

ADDRESS THE AFFORDABLE HOUSING CRISIS THROUGH COOPERATIVES

About the Department of Housing and Urban Development (HUD)

HUD was established to address the nation's housing needs. Since its creation, HUD has recognized Shared Equity Housing Models, including cooperatives, as a strategy to expand homeownership opportunities. Limited Equity Cooperatives and Resident Owned Communities (ROCs) for manufactured housing increase and preserve permanently affordable housing. Ensuring that residents have greater access to financing and technical assistance to preserve and develop affordable cooperatives will help HUD address the affordable housing crisis.

POLICY POINTS

Modernize HUD and other federal programs to create permanently affordable housing through cooperatives

- Housing Cooperatives are a proven strategy to expand affordable housing, particularly for low-income residents. Limited Equity Cooperatives (LECs) are a stable and effective way to provide permanently affordable housing.
- Resident Owned Communities (ROCs) allow residents in manufactured housing parks to have ownership and democratic control of their communities while preserving affordability.
- Section 213 is the only cooperative-specific program offered by HUD, and finances new or existing housing cooperatives. While the program has primarily been used to support senior housing, the federal government should modernize this and other federal programs to support all individuals housing needs.
- In 1955 the National Housing Act directed HUD to appoint a Special Assistant for Cooperative Housing. The position, however, has been vacant for years. As the nation seeks to address the affordable Housing Crisis, HUD should appoint a Special Assistant to provide increased efficiency and the necessary support for cooperative housing development.
- Section 8 can be used to support residents in affordable cooperatives through rental vouchers to pay the carrying charges of the cooperative. Project Based Section 8 allows flexible financing to help develop affordable co-ops. Additional guidance and education should be provided to HUD staff and developers to better support this intended use of the Section 8 Program.