

## **Follow the Money**

### *From the individual's point of view.*

People who need MCS and EHS safe housing are disabled, or are sick and limited, and therefore often are also low income.

People get trapped in housing that makes them sick because they don't have enough money to buy safe and adequate housing once they are sick.

Lack of money and credit become intractable barriers when people need money to solve the important problems of survival, and don't have enough.

### *The larger economic reality.*

The housing market's Fair Market Rent does not cover development costs for affordable housing and as a result the Private Sector can not provide housing for the nation's low income housing needs. The federal government recognizes this fact and offers a number of housing programs. Many come directly or indirectly from HUD through different agencies and levels of government. HUD funds come with regulations that are set in stone and do not take Environmental Illness into consideration.

Subsidized housing provides opportunities for only 20% of these people whose incomes qualify them for such programs. A shortage in affordable housing is built into the current housing market. A number of public funding sources for affordable housing have been cut back recently and new projects are not being considered by some programs and in some localities.

### *Where the personal and National Policy come together.*

The subsidized housing programs come with regulations that are set in stone. These regulations set siting and building requirements that are a direct antithesis of good medical management for Environmental Illness. Housing for Environmental Sensitives has biologically based physical requirements for interior and exterior air quality, and electrical usage, that appear to extend the conventional definition of "disability". And HUD regulations have not been responsive.

### *The History of our housing search so far.*

Three years ago, at the beginning of our housing search, we really thought

that if we looked methodically and thoroughly we would find a good housing site to start the cooperative from the multiple listing and current houses on the market. We were shocked to understand that the private sector can't provide affordable housing.

We found sites with good air quality but no building, so that "development" was required.

We found sites with good air quality and a building that needed renovation, so that we would have to find both money for acquisition and renovation. Nearly every house required a change in the heating system at the very least. We found sites with good air quality and a good building, but they were far too expensive and Fair Market Rent could not cover the mortgage. Low cost sites such as HUD houses and Land Bank Houses often required demolition and substantial modification up front before any rent could come in to stabilize the project. Money for demolition is never recovered.

### *Three steps to creating a Cooperative site*

1. Secure the site.
2. Put the Canary Cooperative, and the site administration in place and begin renting.
3. Incorporate the individual site and sell shares.

The first "Secure the Site" step is where we need the most help. Time is usually an issue because we are trying to find, to finance, and then to purchase a site in competition with other buyers. In May 2016, we considered a HUD house in a rural town. The first mortgage had to cover acquisition and renovation and would be taken in the name of one or more individuals based on their personal credit rating. The resources we had to work with for Step 1. are – one investor with good credit rating and a property to use as collateral for the first mortgage – provided it is less than \$150,000 and has a good business plan. Generally this \$150,000 would cover either acquisition or renovation, but not both. We also have been given a gift to cover closing costs on the first site, and \$500 has been donated and placed in the escrow account toward that purchase. A grant would be ideal. And one or more additional investors who could offer a low, or zero interest short term loan would be very helpful at this point. In Step 1., we are in a chicken and egg situation where it is hard to ask for donations and funding without a site in mind, and the plans and budget numbers that a specific site allows.

In the second phase we put the administration in place for the Canary Cooperative and the individual site, with a regulatory agreement between them for review and management. A second mortgage is taken in the name of the Canary Cooperative. This second mortgage pays off the first mortgage from Step 1. If the business plan warrants it, the Syracuse Cooperative Federal Credit Union would provide a mortgage in the name of the Canary Cooperative. Not all banks would be willing to work with a cooperative. But again, in this step a low or zero interest loan would maximize the money we do have to work with.

In the third step the Cooperative either rents or sells shares to individual Environmentally Ill renters. The individual pays for the share either from personal resources, or with a mortgage (arranged with a local Cooperative or Community Credit Union), or a Section 8 Home Buying Voucher. The income from the share pays toward the mortgage that the Canary Cooperative's holds from step 2. Responsibility for the site is shifted to the individual shareholders who own and manage it in cooperation.

We currently have a commitment for one unit, and are working with a prospective low income and disabled shareholder with Section 8 for a second unit. Monthly maintenance is generally paid from the shareholder's monthly personal income. The amount of funding in the financial plan determines what it is possible to do, and which sites we should be looking at. The first site is committed to Fair Market Rent levels, which amounts to roughly \$9,000 rent annually per unit. We believe this rent supports a mortgage of roughly \$22,000 per unit. That is a level that requires subsidy in the affordable housing market.

Somehow we need to find resources to cover the expenses for acquisition and renovation. We will need to look to the MCS community for help with donations, especially on this first site purchase. We need to reach out to help and support each other if there are no other possibilities available to fund safe housing.

**May 2016** – We found a HUD house with two units that could be quickly developed, and two more that could be developed later. We had acquisition money but no renovation money to change the one family into a two family. We checked again with agencies and grants and donors, but we didn't have much response and the most promising grant is temporarily inactive until the

fall.

**June 2016** – Two Environmentally Ill women in our circle came to us with small single family houses they needed help with. The Board voted to shift focus from multiple family to the smaller houses because they were smaller projects and we could use the resources we had in hand to help the people already committed to a site. We like this bottom up approach. This change of focus gets something going immediately and helps build the “track record”. We have a \$30,000 interest free loan from an individual, plus an individual’s good credit for an additional loan. That is enough to get the first sale going.