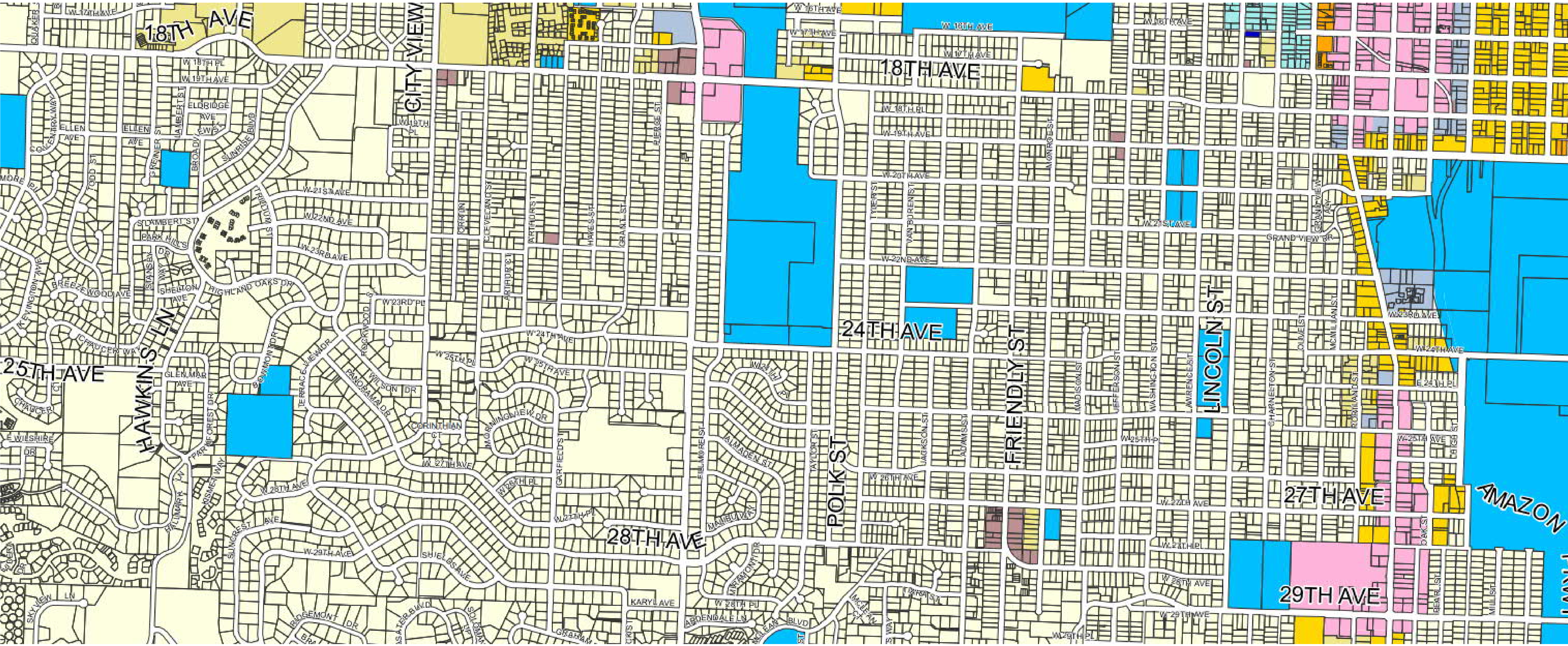
A Visual Tour of R-1 Low Density Zoning in Eugene

With housing opportunity at an all time low, who is all this land supporting?



DISCUSSION DRAFT, 12/6/19

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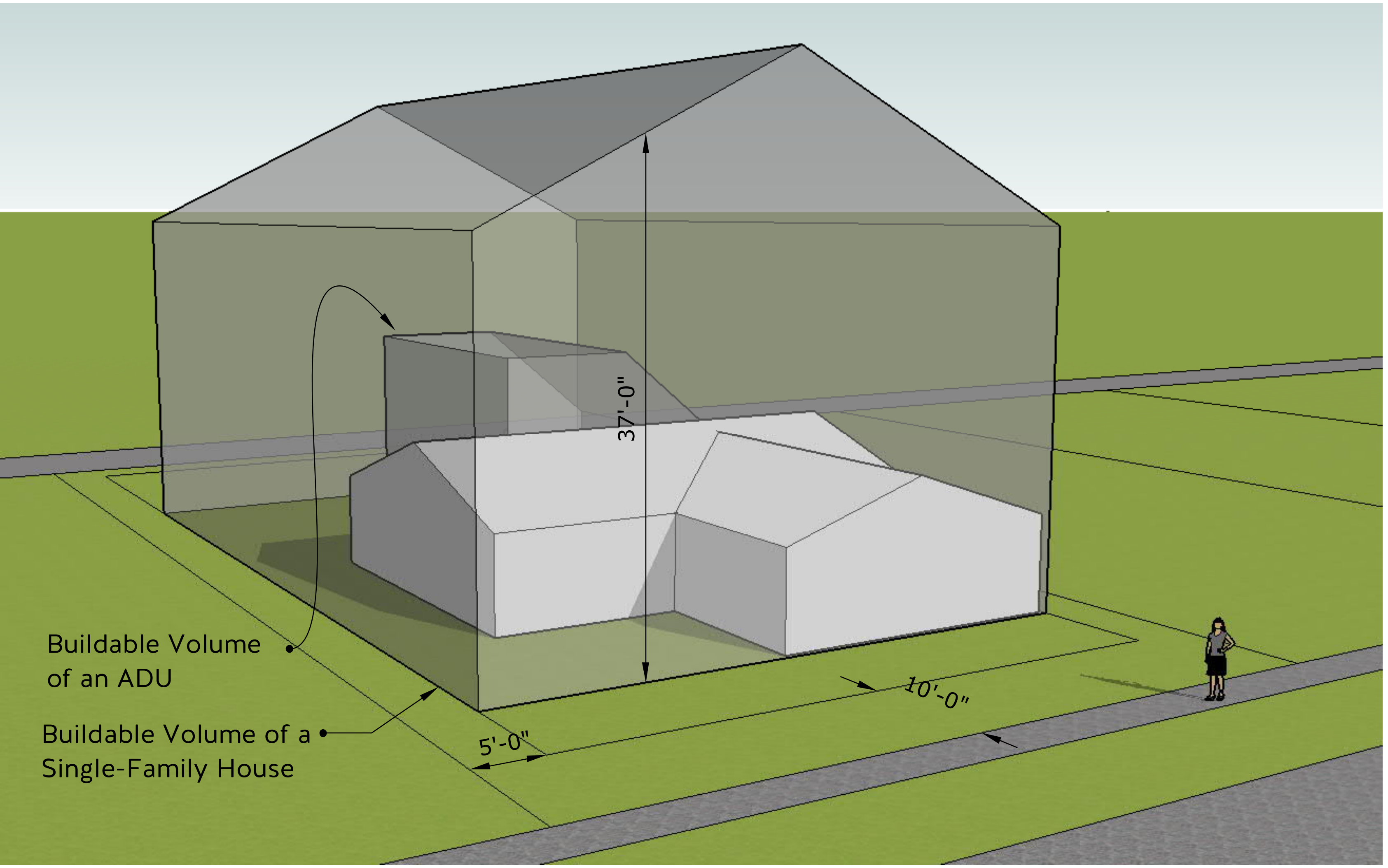
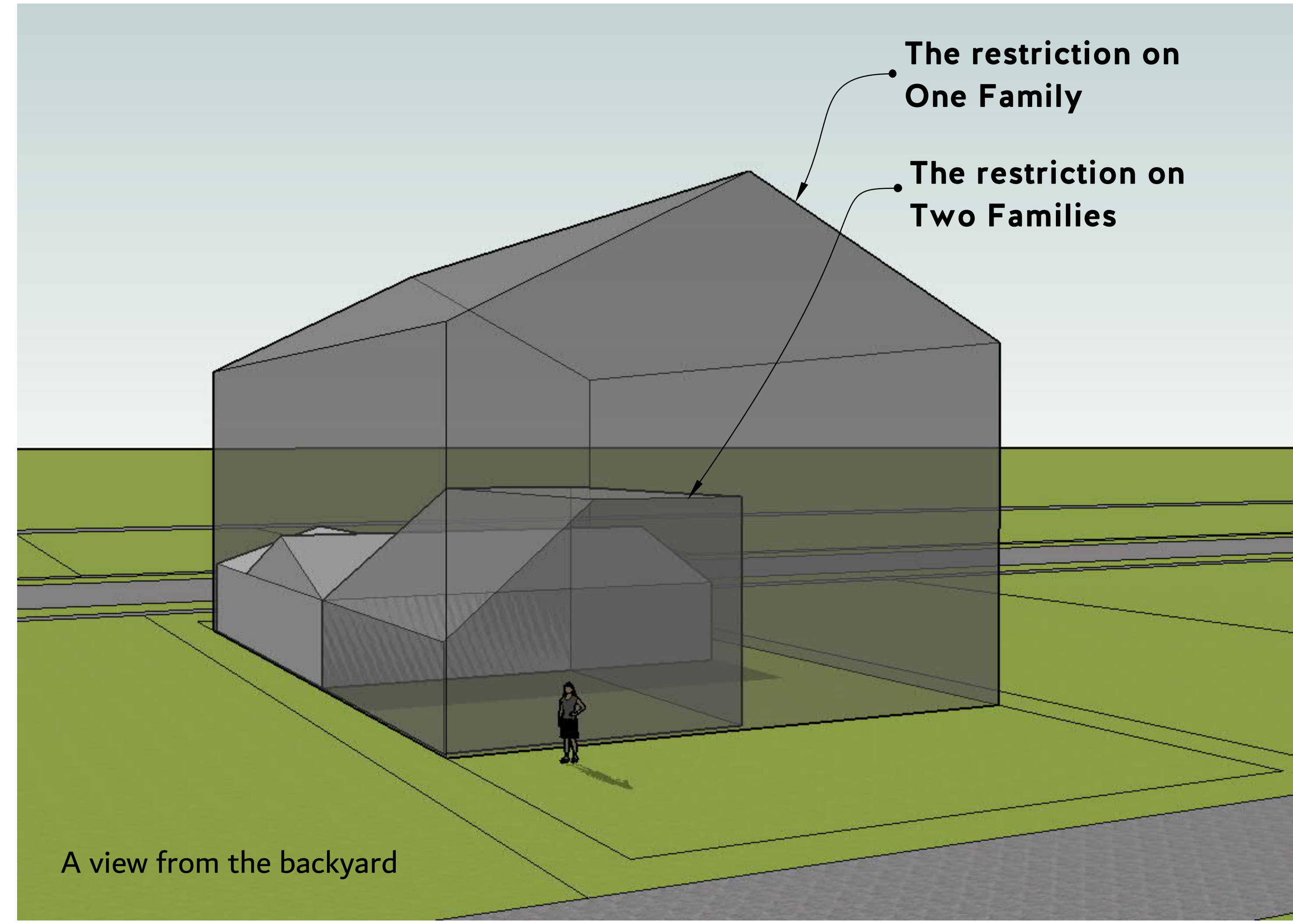
Over half of Eugenians are Renters. Over half of our residential land is R-1.

But who is the R-1 zone planning for?





The size of house addition possible for a single-family versus a two-family house makes it clear:

Eugene's R-1 zone is discriminating against people, not buildings.

The larger gray volume above shows the buildable volume for a single-family house on a fairly conventional lot size of 60 x 120 feet (0.165 acres). This volume is defined by a height limit of 37 feet (applicable for the roof pitch shown of 6:12 per 9.2751, 3d), standard building setbacks, and the max 50% lot coverage allowance (9.2750). The solar setback is assumed not to apply to this lot, which would be true for north-facing lots, and all east-west oriented lots. For reference, a typical three-bedroom house of 1600 square feet is shown inside. Clearly most of the houses built in Eugene are well below allowable size limits, and homeowners generally enjoy great liberty in expanding their homes (and developers would enjoy great liberty in rebuilding them). The smaller gray volume shows the buildable volume for an attached ADU (accessory dwelling unit). This volume is defined by a max 10% lot coverage and a sloping setback beginning at 8 feet up to a maximum of 18 feet.

Note also that this fairly conventional lot size allows less than 6 units per acre--less than half that technically allowed in R-1 (14 units/acre). That's a lot of valuable real estate for each household. Especially when households increasingly have only 1 or 2 people these days. If minimum lot sizes were reduced to align with the 14 units/acre density limit of R-1, this lot could be subdivided, and two single-family homes could be built enabling greater homeownership opportunity.

The Co-op Revillaging Project

C Street Pilot Project

A collaboration of

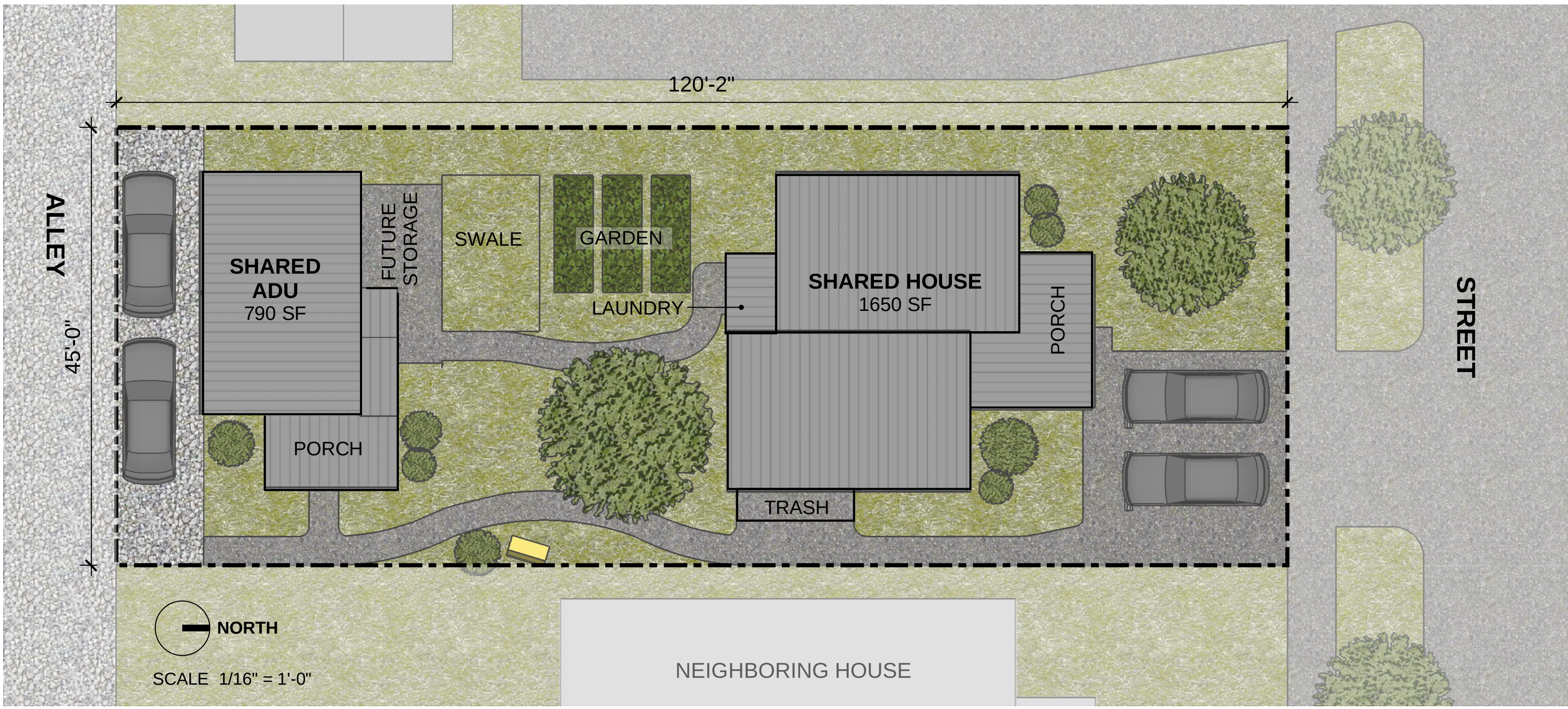
cultivate

Square one VILLAGES

PROJECT DESCRIPTION 5/8/20

Site Plan

The development site enjoys a walkable location, just a few minutes from downtown Springfield. Due to the small-footprint homes ample greenspace remains available as well as four off-street parking spaces. Area for a future storage shed is planned which can include bicycle parking, household storage, and a garden shed. As a housing cooperative, the homes are owned and managed cooperatively. The land is held through a ground lease with the land trust, SquareOne Villages, who is available to provide administrative support to the co-op over time.



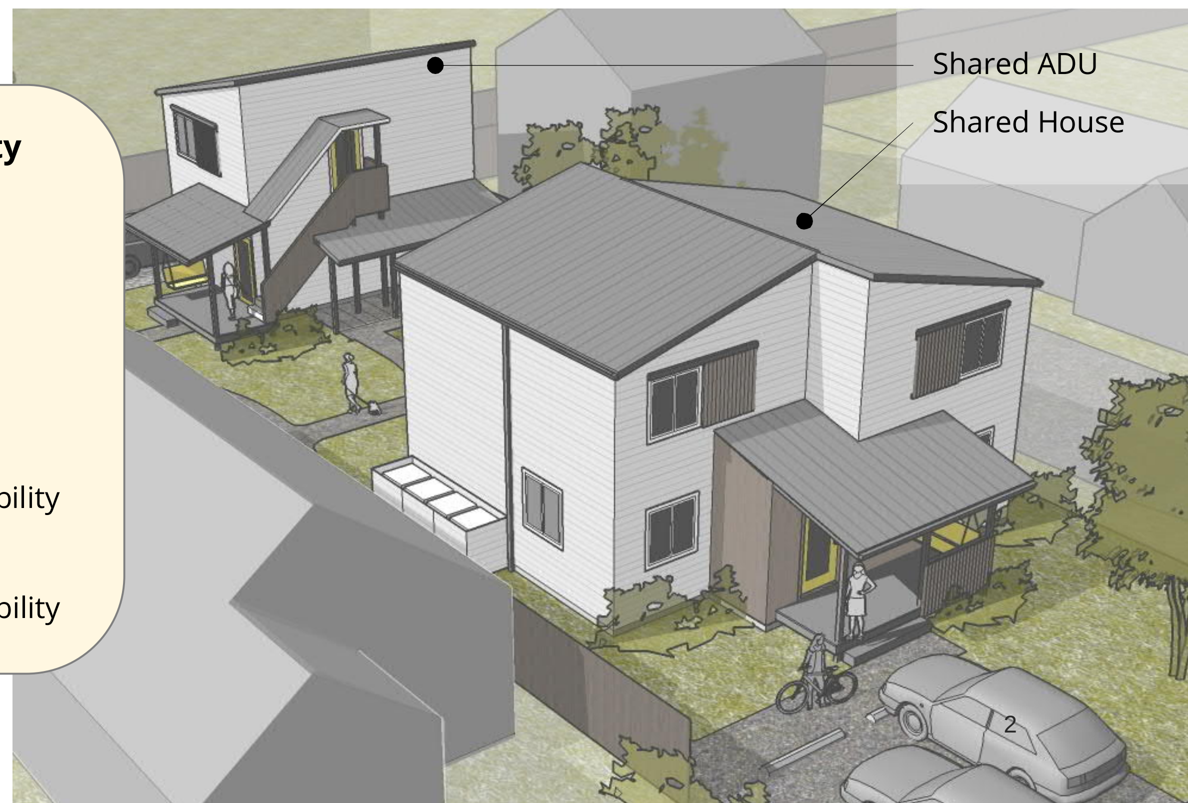
A New Pathway to Affordable Homeownership

With home prices now excluding the majority of Eugene-Springfield's population from homeownership, transformative solutions to the housing crisis are called for. The Co-op Revillaging Project offers a housing development model creating **new homeownership opportunities** on typical residential lots, which remain **permanently affordable**. This is made possible through **cooperation**: intentionally-designed **shared homes** containing suites for multiple owners, and a **shared ownership structure.** The homes are owned through a limited-equity **housing cooperative**, and the land is secured by ownership through a **community land trust.** A one-time investment by local **social investors** paired with modest subsidies (~$24,000 per household) enable permanent affordability by households earning 60% of the area median income.

Through a spirit of cooperation, the Co-op Revillaging Project **reestablishes a widely-accessible pathway toward homeownership** and ensures these opportunities remain **permanently available** in the community. And unlike the suburban homeownership model of the 20th century, this model can serve a diversity of housing types and help facilitate a transition toward sustainable, socially-cohesive and walkable neighborhoods.

Cooperation for Homeownership Opportunity

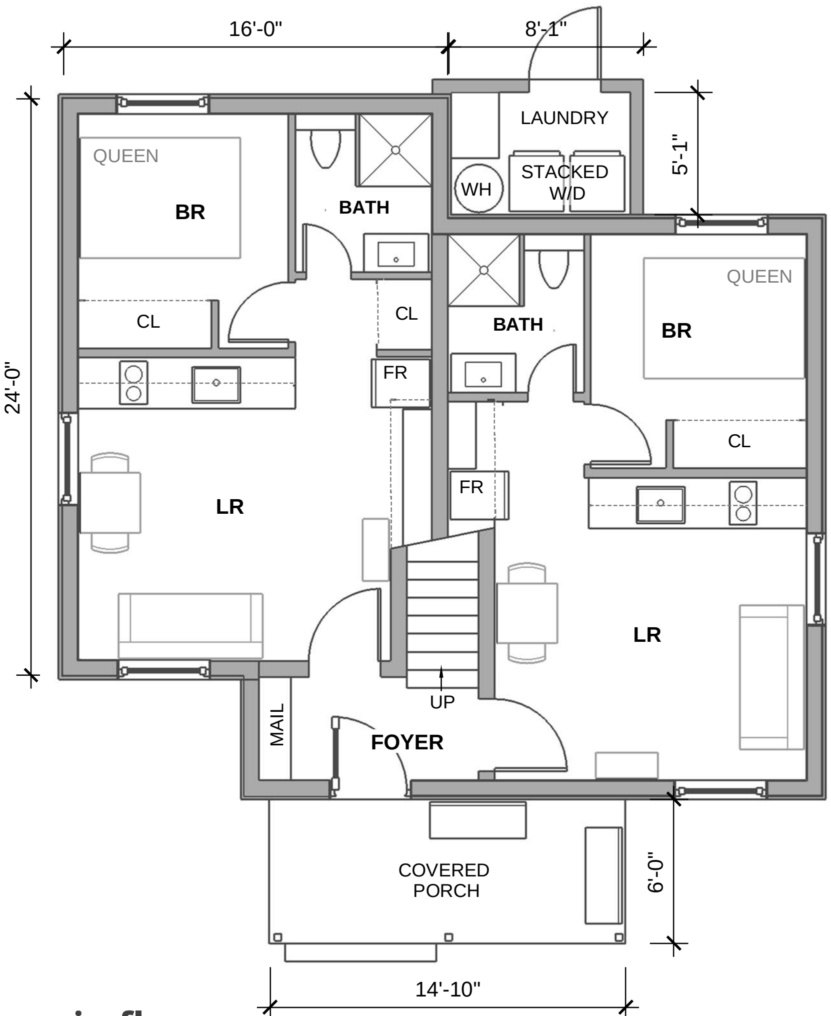
Shared Housing	Cost-Sharing Social Connections
Co-op/Land Trust	Shared Ownership Structure Permanent Affordability
Social Investors	Local, Low-Interest Financing Local Profits Support Replicability
Community Grants	One-time Land Purchase Extends Affordability & Scalability



Floorplan | Shared House

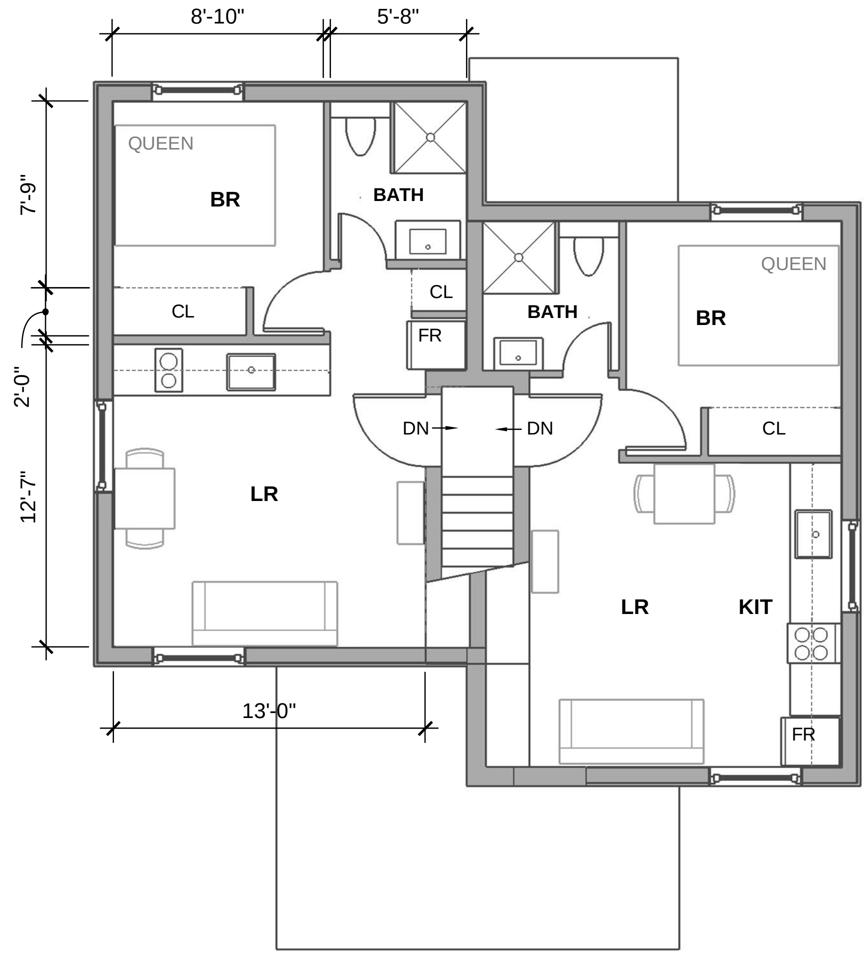
4 Bedrooms, 4 Bathrooms, 1 Full Kitchen
Total Area 1650 SF

The house is designed to be shared by four co-op owners (with a maximum of five unrelated occupants per City regulation). Each bedroom area enjoys a bathroom and living space with a kitchenette, improving options for privacy among the shared household.



main floor

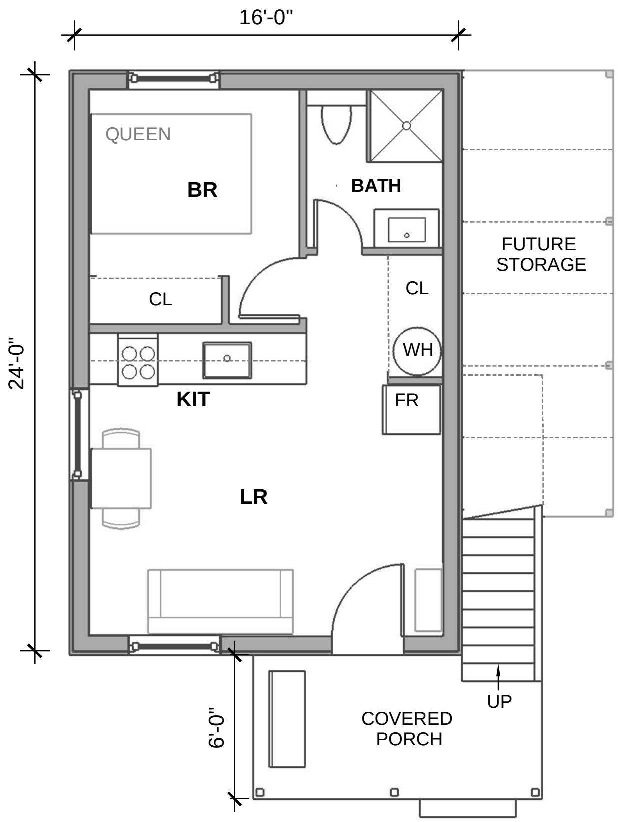
scale 1/8" = 1'-0"



upper floor

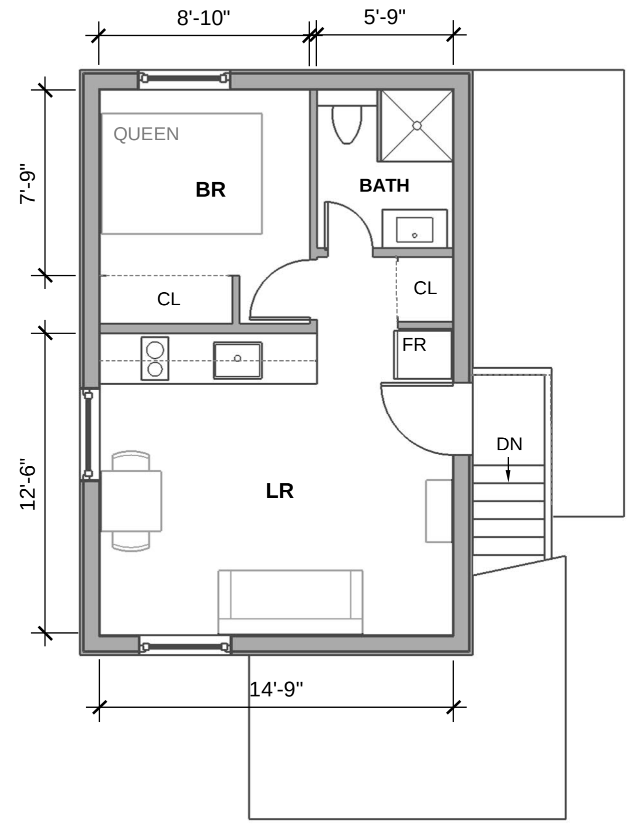
Floorplan | Shared ADU

2 Bedrooms, 2 Bathrooms, 1 Full Kitchen
Total Area 790 SF



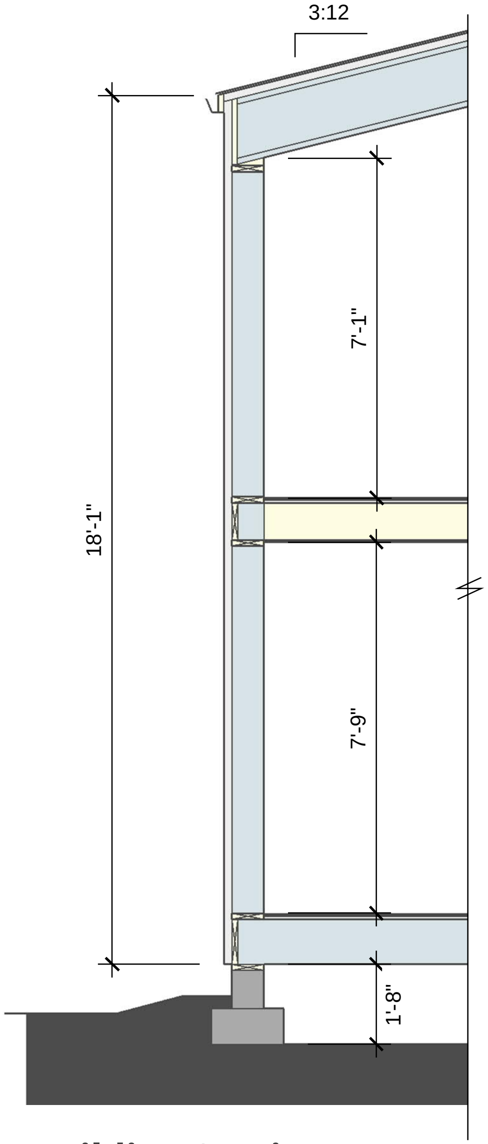
main floor

scale 1/8" = 1'-0"



upper floor

Construction | Net Zero Energy



Building Section
scale 1/4" = 1'-0"

With well-insulated 2x8 walls, airtight construction, and triple-pane windows, the homes aim to be "net zero energy ready", with future rooftop solar panels able to generate as much energy as the homes use in a year. This also means very low energy bills. Simple, optimized construction practices keep this affordable. Durability is also a priority: standing-seam metal roofing and fiber-cement siding are anticipated. These details are subject to change based on budgetary constraint.

Roof

14" wood I-Joist @ 24" o.c.
Blown-In Insulation
Air Barrier: Taped Sheathing
Roofing

Wall

2x8 @ 24" o.c.
Blown-In Insulation
Air Barrier: Taped Sheathing
Rainscreen Battens
Siding

Windows

Triple-Pane, Casements

Floor

2x12 @ 24" o.c.
Air Barrier: Taped Sheathing
Blown-In Insulation

Heating, Cooling, & Ventilation

Mini-Split Heat Pump
Bathroom & Kitchen exhaust fans

Water Heating

Heat Pump Water Heater

Energy Performance (Estimated)

Energy Demand = 4,300 kWh/yr per unit
EUI = 19 kBTU/sf.yr
Net Zero Solar PV Size = 3.9 kW per unit
(Solar panels future install)

Pro Forma Summary

7/29/2020

All figures are estimates only.

	Scenario	Total Project Cost	Total Social Investors	Total Subsidies	Mortgage Loan	Home-owner Down Payments per owner	Social Investors Remaining Principal after Sale	Household Total Monthly Payment	Net Operating Income per year	Debt Service to Social Investors per year	Cashflow after Debt per year	Social Investors IRR, Yr 5	Social Investors IRR, Yr 10	Social Investors IRR, Yr 15
1	60% AMI, High Subsidy	$ (584,586)	$ 481,586	**$ 140,000**	$ 336,000	$ 5,000	$ 91,886	**$ 788**	$ 38,812	$ (13,987)	$ -		**3.3%**	6.7%
2	80% AMI, Low Subsidy	$ (584,586)	$ 481,586	**$ 60,000**	$ 336,000	$ 5,000	$ 171,886	**$ 980**	$ 52,284	$ (27,459)	$ -		**4.9%**	8.9%
3	80% AMI, No Subsidy, Market-Rate Co-op	$ (579,486)	$ 481,486	**$ -**	$ 336,000	$ 10,000	$ 226,786	**$ 980**	$ 56,284	$ (31,459)	$ -		**3.2%**	7.7%
4	No Subsidy, Rental Property, No Mortgage, Sell Yr 5	$ (567,246)	$ 479,246	**$ -**	$ -	$ -	$ 567,246	**$ 980**	$ 47,264	$ -	$ -	**4.4%**		
5	Yr 5: 60% AMI, Co-op/Land Trust Purchase Rental	$ (556,760)	$ -	**$ 118,073**	$ 424,192	$ 5,000	$ -	**$ 891**	$ 43,913		$ 12,571			
6	No Subsidy, Rental Property, Sell Yr 10	$ (566,226)	$ 478,226	**$ -**	$ 315,000	$ -	$ 264,526	**$ 980**	$ 54,320	$ (37,346)			**10.4%**	

NOTES

Scenaro 1: Both subsidy amount and low investor return present challenges, at least for this immediate development opportunity.

Scenaro 2: 80% AMI is close to market rate for a 1-bedroom rental unit. Presents marginal value to homeowners if equity is limited. Primary value is fixed rent.
That said, if the units can be sold initially, once the social investors are paid out, the monthly fee can be dropped to 60% AMI or below.

Scenario 3: Investor return is still quite low at Year 10. Better value to homeowner since equity can appreciate, but resale financing presents a challenge.

Scenario 4 & 5: Develop as rental property, use market appreciation to help achieve investor's return (6% assumed; historically 9% per yr in Springfield over last 5 years).
Provides time for subsidies to be raised and since no longer new construction, Springfield downpayment assitance (SHOP) qualifies.
At Year 5, can achieve 60% AMI affordability with lower subsidy (2.5%/yr escalation assumed) .
Can use excess cashflow to increase investor return or further lower homeowner payments, or contribute to Co-op Funding Pool.

Scenario 6: Back up plan: If for any reason co-op/land trust can't purchase at Year 5, project can be held and sold later (i.e. Year 10) to achieve good return (takeout mortgage is assumed in this case).

Affordability Metrics

Qualifying Households	60% Area-Median-Income	provides permenant affordability measures
Total Cost per Household	**$ 90,833**	includes land costs
Total Grant/Subsidy Required	$ 143,600	includes Grant, Property Tax Exemption, & City Downpayment Ass't
Subsidy per Household	**$ 23,933**	

Social Investors Loan

Targetted 8% return. Terms to be confirmed at contract signing.

Total Loan	**$443,000**	
Dylan Lamar (Developer)	$50,000	does not include deferred fees
Social Investor 1	$120,000	currently identified
Social Investor 2	$273,000	not yet identified

Projected Cashflow & Return

	Year 0 (Loan)	Year 1 ("Take-Out")	Year 2 (Fixed payments)	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	**Year 10**
Cashflow	**$ (443,000)**	**$ 393,240**	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000
Return (IRR)						1.1%	3.2%	4.9%	6.3%	7.4%	**8.3%**

Note: These values are approximate. Actual internal rates of return will be calculated on a monthly basis.

Influence of Targeted Return on Monthly Payments (all else being equal)

Fixed Annual Payment to Investors	$14,000	$13,000	$12,000	$11,000	$10,000
IRR @ Year 8	6.3%	5.4%	4.5%	3.6%	2.6%
IRR @ Year 10	8.3%	7.4%	6.5%	5.6%	4.6%
Co-op Owner Monthly Payment	$720	$706	$692	$678	$664

Co-op Funding Pool

After Social Investors are repaid, surplus capital accrues in a funding pool managed by SquareOne to help finance new buyers and/or new developments.

Cashflow	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Capital Contribution	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000
Cumulative Total	**$ 14,000**	**$ 28,000**	**$ 42,000**	**$ 56,000**	**$ 70,000**	**$ 84,000**	**$ 98,000**	**$ 112,000**	**$ 126,000**	**$ 140,000**

Note: This proforma prepared by manager does not take into account or make any provision for any change in local or general economic conditions, or increases in redevelopment costs or the affects of any delays in commencing the redevelopment process or decreases in rental rates. By executing this agreement, each member acknowledges that manager is not making any warranties or guaranties or any representation with respect to any of the projections set forth in this proforma. Proformas are subject to uncertainty and variation and therefore are not represented as results that will actually be achieved. This proforma is not intended as inducement for any member to enter into this agreement or become a member of the company.