



2/14/2023

## Housing Cooperatives in Maine

Senator Perse Representative Gere, and honorable members of the Housing Committee,

My name is Craig Saddlemire, and I am the Development Organizer for the Raise-Op Housing Cooperative. Thank you very much for inviting me to speak today about cooperative housing in Maine, which I believe can play an important role in addressing the housing needs of Maine people. Housing cooperatives allow people to pool resources - both social and economic - in order to stabilize their housing costs, increase their housing quality, promote community, and incentivize long-term stewardship of the home. While other affordable housing and public housing programs are essential to addressing the housing crisis, housing cooperatives provide a complementary alternative that leverages the private capital and human capital of the residents themselves, who share both the risk and reward of managing their own housing together.

The Raise-Op operates 15 units of affordable, mixed-income housing in Lewiston that are owned and managed by our residents. We have a recently refreshed wait list of 50 applicants, with the oldest applicant having first applied 7 years ago, who is just now getting the opportunity to move into a 3 bedroom apartment with us. We are currently building 18 new units of affordable housing in partnership with Maine Housing through the Low-Income Housing Tax Credit Program, and we are the first housing cooperative in Maine to participate in this program.

Cooperative housing is a form of resident-controlled housing, in which residents are both owners and renters of their homes. They are owners in the sense that residents are the exclusive holders of stock in their respective cooperative housing corporation, and they are renters in the sense that they lease their home from that same corporation, pay a monthly charge for their home, and can face eviction for lease violations. This model allows the cooperative to control the real estate more directly, and gives the group more power to make decisions together, manage the property together, and use the property as collateral for financing improvements or new development.

The common unifying principle of cooperatives is resident ownership and democratic management. Within that structure, there are many different types of housing cooperatives. Manufactured housing parks, senior living communities, apartment buildings, and single-family homes can all host the housing cooperative model. Senior living communities were the first entities to employ the housing cooperative model in Maine, beginning in the 1990's when the Cooperative Affordable Housing Corporation statute was first passed. Manufactured housing cooperatives have been the fastest growing type of cooperative in Maine, and are especially prevalent in New Hampshire. The Raise-Op is Maine's oldest, urban, multi-unit housing cooperative, having been founded in 2008. There is also some new multi-unit housing cooperative development taking place in Portland, but is yet to be constructed or occupied.

While all housing cooperatives are non-profit in nature, they can have different rules to ensure affordability for current and future residents, and in some cases allow for some return on investment for the owners. The three basic types of housing cooperatives are:

- 1) Market Rate - No restriction on share appreciation
- 2) Limited Equity - Limits on share appreciation to maintain future affordability
- 3) Group Equity - Shares do not appreciate, no interest or dividends earned on shares



When a housing cooperative begins operation, the housing costs often reflect the fair market rent at the time the cooperative is founded. However, over time, as residents make cost-saving decisions and learn how to improve the operation of their property, the cost of their housing will increase gradually with consumer inflation, whereas rents in the private market will increase much more rapidly. Today, in Lewiston, we are providing 4-bedroom apartments for families at a cost of \$970 per month, whereas the same unit on the private market can cost \$1,600-\$2,000.

Personally, I think the most exciting and powerful thing that housing cooperatives offer is empowerment and civic engagement. Residents learn about their homes, about finances, and about their communities through the operation of their home. They are taking information and working together to solve problems. The options are not always good, and the consequences of their decisions can sometimes be daunting, but a lot of personal growth happens through that process that can really transform a person's life. The extent to which someone likes their neighbors is not guaranteed, but most people in housing cooperatives feel very connected to their community, and very invested in the future of that community. And they feel that they can be agents of positive change both in their personal lives as well as in their neighborhood.

There are a lot of great housing bills proposed this legislative session, and many will benefit housing cooperatives, even if they are not specific to cooperative housing. I would like to briefly highlight a few bills that I believe are worthy of passage.

The first bill is LR 185, An Act To Amend the Maine Cooperative Affordable Housing Ownership Act. The purpose of this bill is to provide guidance and improve access for housing cooperatives and their residents in accessing various forms of publicly funding housing and utility programs. The crux of the challenge for housing cooperatives - that I have experienced many times - is that many programs are designed around the idea that a person is either a homeowner, or a tenant, but never both at the same time. Members of housing cooperatives are simultaneously both homeowners and renters, which can cause confusion when a housing coop or coop member applies to a program. This confusion can lead to denials, long delays, wasted time, and in general a barrier to accessing important housing resources. LR 185 will help to make the application process easier for all parties involved.

The second bill, and the one that will have the single biggest impact towards immediately stabilizing housing for everyone in Maine, is LR 833, the Housing Opportunity for Maine Act. This bill provides for the improvement and coordination of existing housing assistance programs, including General Assistance and Section 8, as well as the creation of a new program that will support whoever typically falls through the gaps of the programs, which is a substantial number of people. By having a reliable, fully-funded rental assistance program, this will increase the consumer power of tenants to afford the rising costs of housing, and also their choice regarding where they want to live. Low-income households having a reliable ability to pay rent will incentivize more property owners to rent to these households, and also will incentivize developers to make more housing for these households. The same goes for housing cooperatives. Reliable housing assistance can provide the income that housing cooperatives need to safely house low-income people. That is a central mission of the Raise-Op, and we have seen both Section 8 and General Assistance play a huge role in stabilizing the lives of some of our lowest income residents. But the programs, in their current configuration, have too many limitations, holes, and barriers that result in the denial of many people who should be eligible for assistance, but instead find themselves joining our rapidly growing homeless population. LR 833 will fix these problems in a transformational way.

The third bill is LR 1533, An Act to Foster Stable and Affordable Homeownership in Mobile Home Parks by Amending the Laws Relating to the Sale of Mobile Home Parks. Mobile home parks are an important part of the housing affordability puzzle, and there have been many successful conversions of



privately-owned mobile home parks to housing cooperatives. This bill will help improve the notice of sale to residents so they have a chance to make an offer to become a resident owned community.

The scale of the housing crisis is overwhelming, to say the least. An essential part of the problem is that we are losing many affordable homes as private property owners charge unaffordable rates or change the use of the home to serve a different purpose, be it business or personal.

The conversion of properties to housing cooperatives helps to realign the private incentives of the owners with the short and long term interests of residents. While some return on investment is possible, the option to maximize profit is removed from the owner's decision-making process. When there is operating surplus, the options are to improve the property, pass on savings to residents, invest in more development, or invest more broadly in the community. Our own housing cooperative has helped develop community gardens, dog parks, public artwork, community spaces, and currently is supporting the development of a new childcare center. Put simply, when personal profit is off the table, community good is what most people will choose.

I thank you for providing me the opportunity to speak, and for taking the issue of housing very seriously. I would be happy to discuss any of these ideas with you, if you have questions or comments.

Craig Saddleire  
Cooperative Development Organizer  
Raise-Op Housing Cooperative  
145 Pierce Street, Office 102  
Lewiston, ME 04240