Development Proforma

8451 24th Ave SW is on Residential Small Lot (Mandatory Housing Affordability) zoned land, which allows for 1 unit of housing per 2,000 square feet of land. The lot contains an existing 1,200 square foot house with two-bedrooms and a sizable daylight basement. At approximately 8,000 square feet, the lot under current zoning could allow a total of 4 units. At the time of writing, the lot was listed on redfin.com with a pending offer for $415,000 (Redfin 2020).

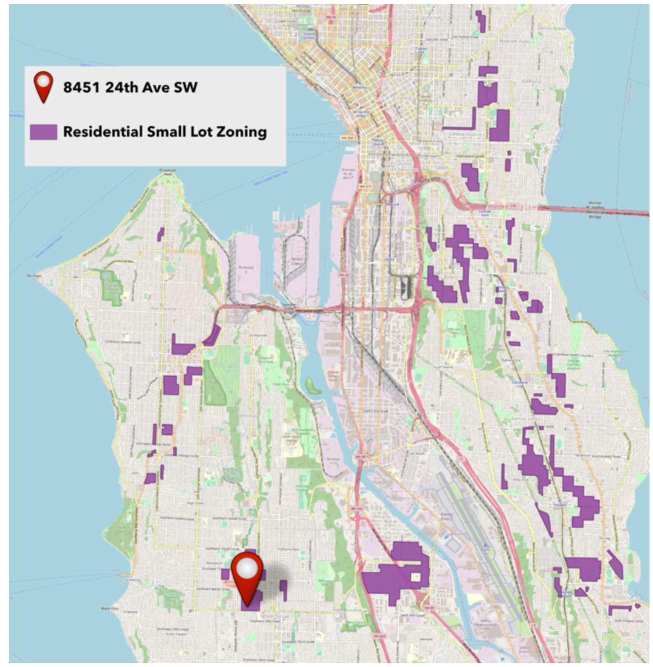


Figure 19: location of example lot, RSL zoning area


Figure 20: 8451 24th Ave SW (photo by AgencyOne)

8451 24th Ave SW Acquisition	$415,000
Closing costs	$8,400
MFTE Application fee	$4,500
New construction 1,800sqft x $260	$468,000
Soft costs (30% const.)	$140,400
Developer overhead and fees (10% const.)	$46,800
Basement bed renovation (200sqft x $100)	$20,000
Total	$1,103,100
Cost per ft²	$368

My pro forma includes a new triplex structure that contains one new 400 square foot studio, 600 square foot one-bedroom, and 800 square foot two-bedroom unit, in addition to a basement renovation to expand the existing house into three full bedrooms. The pro forma uses the cost assumptions of Frolic, which are $260/square foot of new construction, plus 30% of construction cost in 'soft costs' (design, permitting, etc.), plus 10% in developer overhead and fees (Morrison and Knox 2019, 49). The closing cost was based on smartasset.com's closing cost calculator ("Closing Costs Calculator" n.d.). The total development cost of $1,098,600 creates a per square foot cost of $366, which is in line with affordable housing developments. The 133-unit Arbora Court building by Bellwether Housing cost $39,438,048 to construct a total of 135,492 square feet, for a rate of $291 per square foot (Bellwether Housing n.d.).

8451 24th Ave SW	**Total (4 units)**	**Studio (400sqft)**	**1 Bed (600sqft)**	**2 Bed (800sqft)**	**3 bed (1200sqft)**
List Price	$ 1,103,100	$ 193,951	$ 249,174	$ 296,315	$ 363,660
Down payment	$ 220,620	$ 38,790	$ 49,835	$ 59,263	$ 72,732
Loan Principal	$ 882,480	$ 155,161	$ 199,339	$ 237,052	$ 290,928
Monthly Costs					
30yr, 3.8% mortgage	$ 4,112	$ 723	$ 929	$ 1,105	$ 1,356
Property tax	$ 167	$ 30	$ 38	$ 46	$ 53
Insurance	$ 352	$ 88	$ 88	$ 88	$ 88
Utilities	$ 650	$ 105	$ 115	$ 170	$ 260
Maintenance Fund	$ 400	$ 70	$ 90	$ 107	$ 132
Total Monthly Cost	**$ 5,681**	**$ 1,016**	**$ 1,260**	**$ 1,516**	**$ 1,889**
Affordable to Household Earning…		$ 40,640	$ 50,400	$ 60,640	$ 75,560
Household Size		1	2	3	4
Percent of AMI		49%	53%	56%	63%

Calculating the monthly housing cost for each unit in this conceptual development, I started with financing the development cost with a standard 30-year, fixed-rate 3.8% interest mortgage with a 20% down payment using Google.com's mortgage calculator. I added Seattle average costs for homeowner's insurance reported by LendingTree's quotewizard.com, and utilities based on unit size reported by Seattle Housing Authority (QuoteWizard n.d.; "Utility Estimates | Seattle Housing Authority" 2020)

With the affordability achieved by this pro forma, the rents would qualify for the Multifamily Tax Exemption (MFTE), allowing it to pay only property tax on land value for its first twelve years of operation. The units would also count for Mandatory Housing Affordability and would not need to pay that additional fee. I found the property tax paid by a low rise MFTE building in South Seattle to estimate per-unit costs and savings. The 12-unit building with three 65% AMI studios at 1410 S King Street owed $6,024 in property tax for its land value in 2020 (King County Property Tax Information n.d.). This calculates to $42 per unit per month in taxes, or $167 for a four-unit building. MFTE exempts the building at 1410 S King from tax on $2,710,000 of improvements value, reducing the tax by $27,209 per year, or about $189 per unit per month, or $756 per MFTE unit (Ibid.). Although I believe the MFTE program is a questionable and problematic tool, cooperatives taking advantage of the program would offer a large subsidy without benefiting a private landlord in the same way. The $189 per-unit per month MFTE is likely to save this concept cooperative far outweighs the $4,500 application fee that the city charges. The pro forma is well below the 100% of AMI affordability requirement for owner-occupied MFTE projects and can achieve that affordability on all units, not just the required 25% ("Multifamily Tax Exemption 2018 Report" 2019, 7). The model also includes $400 set aside for maintenance per month.

Figure 21: 1,800ft² two story building positioned on lot of 8451 24th Ave SW, Google Earth. Similar in scale to nearby apartments.

The affordability achieved would be between 49% and 63% of AMI with these costs considered and distributed between the four units of differing sizes, with housing charges for the studio at just $1,017 and the three-bedroom at $1,890. Similar to HomeSight's LEC project, the $38,790 to $72,732 per-unit down payment would need to be financed separately by the resident. One option would be Seattle's Downpayment Assistance Loan Program, which requires the buyer contribute just 1% of the purchase price and covers the remainder up to $55,000 at 3% interest with payments deferred for 30 years or until the homeowner sells ("Seattle Downpayment Assistance Loan Program" 2019). Alternatively, a 9-year Private Mortgage Insurance plan would increase the monthly cost of the 2-bedroom unit by $370 to $1,886 and lower the necessary downpayment to $8,900.

Limitations

The sale price of this property near the border of West Seattle and White Center is more of an exception than a rule for Residential Small Lot Zoning. It sold shortly after the emergency West Seattle Bridge closure, and before the home real estate market made its quick recovery from the crash associated with COVID-19. In more central areas of West Seattle zoned RSL, houses such as 4549 48th Ave SW list for $850,000 (Zillow 2020). This more typically available city-wide land cost substantially hurts the achievable affordability of an RSL cooperative.

Key Findings Summary

Existing Conditions of Affordable Housing in Seattle

- Average rents rose dramatically in Seattle from 2011 to 2016, and producing affordable housing is essential to combat the displacement of lower-income tenants.
- For-profit affordable housing is currently built in Seattle through the local Multifamily Tax Exemption (MFTE) and federal Low-Income Housing Tax Credit (LIHTC). The subsidies are large and could theoretically be utilized to subsidize cooperative housing.
- The plurality of MFTE units produced in Seattle are one-bedroom apartments at 75% of AMI, and studio units at 65% of AMI. This results in 2020 rent maximums of $1,792 and $1,359, respectively, which is similar to market-rate rents in unsubsidized apartments.
- MFTE saves landlords approximately $638 per month per rent-restricted unit for 12 years.

- The resulting apartments are rent-restricted based off of a percentage of the local Area Median Income (AMI). This has risen rapidly for the last few years, meaning rents in this kind of affordable housing have been unstable and unaffordable for many lower-income residents in Seattle.
- Seattle's Notice of Intent to Sell Ordinance has similar language as TOPA, but its requirements are insufficient to allow tenants to purchase and preserve their housing.

Contemporary Housing Cooperative Practices

Seattle

- HomeSight is developing the first new construction LEC in Seattle, a midrise apartment building. It will receive subsidies, primarily in deferred and low-interest loans, from city, county, and state governments, and aims to open with affordability for the 60-80% AMI range of income and should gradually reach lower percentiles. Share values are up to $106,000 and separately financed, residents sell their shares at a fixed appreciation rate, and the blanket loan payments create collective property. Many eyes are on this project, including King County Housing Authority, and it may prove a prototype for further developments in the region.
- Frolic Community is working on redeveloping single-family dwelling sites as multifamily cooperatives in recently rezoned neighborhoods of Seattle. The equity model is related to LECs but unique and unprecedented, with community investment financing, and Frolic plans to avoid using any public subsidies. I believe that with the affordability promised by Frolic's pro forma, it would be a good candidate for the local Multifamily Tax Exemption (MFTE) program, which could provide significant property tax savings while creating cheaper rents than most for-profit MFTE developments.
- Borrowing Frolic's cost assumptions but implementing MFTE, my pro forma found a 4-unit LEC on a Residential Small Lot-zoned lot could achieve affordability for households earning 49-63% of AMI, with 2-bedroom rent at $1,516.

Washington, D.C. Policy Precedent

- Washington, D.C. tenants and civil rights leaders fought for and won the right of first refusal to combat gentrification occurring in the 1970s. If a landlord wants to sell the building, tenants have the first right to buy it, and a city department assists with financing. Most resulting ownership structures are Limited Equity Cooperatives.

- The program successfully preserved 1,400 affordable units between 2002 and 2013.
- In my limited data, monthly one-bed housing charges in D.C. LECs ranged from $750 to $1,400.
- Exercising TOPA rights in single-family rental homes faced media controversy and TOPA was revised to exclude them in 2018. This is relevant to Seattle's many single-family rental homes.
- This policy responded specifically to condominium conversions, a phenomenon that is rare in Seattle. It's a proven effective tool that preserves affordability and creates cooperative ownership. It absolutely should be implemented outside of D.C., but political advocacy for TOPA must analyze unique local material conditions.
- *Chong Yim v. City of Seattle* brought 'takings' in Washington State in line with the national standard, theoretically allowing TOPA to pass state constitutional muster.

Vancouver, B.C.

- Canada implemented many social housing cooperative programs similar to those of the US but had much greater development per capita. Unlike LECs in the US, with few exceptions, Canadian cooperatives have a very consistent zero equity model, where share values act as a small security deposit that does not appreciate.
- The average monthly housing charge for 2-bedroom cooperative units in Vancouver is CAD$1,147, which is affordable for a couple each earning minimum wage, and dramatically undercuts the average market-rate rent of $2,995.
- Each cooperative is a legally independent non-profit, but almost all are members of the Cooperative Housing Federation of Canada, a coop that provides technical assistance, communication, and a unified lobbying front to advocate for federal subsidy. This kind of organization is one essential piece missing from the US coop market, with the closest equivalent being the Urban Homestead Assistance Board (UHAB), which fills a similar role in New York City alone.

Chicago Scattered Site

- The grassroots, scattered-site model that aims to incorporate existing tenants as LEC owners have been recently and successfully adopted without any subsidy in Chicago by Pilsen Housing Cooperative (PiHCO). Without a policy like TOPA in Chicago, PiHCO relies on working with landlords who have a genuine concern for displacing their tenants.
- PiHCO followed an individual equity acquiring model, so mortgage payments assign ownership to each member and do not create collective property. This is a reasonable tradeoff for LECs not receiving public subsidy to make, choosing to build the wealth of families over guaranteeing affordability for future residents.

Assessment

This project hopes to make the case for investment of labor and funding into Limited Equity Cooperatives by highlighting their successes through this paper and the documentary video. My goal is for local non-profits such as HomeSight working on LECs to have an additional resource they can point questions towards. Multiple interview participants expressed an eagerness to learn more about what other cooperatives have been able to accomplish, information that's not readily available to them. I feel confident that my work compiled a broad sample of the practice and theory of Limited Equity Cooperatives across North America, which may help organizers learn from one another.

I cannot expect any short-term action. The first concentrated organizing to address the exclusionary characteristics of single-family zoning in neighborhoods once covered by racially restrictive convents took place in 2014. This led to the City's 2015 Housing Affordability and Livability Agenda (HALA) taskforce recommendations. Rezoning the entirety of single-family to allow duplexes and triplexes was one recommendation among the dozens of policy proposals made in HALA. City councilmembers scaled their plans down to rezoning small areas to "Residential Small Lot," redefining single-family zoning to allow two Accessory Dwelling Units per house, and limiting the size of homes on 5,000 square foot parcels to 2,500 square feet, a drastic change from the gargantuan 4,000+ square foot new single-family mansions that became standard. Four years of concerted advocacy by urbanist groups followed, while

Wallingford and Queen Anne Community Councils fought it with environmental review lawsuits. One architect, Matt Hutchins, volunteered to lead over a dozen teach-ins during this process that attempted to calm the fears of what the change might look like for neighborhoods, sharing his concepts (Friedman 2014). In July 2019, the City Council unanimously approved the legislation, and the city has rolled out a pilot program to finance low-income homeowners in their ability to "age in place" with an ADU (Bertolet & Morales 2019). This zoning change has enabled much of Tamara Knox's work on Frolic, and also made the Residential Small Lot concept pro forma within code. This is a success story that will lead to slightly more equitable land use across Seattle in the coming years.

I expect just as much resistance to any council-action that would cause a boom of cooperatives. The landlord lobby that opposed Seattle's marginal *Notice of Intent to Sell Ordinance* will vigorously oppose any effort for TOPA in Seattle. Radical change to property relations will be seen as a threat by many. Months after countries that took collective action last had outbreaks, the pandemic illustrates that "The very design of U.S. political and legal institutions is meant to inhibit collective rights," in favor of private property rights, leading to a seemingly endless death tolls and severe impact on lives (Tu Zhuxi 2020). In China, where collective rights to public health allowed the government to quickly isolate COVID-19 patients to individual hotel rooms and construct a massive hospital in days, the pandemic largely dissipated and life returned to normal by April, with total deaths remaining under 5,000. In the United States, where mask requirements are fiercely protested and eviction protections minimal, deaths have surpassed 180,000. Limited Equity Cooperatives require the kind of collective rights rarely available in the United States, but their institutionalization would be lifesaving in events like this pandemic.

My methodology was significantly affected by the COVID-19 pandemic, as discussed, but was still able to amass a wide knowledge base from conversations with participants and data gathered. The responses to the pandemic have included progressive political action that would have been otherwise infeasible, including unemployment at a universally livable wage that dramatically reduced poverty, and an eviction moratorium and rent freeze in a state as hostile to tenants as Washington (Beekman 2020). As Vladimir Lenin famously said, "There are decades where nothing happens; and there are weeks where decades happen," (Friedman 2014).

The crisis demands new solutions that provide never before seen stability in people's lives. Across political spectrums, the understanding of housing security is a damage-narrative. My hope is the data gathered in this project will garner sustained excitement for a desire-narrative that can develop a movement for the urban commons. Once HomeSight's project has broken ground, pressure and communication with other organizations in the non-profit housing industry may inspire further investment in cooperatives.

Addendum 1: Vancouver Housing Cooperative Price Study

					Studio			One-bed			Two-bed			Three-bed			Four-bed			Five-bed		
Coop Name	Website	Year	Units	Price last updated	**Rent**	Share	Sq ft	**Rent**	Share	Sq ft	**Rent**	Share	Sq ft	**Rent**	Share	Sq ft	**Rent**	Share	Sq ft	**Rent**	Share	Sq ft
Amicae Housing Coop	http://www.amicaehousingcoop.ca/photos/	1985	56	2019				$911	$1,000	584	$1,152	$1,500	724	$1,392	$1,500	863						
Antrim Place Coop	https://www.antrimplace.org/ourunits	1986		Nov-19				$794	$1,000		$1,005	$2,000		$1,129	$2,500		$1,250	$3,000				
Arlington Grove	https://arlingtongrovehousingco-op.org		66	Mar-20				$776	$5,000	660	$877	$5,000	770	$1,017	$5,000	1,150	$1,237	$5,000	1550			
Charleston Terrace	https://charlestonterrace.webs.com		60	Apr-20				$987	$1,500	600	$1,153	$2,000	725	$1,425	$2,500	1,000						
China Creek Housing	http://www.chinacreek.ca/about.php		35	Apr-20				$1,001	$1,300		$1,215	$1,300		$1,458	$1,300		$1,610					
City Gate Housing Coop	https://www.citygatehousing.ca/apply.php		102	Jan-20				$1,177	$1,500	715	$1,525	$1,500	845	$1,655	$1,500	1,150	$1,786	$1,500	1330	$2,021	$1,500	1,617
Coal Harbour	https://coalharbourhousingcoop.com			Mar-20				$1,230	$1,700	671	$1,535	$1,700		$1,739	$1,700		$2,068	$1,393				
Creekview	http://creekviewhousingco-op.com/about-creekview		103					$936	$2,000	600	$1,147	$2,000	800	$1,297	$2,000	1,000						
Eburne Landing Housing Cooperative	https://eburnelanding.wordpress.com/our-units/		36	Nov-19				$1,047	$1,500	610	$1,343	$2,000	810	$1,643	$1,000							
False Creek Co-op	https://falsecreekco-op.com		170	2019				$770	$6,300	594	$847	$7,570	653	$1,265	$11,228	975	$1,543	$12,237	1190			
H. W. Flesher Housing CO-OP	https://hwflesher.com		100	Sep-19				$951	$2,000		$1,190	$2,500		$1,390	$3,000		$1,597	$3,500				
Kinross Creek	http://www.kinrosscreek.com		69					$886			$957			$1,385			$1,490					
Lakewood Terrace	https://lakewoodterrace.wordpress.com			6/30/20				$1,108	$2,216		$1,387	$2,774		$1,627	$3,254							
Lore Krill Co-op	https://lorekrillco-op.ca	2002	97		$780		400	$829	$700	549	$1,121	$679		$1,462	$700		$1,608	$700		$1,661	$700	
Marine Court Coop	https://marinecourt.org	1984	54	Nov-19				$842	$1,000	645	$1,059	$1,500	828	$1,184	$2,000	958						
Mau Dan Gardens	http://maudancoop.ca	1981		Apr-19				$832			$1,100			$1,267			$1,606					
Nova Vita	http://novavitacoop.com/about.html	1981	56					$1,009	$2,018		$1,211	$2,422		$1,528	$3,056		$1,673	$3,346				
Rishon	http://rishonco-op.yolasite.com	1988	20	3/10/20				$825	$2,500	665	$1,092	$3,000	770	$1,232	$3,500	960						
Salal	https://salalco-op.com/application-process/							$960	$2,500	650	$1,144	$2,500	900	$1,405	$2,500	1,100						
Tidal Flats	https://tidalflatshousingcooperative.wordpress.com	*1983*	25	2017				$753	$1,500		$889	$1,500		$1,025	$1,500		$1,161	$1,500				
Westerdale	https://westerdale.wordpress.com		19	2016				$854	$2,000	550	$1,099	$2,000	750	$1,207	$2,000	975						
Wit's End	https://www.witsendcoop.ca	1986	52	2020				$882	$1,600	550	$1,088	$1,900	800	$1,273	$2,200	1,075	$1,369	$2,400	1175			
View Court	http://vccoop.wordpress.vcn.bc.ca/application/view-court-specifications/	1981	32		$555	$1,000	325	$714	$1,000	440	$1,031	$1,000	1,000									
Average					**$668**	**$1,000**	**363**	**$916**	**$1,992**	**606**	**$1,138**	**$2,302**	**798**	**$1,364**	**$2,697**	**1,019**	**$1,538**	**$3,458**	**1,311**	**$1,841**	**$1,100**	**1,617**

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