



## Making a Tiny Deal Out of It:

A Feasibility Study of Tiny Home Villages to Increase Affordable Housing in Lane County, Oregon

A Report for United States Department of Housing and Urban Development,  
Portland, Oregon Field Office

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Front Cover: Opportunity Village, Eugene, Oregon. Courtesy of Dan Bryant of SquareOne Villages.

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## Executive Summary

There is a lack of affordable housing in Lane County. For every 100 low income renters, there are only 17 affordable housing units. There are also notably high numbers of homeless, and nearly half of these homeless are unsheltered. We have been asked by the U.S. Housing and Urban Development Portland, Oregon Field Office to explore how tiny homes could be used in Eugene and Springfield, Oregon to address the interconnected problems of affordable housing and homelessness.

There is no one definition of tiny homes. Typically, American homes are around 2,600 square feet, whereas the typical small or tiny house is 100-400 square feet. Sometimes they are built on trailer beds, so they can be moved easily, with little more than a room with space for a bed and storage. However, tiny homes can also be built as complete houses, including everything a full-sized house would have, only smaller. Built on foundations with kitchens and bathrooms, these permanent houses can accommodate one or two people. Recently, tiny home villages have been built across the country to house the homeless. These villages share common facilities, which often include larger kitchens and bathrooms, or simply larger indoor living spaces to complement the private spaces of the tiny homes.

To learn how tiny home villages in Eugene and Springfield—the largest cities in Lane County, Oregon—could be used to increase affordable housing stock, we completed a comprehensive literature review and carried out a set of expert interviews. We chose interviewees with a range of experience in politics and the community in hopes of finding common obstacles and best practices when developing low-income housing options. We spoke to political and city officials, affordable housing advocates, experts in community development and builders of tiny home villages.

We then evaluated tiny homes by analyzing the feasibility of building tiny home villages, costs and funding streams available. Specifically, we considered what kind of community support a village would need, the length of time it takes to build a village and how durable the houses are, zoning and land use restrictions to building tiny homes, and if there is land available in Eugene and Springfield on which to build tiny homes. We also looked into how to measure the effectiveness of tiny home villages at increasing affordable housing stock. In addition, we

considered how HUD may be able to help fund tiny houses, if tiny homes will be utilized, and if tiny homes will make an impact on affordable housing stock.

We found that tiny home villages are a good solution to increase affordable housing stock in Lane County, Oregon. It is also projected that tiny home villages will create communal support, benefitting residents' likelihood of long-term housing, employment, and contentment. Given the stringency of HUD funding, permanent models as opposed to transitional funding are most likely to qualify for streams of funding.

**Recommendations:**

**Tiny homes are a feasible, cost effective option to house Lane County's homeless and marginally housed populations.**

We recommend the following to HUD to better engage with tiny home villages:

- In order to fund tiny home villages, HUD should help developers access funding information more easily. The significant barriers to applying (such as wait-times, fees) can block beneficial projects from coming to fruition, and especially hinder the efforts of smaller organizations who may not have the resources to go through the application process.
- HUD should encourage more rigorous evaluations of both tiny home villages and other innovative housing solutions in the future.

We recommend the following considerations to tiny home village developers:

- Support from the surrounding neighborhood community is essential, and should be sought early in the process. Developers should do general community outreach.
- Whether upheld by a staff member or generally in the community, the tiny home village should include an internal community agreement.
- Zoning and land use standards are specific to each municipality. Developers should mostly be concerned about housing density (in both Eugene and Springfield) and minimum house size requirements (in Springfield).
- Funding streams through HUD may be used to build tiny home villages, particularly HOME, CDBG, and SHOP programs. Often these funds are allocated from HUD through the city, so developers should contact their city housing authorities directly.



- Before building, project leaders should reach out to other tiny home developers to hear about their building experience. For a preliminary list of tiny home village developers, see Appendix A.
- To find appropriate land for housing communities, speak to city officials, specifically city mayors or city council, to inquire about available land or land banks. There will likely be less flexibility in available lands, so a chief concern is working closely with city leaders.
- Tiny home village organizers should use surveys and other data collection methods to quantify the effectiveness of tiny home villages.

**Reservations:**

Tiny home villages may not work for everyone. While projects within this scope target single individuals or couples, housing a family in a tiny home may not be a feasible, permanent solution. Even individuals or couples may find the houses simply to be too small to live as they wish. In addition, a village may not provide homeless individuals with sufficient mental health or substance abuse services required to live in such a community space. While the tiny home village model may prove successful for certain residents, it is important that the occupants self-select into this unique living situation.

## I. Introduction

*How can tiny home villages be used to address the affordable housing shortage in Lane County, Oregon?*

### Objective and Overview of the Project

The U.S. Department of Housing and Urban Development Portland, Oregon Field Office has tasked our group to evaluate tiny home villages as a solution to the affordable housing shortage in Eugene and Springfield, Oregon, the largest cities in Lane County, Oregon. Our client hopes to understand if tiny homes could successfully increase the supply of affordable housing. Our report will address the feasibility of tiny homes in terms of their implementation challenges, funding possibilities, and effectiveness. This report focuses on the cities of interest, Eugene and Springfield, but will hopefully illuminate the general challenges facing tiny home village creation in Oregon and elsewhere. We will differentiate between transitional communities for the homeless and permanent, subsidized, tiny housing developments. We focus on tiny home villages, which are a group of tiny homes with shared common space. We chose this focus because existing affordable tiny home housing models are mainly villages or groups of houses together. This report discusses but does not focus on prefabricated homes or mobile homes. This is because we determined from our research that it would be difficult to fund these types of housing with HUD funding streams and limitations with house size, issues on which we expand in Section IV.

### Approach and Methodology

To learn about how tiny homes could be used to increase affordable housing stock, we completed a qualitative analysis to understand the effectiveness of tiny homes, the implementation feasibility, and the potential funding streams. Our research was composed of a comprehensive literature review and expert interviews.

In choosing interviewees, we sought out those with experience in the political and community realms in hopes of finding common obstacles and best practices when developing low-income housing options. Specifically, we spoke to political and city officials, affordable housing

advocates, experts in community development and builders of tiny home villages. We were able to corroborate testimonials to understand where unique affordable housing opportunities like tiny homes have been supported or met with resistance. We were unable to speak with some individuals due to time constraints, so there is a limitation to our interviewee list. A list of all interviewees is enumerated in Appendix A.

## II. Background

### The Lack of Affordable Housing in Lane County, Oregon

Lane County, Oregon, the county in which Eugene and Springfield sit, has 157,899 housing units for roughly twice as many people. But only 3,140 of these units are considered adequate, affordable, and available.<sup>1</sup>

Though the median household income in Lane County is \$43,685, the median income of renters is only \$28,800.<sup>2</sup> Only 17 affordable housing units exist for each 100 low-income renters in Lane County.<sup>3</sup> Of the 707 public housing units available in Lane County, only 11 have been available 60 days or more.<sup>4</sup> Fair market rent has increased more than 10 percent for each bedroom-size (studio, 1-bedroom, 2-bedroom, etc.) in the last ten years.<sup>5</sup>

In addition, the costs of housing are rising. The average home value in Lane County is \$227,800, an 8 percent rise over the past year, and is expected to rise by an additional 3 percent over the next year.<sup>6</sup> The mean monthly rental rate is \$1,224 and is also expected to rise in tandem with home values.<sup>7</sup>

The lack of affordable housing is particularly acute in Lane County's two biggest cities—Eugene and Springfield. In these cities, the stock of affordable housing does not meet the needs

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<sup>1</sup> Poethig, Erika et al., "Mapping America's Housing Crisis," *The Urban Institute*, accessed Apr. 26, 2016, <http://apps.urban.org/features/rental-housing-crisis-map/>.

<sup>2</sup> "Renters Across the Country Are Spending Over 30 Percent of Income on Housing," *Harvard Joint Center for Housing Studies*, accessed Apr. 26, 2016, <http://harvard-cga.maps.arcgis.com/apps/MapSeries/index.html?appid=b05d4c1daa2042489bdd99b3e89a27dd>.

<sup>3</sup> Poethig, *supra*, note 1.

<sup>4</sup> Eugene-Springfield Metropolitan Area Community Profile Apr. 2015, HUD Oregon Field Office, 8. On file with authors. [Hereinafter "Community Profile"].

<sup>5</sup> *Ibid.*, 18.

<sup>6</sup> "Lane County Home Prices & Values," *Zillow*, accessed on Apr. 26, 2016, <http://www.zillow.com/lane-county-or/home-values/>.

<sup>7</sup> *Ibid.*

of local residents. The affordable housing that does exist is aging and may no longer be habitable in the coming years.<sup>8</sup> This housing shortage is in the face of unemployment, poverty, and homeless rates in the Eugene/Springfield area that are above both state and national rates.

### Current HUD Funding for Affordable Housing in Lane County, Oregon

Approximately 4 percent of all households in the United States and 12 percent of all U.S. renter households receive federal housing assistance.<sup>9</sup> In Lane County, through the Housing and Community Services Agency (HACSA), there are 4,300 families a year being housed through Section 8 and public/affordable housing programs.<sup>10</sup> However, housing assistance is difficult to get. The waitlist for a Section 8 voucher in Lane County has been closed since January 1, 2015.<sup>11</sup> In the most recent allocations of Section 8 funding, of the 3,000 applicants in the pool, only 1,600 were selected via lottery system. In addition, the application date for those who most recently received Section 8 vouchers in Eugene and Springfield is January 2010—more than six years ago.<sup>12</sup> As HUD put it in their Community Profile of Eugene and Springfield in April 2015: The need for affordable rental units is more than four times greater than what is currently being provided.<sup>13</sup>

In FY 2015, Eugene and Springfield received more than \$31 million from HUD in grants, housing subsidies, and Section 8 tenant rental vouchers.<sup>14</sup> With this funding, Eugene and

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<sup>8</sup> Christine Lundberg (Mayor of City of Springfield, Oregon) in discussion with the authors, Feb. 17, 2016.

<sup>9</sup> “Who Lives in Federally Assisted Housing?” *Housing Spotlight, National Low Income Housing Coalition* 2, no. 2 (2012), accessed Apr. 26, 2016, <http://nlihc.org/sites/default/files/HousingSpotlight2-2.pdf>.

<sup>10</sup> “Welcome to HACSA,” *Housing and Community Services Agency of Lane County*, accessed Apr. 26, 2016, <http://www.hacsa.org/content/welcome-hacsa-o>.

<sup>11</sup> “Section 8 Waiting List,” *Housing and Community Services Agency of Lane County*, accessed Apr. 26, 2016, <http://www.hacsa.org/content/waiting-list>.

<sup>12</sup> Ibid.

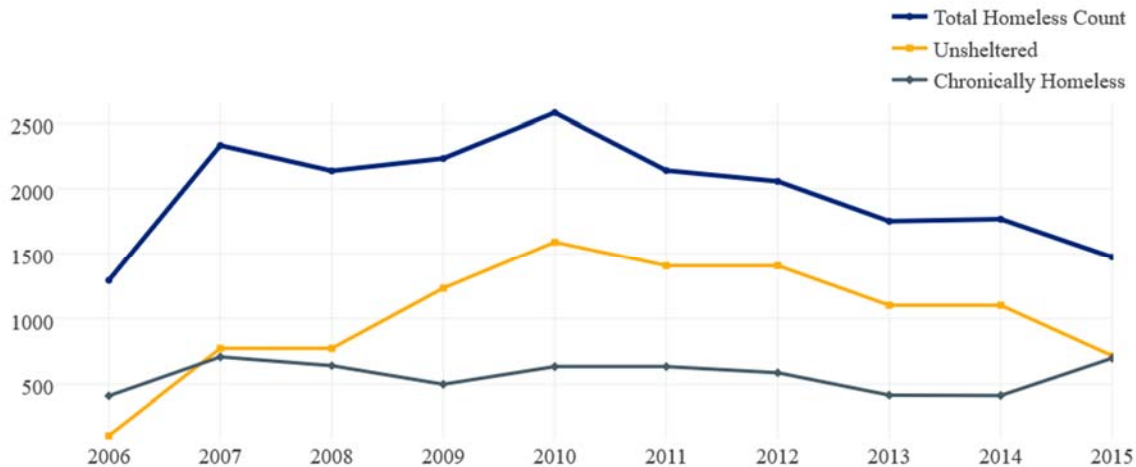
<sup>13</sup> Community Profile, *supra* note 4, 21.

<sup>14</sup> While this number is the approximate annual funding amount, this amount of yearly funding is not guaranteed. HUD funding needs to be appropriated each year by Congress. Ibid, 2.

Springfield have increased affordable housing and continued to develop homelessness continuum of care programs.<sup>15</sup> But it is clear that this is not enough.<sup>16</sup>

## Homelessness Problem in Lane County, Oregon

**Figure 1: One-Night Homeless Count, Lane County, Oregon 2006-2015**



Source: *Continuum of Care Homeless Populations and Subpopulations Reports*<sup>17</sup>

There is a significant homeless population in the Eugene and Springfield metro area. In October 2015, HUD reported in its 2015 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations document that there are 1,473 homeless individuals

<sup>15</sup> Ibid, 7.

<sup>16</sup> “For excellent reasons, HUD has set standards for housing. An unforeseen consequence has been an all-or—nothing scenario – if you can’t build to those standards, nothing else will do. One consequence is that the unsheltered remain unsheltered. And the number of unsheltered continues to grow across the country, with more and more cities declaring homelessness emergencies. What needs acknowledgement – and financial support—is that sub-standard shelter can indeed be a great improvement over no shelter at all, and may be a more realistic solution, at least in the short term, due to the much lower construction costs and speed of construction.” Schneider, Tod, “Homelessness Overview,” *HUD Internal Report*, Nov. 9, 2015.

<sup>17</sup> “CoC Homeless Populations and Subpopulations Reports,” *HUD Exchange*, accessed Apr. 26, 2016, [https://www.hudexchange.info/manage-a-program/coc-homeless-populations-and-subpopulations-reports/?filter\\_Year=&filter\\_Scope=CoC&filter\\_State=OR&filter\\_CoC=OR-500&program=CoC&group=PopSub](https://www.hudexchange.info/manage-a-program/coc-homeless-populations-and-subpopulations-reports/?filter_Year=&filter_Scope=CoC&filter_State=OR&filter_CoC=OR-500&program=CoC&group=PopSub).

in Eugene and Springfield. Most of these homeless individuals—1,227—are persons without children, but 223 of these individuals have at least one child under 18 years of age. Of the homeless population, 716 of these persons are unsheltered, 101 live in transitional housing (including Safe Haven programs), and 656 live in emergency shelters.<sup>18</sup> As seen in the figure above, since 2010, approximately half of the homeless population has been unsheltered at the time of the homeless population count.

This count of the homeless population may even undercount the true homeless population because of the difficulties involved in quantifying the homeless population accurately. The homelessness rate is based on a one-night, once a year count. While the point-in-time count covers both sheltered and unsheltered individuals, there is no guarantee that all homeless individuals will be counted. In particular, the count takes place at the end of January. Because of winter weather, some people who are homeless may temporarily stay with friends and family or in a car, leading them to go uncounted.

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<sup>18</sup> “HUD 2015 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations: OR-500 Eugene , Springfield/Lane County CoC,” *U.S. Department of Housing and Urban Development*, Oct. 29,2015, [https://www.hudexchange.info/resource/reportmanagement/published/CoC\\_PopSub\\_CoC\\_OR-500-2015\\_OR\\_2015.pdf](https://www.hudexchange.info/resource/reportmanagement/published/CoC_PopSub_CoC_OR-500-2015_OR_2015.pdf).

**Table 1: A Comparison of Poverty and Homelessness in Lane County, Oregon, and the United States<sup>19</sup>**

	Eugene	Springfield	Lane County	Oregon	United States
Population	160,561	60,263	358,337	3.97 million	319 million
Median Household Income	\$42,715	\$39,355	\$43,685	\$50,521	\$53,482
Poverty Rate	24%	22%	18%	17%	15%
SNAP Recipients <sup>20</sup>	20%	30%	21%	4%	12%
Median Gross Rent	\$877	\$799	\$857	\$894	\$920
Percent of Renters who are Cost Burdened <sup>21</sup>	54%	43%	50%	45%	43%
Homelessness rate per 10,000 residents <sup>22</sup>	-	-	50	31	20

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<sup>19</sup> *United States Census Bureau Quick Facts*, accessed Apr. 26, 2016, <http://www.census.gov/quickfacts/table/PST045214/4123850,4169600,41039,41,00>.

<sup>20</sup> Community Profile, *supra* note 4, 16.

<sup>21</sup> In our research, we found definitions of cost-burdened as being more than 30 percent or 35 percent of one's income going toward rent. Because we have data for all of our areas of interest for a threshold of 35 percent, that is the definition we use here. *Ibid*, 19.

<sup>22</sup> *Ibid*, 20.



## What Are Tiny Homes and Where Have They Been Used?

### A Definition and History of Tiny Homes

There is no one definition of tiny homes. Typically, American homes are around 2,600 square feet, whereas the typical small or tiny house is between 100 and 400 square feet.<sup>23</sup> Tiny home village are groups of tiny homes which may have shared common areas, kitchen, and bathroom facilities.

There are two main models of tiny home villages: transitional and permanent housing.

Transitional tiny homes typically consist of a small space with a bed and space for storage. In most cases, there are no bathroom or kitchen facilities in the unit. Instead, transitional tiny home villages have common space with shared bathrooms and kitchen area. The objective of the transitional model is not to provide a permanent place to live, but to provide a stepping stone to more permanent housing for homeless individuals. Transitional tiny home villages provide homeless individuals with a safe place to sleep and keep their property, as well as a community they can rely on while they look for a job and permanent housing.

The permanent model consists of slightly bigger houses that are more permanent structures. The permanent houses are designed to last 100 years, as long as a regular-sized house would last. These houses typically have a bathroom and kitchen in every unit. Permanent villages also often have common shared spaces to contribute to community building. Generally, the objective of the permanent tiny home villages is to increase the supply of affordable housing.

Tiny homes for the homeless are an offshoot of the “Housing First” model for addressing homelessness that prioritizes the autonomy of the inhabitants of the village. Many cities address homelessness with a Housing First model.<sup>24</sup> The idea is simple: provide housing first, offer services later. In this model, clients are required to pay rent—often 30 percent of their

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<sup>23</sup> See, for example, “What is the Tiny House Movement?” *The Tiny Life*, accessed Apr. 26, 2016, <http://thetinylife.com/what-is-the-tiny-house-movement/>.

<sup>24</sup> See, for example, McEvers, Kelly, “Utah Reduced Chronic Homelessness By 91 Percent; Here’s How,” *NPR*, Dec. 10, 2015, accessed Apr. 26, 2016, <http://www.npr.org/2015/12/10/459100751/utah-reduced-chronic-homelessness-by-91-percent-heres-how>.

income, or up to \$50 per month. Similar to the current growth in support for tiny homes, Housing First has historically been contingent on community-based organizations' involvement and community members' support.

### Why Tiny Homes as an Affordable Housing Model?

Tiny home villages are attractive because they provide a sense of ownership of a small private space in addition to a sense of co-ownership and community that comes from the larger common areas. Having common areas incentivizes the inhabitants of the village to interact in a natural social environment. This contributes to the building and maintenance of a sense of community. Additionally, in many tiny home villages, members of the community are expected to contribute to the maintenance and functionality of the village. This set of activities limits social isolation and are central in creating a sustainable community.<sup>25</sup>

Andrew Heben, author of *Tent City Urbanism*, found this sense of community important in tent cities and more recently in tiny home villages. In informal interviews conducted in his multiple visits to different tent cities, community members were asked to rank the type of shelter they would most prefer. He found that, “affordable housing [w]as a first choice, followed by a tent city as a second alternative. The third choice was mixed—some preferred the local shelter while others preferred the street. [...] The preference of the tent city was largely attributed to the sense of autonomy and safety that the informal communities offer.”<sup>26</sup> Shelters ranked low as a housing option because they often have strict rules, including separating couples, and offer no private space.

In addition to community, transitional tiny home villages can serve more individuals than the units they have available. For example, Opportunity Village in Oregon has 29 units, but has served more than 90 individuals since its opening in 2013. Once acclimated to community living, the individual may be better prepared to move into more permanent affordable housing.

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<sup>25</sup> Heben, Andrew, *Tent City Urbanism: From Self-Organized Camps to Tiny House Villages* (Eugene, OR: The Village Collaborative, 2014).

<sup>26</sup> Ibid, 12.

## Tiny Home Villages Across the United States

Tiny home villages have popped up across the United States. There are many examples of tiny homes being used as housing for the homeless, including, but not limited to, Dignity Village in Portland, Oregon, OM Village in Madison, Wisconsin, and Community First Village in Austin, Texas. These villages are consistently at full occupancy, and some even have a waitlist of individuals wanting to live there. Overwhelmingly, these projects have flourished in the Northwest. Oregon alone accounts for four of the nation's tiny home villages.<sup>27</sup> Central to their success has been community support, both in terms of acceptance and funding. Below we outline three villages as examples of tiny home villages with both temporary and more permanent housing: Dignity Village, OM Village, and Quixote Village. We profile these villages as examples of different approaches and different models of tiny home villages.

### *Dignity Village*<sup>28</sup>

Dignity Village began as a transient tent city in Portland, Oregon in December 2000. The village was forced to move around the city until it found its current location, on a bus route outside of town. Dignity Village signed a lease with the city for \$1/year for their current location in 2004. Over the next several years, the village evolved from tents to more permanent tiny homes. The houses were funded by private cash and in-kind donations. The land is designated by the Oregon Code as a campground. It now contains 43 raised homes with a program support professional who is employed by a local non-profit organization. Residents pay \$35 in rent per month in addition to 10 hours of volunteer labor to maintain the village. Rent from the 55 residents covers 80-90 percent of the \$30,000 per year operating costs of the village. The remainder is covered by private donations and resident-run microbusinesses, such as food carts and firewood collection. The main drawback of the village is its distance to the downtown and services: It is approximately an hour-long bus ride to downtown on a weekday. The village is also seen by the city as being temporary, as it is intended that residents stay no longer than two years. While Dignity Village was controversial when it was being built, it now is

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<sup>27</sup> Johnson, Cat, "11 Tiny House Village Redefining Home," *Shareable*, Sept. 17, 2014, accessed April 26, 2016, <http://www.shareable.net/blog/11-tiny-house-villages-redefining-home>.

<sup>28</sup> See Mingoya, Catherine. "Building Together. Tiny House Villages for the Homeless: A Comparative Case Study" (master's thesis, Massachusetts Institute of Technology, 2015); Katie Mays (Dignity Village) in discussion with the authors, Apr. 11, 2016; "History," *Dignity Village*, accessed Apr. 26, 2016, <https://dignityvillage.org/history>.

more integrated into the community. The village generally has a good relationship with the surrounding businesses.

#### *OM Village*<sup>29</sup>

OM Village was built as an offshoot of the Occupy movement in Madison, Wisconsin. The village started with three 98-square-foot cabins on wheels, and has since expanded to nine units. Each unit has a sink and there is a shared space with bathrooms and a kitchen.<sup>30</sup> Originally, OM Village appealed to City Council for the right to park these structures on church property. OM Village began to expand, and moved to a permanent location. After a \$50,000 crowdfunding campaign to build ten more permanent structures, the group successfully built a prototype for \$5,000.<sup>31</sup> Residents at OM Village do not pay rent, but are required to work ten hours per week at the community workshop, which makes goods that are then sold to support the project, or on other maintenance projects on the property.<sup>32</sup> The village has eschewed public funding, opting instead to raise money through private individuals and organizations. The Board shows an unwillingness to get involved with HUD due to the perceived administrative burden.<sup>33</sup>

#### *Quixote Village*<sup>34</sup>

In December 2013, a group called Community Frameworks in Olympia, Washington worked to transform an informal tent city on church land into a tiny home village. Quixote Village is a publically subsidized permanent project, and contains 30 tiny cottages on a two acre site. Each 144-square foot home has a half bath, closet, front porch, and garden area. The village also includes a community center with extensive shared space that includes lockers for storage, a

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<sup>29</sup> See generally, Mingoya, supra note 28.

<sup>30</sup> Erickson, Doug, "One year in, Madison's village of tiny houses wins over many neighborhood critics," *Wisconsin State Journal* (Madison, WI), Sept. 26, 2015, accessed Apr. 26, 2016, [http://host.madison.com/wsj/news/local/one-year-in-madison-s-village-of-tiny-houses-wins/article\\_6d1a54cc-343a-5775-b3de-5fa341677580.html](http://host.madison.com/wsj/news/local/one-year-in-madison-s-village-of-tiny-houses-wins/article_6d1a54cc-343a-5775-b3de-5fa341677580.html).

<sup>31</sup> Tortorello, Michael, "Small World, Big Idea," *The New York Times* (Olympia, WA), Feb 19, 2014, [http://www.nytimes.com/2014/02/20/garden/small-world-big-idea.html?\\_r=0](http://www.nytimes.com/2014/02/20/garden/small-world-big-idea.html?_r=0).

<sup>32</sup> Mingoya, supra note 28.

<sup>33</sup> Brenda Konkel (OM Village), email message to authors, Apr. 16, 2016

<sup>34</sup> "Tiny Houses: A Permanent Supportive Housing Model, White Paper," *Community Frameworks* (Mar. 2015).

laundry room, and large kitchen. The village employs a full-time program manager and a full-time residential advocate.

Quixote Village features a resident-run model. Each tenant is a member of the Resident Council, which elects officers every six months. Panza, the non-profit organization sponsor of the village, also attends the Resident Council meetings, helps staff Quixote, and coordinates legal and political advocacy. Thus, while residents are able to lead the village, Panza is still actively working parallel to residents themselves to ensure sustained success.

### Tiny Homes in Lane County<sup>35</sup>

In addition to the tiny home villages across the county, there is currently one active tiny home village in Eugene: Opportunity Village. It is managed by SquareOne Villages. SquareOne Villages is a non-profit organization based in Eugene, Oregon that works to create self-managed communities of cost-effective tiny houses for people in need of housing. SquareOne is planning a second, more permanent tiny home village, Emerald Village, slated to open in fall 2016.

Similar to OM Village, Opportunity Village was born out of the tent cities of the Occupy Movement. The village opened in August 2013 and consists of 29 small buildings, designed to be transitional housing. Each house is essentially a room, a more sturdy replacement for the tents in which the homeless individuals had previously lived. The houses have no bathrooms nor kitchens, but they lock and have space for a bed and storage. There is a common shared kitchen, bathroom, and meeting space. Along with the tiny home, residents receive a bus pass and access to wireless internet.

The community is largely self-governed. Residency requires both cooperative labor and adherence to five basic rules: 1) no violence, 2) no theft, 3) no drinking/drugs, 4) no persistent disruptive behavior, and 5) everyone must contribute to the operations and maintenance of

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<sup>35</sup> Dan Bryant (SquareOne Villages) in discussion with the authors, Mar.-Apr. 2016; Andrew Heben (SquareOne Villages) in discussion with authors, Mar.-Apr. 2016.

Opportunity Village.<sup>36</sup> Since the start of the project, there have been approximately two successful transfers out of the village for every resident that had to be asked to leave.<sup>37</sup>

Emerald Village is the planned extension to Opportunity Village. While Opportunity Village is designed to get people off the street, the goal of Emerald Village is to create permanent affordable housing for both formerly homeless individuals who have been living in transitional housing and other marginally housed members of the community who are at risk of losing their housing. The village will consist of 22 houses, each 150-250 square feet, on a 1.1 acre piece of land. Each house will include a small kitchen and half bath. The project aims to create housing that is affordable for an individual living solely off of disability payments, with no more than one-third of disability income to go toward rent.

Emerald Village will be a limited equity housing cooperative. This means that the residents will own a share of the co-op. This is not strictly home ownership, as the co-op leases the facility from SquareOne Villages. Nonetheless, if the residents decide to leave they will have the opportunity to sell their share, allowing them to have equity to invest in their next place of housing. There will be 22 co-op shares, one for each home. The initial value of each share will be \$1,500. SquareOne Villages estimates that a portion of a resident's monthly payment (\$50 to \$75) will go towards their co-op share.<sup>38</sup> Once a person's share is fully paid up, a resident's monthly payment will go down. When a person moves, the non-profit will buy out their share and start the process over with the new resident. Shares will earn interest if payments are made on time so that the value of the investment grows modestly.

#### General Challenges Facing Tiny Home Villages

While we evaluate the challenges of tiny home communities more thoroughly in Section IV, here we outline a main challenge facing transitional tiny home communities that have limited their proliferation.

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<sup>36</sup> These five rules are adapted from Dignity Village.

<sup>37</sup> Dan Bryant, *supra* note 35. We do not have comparable figures for other tiny home villages.

<sup>38</sup> The exact amount will depend on the accuracy of these estimates and whether the maintenance portion of the budget is adequate.

Transitional models of tiny homes are often not considered official dwelling units, because they may not include a kitchen or bathroom. The International Residential Code (IRC), for example, defines a dwelling unit as: “A single unit providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.”<sup>39</sup> While there are provisions in the IRC that exempt smaller structures from specific permitting requirements, there is no similar exemption for the electrical, plumbing or heating/cooling systems that would be associated with a dwelling unit.<sup>40</sup>

Often, not being considered a dwelling unit leaves a transitional tiny home in conflict with local building code requirements. To be considered as more than temporary housing, though, all models must meet the following requirements:<sup>41</sup>

- be large enough for a standard-size bed, chair, table, and some storage;
- be conditioned, meaning heated and insulated;
- have electricity;
- have a standard ceiling height;
- have full bathrooms and cooking facilities nearby; and
- be sustainably built for long term use whether the tenant stays for a short or long time.

This is of particular importance for tiny homes that may be built using HUD funding, which not only has stipulations, but requires housing to meet these dwelling unit definitions. Where tiny home villages have managed to navigate these challenges, they have been successful.

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<sup>39</sup> Tiny Houses Overview and Regulatory Challenges – September 2015 Working Draft. On file with authors.

<sup>40</sup> Ibid.

<sup>41</sup> “Tiny Houses: A Permanent Supportive Housing Model,” supra note 34.

### III. Criteria

To evaluate the feasibility of using tiny home villages to increase affordable housing stock, we consider the implementation feasibility, funding, and effectiveness of tiny homes. Specifically, we ask the following questions:

#### Implementation Feasibility

- Is there community support for building tiny home villages? Have previous tiny home villages faced challenges from the community? What kind of community support is necessary?
- How long will it take to build tiny homes? Will the houses last?
- What are the zoning and land use barriers to building tiny home villages?
- Is there available land on which to build tiny home villages?

#### Costs and Funding

- How much do tiny homes cost to build? To upkeep?
- How are current tiny home villages funded?
- What different funding streams are available?
  - Are there funding streams from HUD that could be used?
    - In what ways can these funds be used? Are there limitations?

#### Effectiveness

- In what ways can tiny homes be deemed effective?
  - By what metrics should tiny homes be judged?



## IV. Feasibility Evaluation

### Implementation Feasibility

#### Community Support

Community support came up as being particularly important to the success of a tiny home village in two main areas: within the greater neighborhood community and within the village community.

Each neighborhood in which a tiny home village will be built will have particular concerns about the building of the village. Some neighborhood concerns could include safety, health, and resident behavior issues. A neighborhood's particular concerns should be identified from the outset of planning. All the tiny home villages with whom we spoke noted that the neighborhood community was more likely to support the building of a tiny home village if residents were notified in the early planning stages and included in discussions.

Different tiny home villages have taken various approaches to include the neighborhood in the planning process. OM Village in Madison, for example, mentioned that neighborhood support was one of their main challenges. They approached the problem by engaging neighbors and answering questions. In their case, the City Council was supportive, which helped to get the surrounding community's support. Dignity Village in Portland also spoke about getting neighbor support as being important in the building process. Dignity Village expressed that while there was some initial conflict, they now have a positive relationship with their neighbors. In addition, Andrew Heben of SquareOne Villages attributed the organization's success siting Emerald Village to early outreach to the neighborhood association.

In addition to neighborhood support, we found that it is important to have internal village community support. Many of the villages with which we spoke have community agreements. While the exact text varies village to village, the rules in the agreement document state the basic expectations for living in the community. They must be agreed upon and signed by all the members of the village. Should a rule be broken, there are consequences. The consequences vary depending on the gravity of the negative conduct, and range from a simple warning to

expulsion from the village. The agreements serve as a concise way to inform the residents and the surrounding neighborhood of the positive culture that the village is fostering.

In conjunction with the community agreement, an application process is also a very important component of internal community building. The application for residency may include a background check, skill inventory, and questionnaire. This application will help whoever goes through the applications to accept residents who are compatible with and can support the mission of the village.

To aid in the application process and upholding the community agreement, some tiny home villages are self-governed and some have staff. Staff members in these villages are often part-time, helping with the management of the village and assuring the well-being of the residents. The positions can be funded by resident rent, the city, or a non-profit organization. If the staff member is also a resident of the village, it is important it is a person who wants to be an active part of maintaining and cultivating a positive, collaborative environment.

Neighborhood outreach, a community agreement, and an application process will help a tiny home village be successful once built. Internal and external community support could help the project transcend stigma against the marginally housed.

#### Time to Build Tiny Homes and Tiny Home Durability

Tiny home villages can vary in the time they take to build, depending on if they are part of the transitional or permanent housing model.

The villages with whom we spoke that offered transitional housing took longer to build. Opportunity Village, for example, took nine months to build. However, this is because it was built entirely with volunteers, and was built up as donations came in. This story is similar in some of the other villages. Each house does not take long to build, though. If all the funding is already in place, a transitional village can be built in one to two months.

A more permanent housing model from start to finish, including site work and laying a foundation, can take at least four months (based on the expectation of the time it will take to build Emerald Village). This timeline is also based on the use of volunteer labor. Even though

the time to build a permanent tiny home is longer per house than building a temporary housing structure, it is still less time than building an average single family home, which takes about seven months.<sup>42</sup>

Even though tiny homes take less time to build than regular homes, more permanent tiny houses are expected to last the same amount of time as regular houses. The permanent houses in Emerald Village, for example, are expected to last 100 years, the length of time a normal single family home is expected to stand. It is unclear how long a temporary tiny home would last.

## Zoning and Land Use

### *Eugene*<sup>43</sup>

In Eugene, according to a Land Use Supervisor, city codes are amenable to building tiny home villages as long as they follow land use and building codes. Short of any covenants on the property, the land use code does not preclude tiny homes from being built in particular residential zones. Site review is not required in Eugene, unless there is an overlay zone requiring it. The development standards in the code can be flexible, subject to an adjustment, which is a discretionary decision of the Planning Director. During the process, public notice is given (which may trigger some neighborhood feasibility problems, discussed more below). The process is state mandated and takes two to three months. There is no differentiation in the code between a manufactured and a permanent home, so either transitional housing or permanent housing could be built.

Density issues are not a big feasibility concern in Eugene. Tiny home villages can be considered multifamily developments and the zone regulates the density. Under these regulations, a tiny home village would need to have at least 400 square feet of open space on the property, and at least 100 square feet outside each dwelling. In an R-2 Medium-Density Residential Zone, there can be up to 28 tiny homes per acre; that number goes up to 112 in an R-4 High Density

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<sup>42</sup> Zhao, Na, “How Long Does It Take to Build a Single-Family Home?” *National Association of Home Builders*, accessed Apr. 26, 2016, <http://eyeonhousing.org/2015/08/how-long-does-it-take-to-build-a-single-family-home/>.

<sup>43</sup> Kristie Brown (Land Use Supervisor, Eugene, Oregon) in discussion with the authors, Feb. 25, 2016.

Residential Zone. The zones vary in the maximum percentage of the lot on which houses can be built, but for tiny home villages, this requirement is likely not an issue, due to the spacing and setbacks of the houses. However, developers should be aware of these limits.

In order to build several small properties on a larger lot, there are a few options. Opportunity Village was a conditional use in an industrial zone. The tiny houses were deemed sleeping quarters only, because they lacked a kitchen and bathroom. Emerald Village will be built in a special zone, which allows for many different density options. Tiny homes could also be built as a subdivision or as multifamily on a single lot with the communal buildings considered an accessory use building.

Should a developer want to sell the tiny homes, there is an option to condo the property (where homes are individually owned, with access to common facilities). However, given that the goal is to increase affordable housing stock, many of the residents would not have the upfront capital to purchase a tiny house outright. If developers choose this route, they would maintain ownership until a certain percentage of the units have been sold. Once a majority have been sold, control reverts to a homeowners association and developers could continue to own the common space. A cluster subdivision is also possible, where a group of properties is built on the same land with shared common space). But it is more expensive than other options and does not give a lot of latitude to common property, so is not recommended for a tiny house village that would have shared facilities.

Future developers in Eugene can benefit from the example set by SquareOne Villages, the organization that built Opportunity Village and is planning Emerald Village. Since the process of permitting and zoning a tiny home village has already succeeded in Eugene, developers could follow the established path.

#### *Springfield<sup>44</sup>*

Springfield is more guarded than Eugene in terms of land use and building requirements, but the city is amenable to tiny home villages being built. According to a Development Director,

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<sup>44</sup> David Bowsby, Tom Boyatt, Jim Donovan, Phil Farrington, Neil Obringer, and Matthew Ruetters (City of Springfield) in discussion with the authors, Mar. 9, 2016; Gregory Mott (City of Springfield) in discussion with authors, Feb. 23, 2016.

Springfield wants to capture as much density as possible in the residential zoning districts, without spot zoning one property to be different than the rest of the area. The city building code may be flexible in its interpretation, but the city wants to make sure that the buildings built fit within the City Council's goals for the community, and that the housing is safe and decent. City officials seemed to be open to creativity in terms of growing affordable housing stock while making sure that the code is upheld.

Similar to Eugene, Springfield does not consider the dwelling type in zoning districts, as long as the dwelling meets the building code and density limits. Density limits vary from 7-14 units per acre for a low density residential area to more than 100 in a mixed use district.<sup>45</sup> Generally, in high density and mixed use districts, the idea is to build up (such as with apartment buildings), but there is no prohibition against building out with a tiny home village.

In Springfield, builders are more limited by the minimum house size. The minimum site-built house size is 120 square feet; however, if the house is a manufactured home, the minimum is 1,000 square feet, more than twice the average size of a tiny house. But, a house on wheels, effectively a trailer, would fall under the motor vehicle code rather than the manufactured home standard, so could be smaller. Another recognized way to avoid the 1,000 square foot manufactured home requirement is to build component parts off-site and put them together on site. The existing minimum house sizes are possible to change, but a developer would need to make a formal code change application and get approval from City Council.

Another key definition in state and local code is that to be considered a dwelling unit each tiny home would need to have a permanent kitchen (or at least something to prepare a meal) and a bathroom. This makes a transitional housing model more difficult under current code. With a primary kitchen structure, a tiny home village with up to five homes could be considered one home. However, the property would be unable to be separated for individual ownership, should that be a goal of the developer.

It is possible to apply for a stand-alone shared kitchen unit to supplement the single ownership approach. To build the stand-alone shared kitchen, a developer would need to do some

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<sup>45</sup> A mixed use district allows multiple types of properties, such as residential and business, to be build.

additional design work during the site planning process to allow more than five residents under single ownership in the higher density residential districts. A planning pre-application review procedure is recommended by the City of Springfield for this approach. This additional meeting with the city is to discuss potential issues with code interpretation and non-standard development approaches. The process is called a Development Issues Meeting and it is in addition to the standard land use review and approval procedure prior to building permit issuance. Formal submittal of the proposal, after pre-application development issues discussions, triggers the Oregon statutory timeline (120 days) for approval of land use decisions. Springfield's standard timeline for these pre-application, planning and building procedures is 2-4 weeks per step. Concurrent submittals may expedite the process.

Should a developer want to allow each house to be individually owned, they would need to subdivide the property or go through the condo process. Under the subdivision process, a common area with a shared kitchen structure could also be proposed through a process similar to the one outlined above. Previous clustered subdivisions approved by the City of Springfield have included commonly held structures and properties such as parking lots, or storage, but a shared kitchen is not within a strict interpretation of the code. By definition, Springfield's Cluster Subdivision Application allows a developer to create a cottage cluster with each unit owning the ground under the footprint. This floating lot approach is similar to going through the condo process in that it creates individually held property surrounded by commonly held property, accomplishing the desired result of shared kitchen facilities.

At present, the simplest approach is to provide individual units with kitchen-type facilities under the cluster approach for individual ownership. The City of Springfield expressed its openness to multiple tiny home approaches and seemed willing to streamline the code procedures in the future based upon initial evidence of tiny home villages' effectiveness.

#### *Oregon and the United States*

Oregon has general state land use regulations through the Oregon Revised Code. But builders and developers in each city have to consider the zoning and building codes of their municipality. Even Eugene and Springfield, neighboring cities in the same state, have different regulations. Without knowing the specific regulations in a city, it is difficult to speak about the zoning feasibility of a tiny home village outside of Eugene and Springfield.

## Land Availability

Eugene and Springfield are both relatively low density cities. Tiny home villages, either in Lane County or in other cities, can be sited on small tracts of land of an acre or two for 20 to 30 houses. The critical determinant of land availability, however, is not the number or size of open lots but the tolerance for tiny home villages in the surrounding neighborhood.

SquareOne Villages found lots for both its tiny home villages in Eugene. The difficulty lay in finding land for the villages that was near to services and employment without creating substantial opposition from the neighborhood. Opportunity Village was built in a light industrial zone on a piece of land already owned by the city, which the city has leased to the village. Although not centrally located, the village is close to a bus line and provides bus passes to the residents for transportation. The land for Emerald Village was bought in June 2015, and is located between a residential neighborhood and a railroad. Dignity Village in Portland similarly found land outside of the downtown area, but still on a bus line.

## Costs and Funding

### Funding Models of Current Tiny Home Villages

The costs for tiny home villages break down into the capital costs of building and the operating costs of maintaining the village. Here we review the costs and funding of three distinct villages: Opportunity Village, a transitional village model; Emerald Village, a permanent village model; and Quixote Village, a permanent village model that used HUD funding.

In both capital and operating cost categories, there is large variation between Opportunity and Emerald Village. Opportunity Village functions largely as a replacement for a homeless encampment. It was built on city land, and the start-up costs were quite small. In all, the village's capital costs totaled approximately \$212,000 for 29 units, or \$7,300 per unit. More than half of that cost was raised through in-kind donations from members of the broader Eugene community, while the remaining was made up of cash donations. In addition, the city provides the land. The operating costs are approximately \$3 per night per person, and the

residents pay \$1 of that (or \$30 a month) to cover utilities and other costs. The remaining \$2 per night, or \$60 per month per person, is covered by fundraising.

Emerald Village will cost approximately \$1.5 million dollars for 22 units, including the cost of land, or approximately \$60,000 per unit. The operating costs will be covered by rent from tenants. Rent will be set at a level such that a person living off disability assistance need not spend more than one-third of that income on housing. If sufficient capital can be raised for start-up costs, rents will be around \$250 to \$300 per month. The rent will need to be higher if a mortgage is needed. SquareOne Villages is in the process of raising the capital for Emerald Village and has already bought the land.

Quixote Village, a 30-unit tiny house community, cost \$3.16 million in development. A white paper by Community Frameworks breaks down Quixote Village's costs and funding streams into detail.<sup>46</sup> More than half of the \$3 million that went into capital expenses was spent on site and building construction. The cost per unit is \$102,000, which is substantially lower than studio apartments; these typically cost \$200,000. The village has a yearly operating budget of \$246,000, of which a substantial portion is spent on two full-time employees who manage the resident needs and property. Approximately one-third of the operating costs of the village are spent on utilities and maintenance. Operating costs are covered primarily by Section 8 project vouchers, plus grants from the state and county.<sup>47</sup>

Building costs for Quixote Village included the cost of land, remediation, and building fees. The land was effectively free, most of the architectural and engineering services were donated, and a significant donation was made for excavation services. Panza, the parent group managing Quixote Village, needed to raise about \$2.6 million. Although Panza turned to community and private organizations for funding, they were also granted \$110,000 from city CDBG grants and \$604,000 from state CDBG for further development, and \$60,000 for the first year of program services.<sup>48</sup> The rest was funded by private, in kind transfers, private cash grants, inputs from

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<sup>46</sup> Ibid.

<sup>47</sup> "FAQ," *Quixote Village*, accessed Apr. 26, 2016, <http://quixotevillage.com/faq/>.

<sup>48</sup> Letter from Timothy Ransom (Panza) to Steve Friddle (Olympia Community Services Manager) and Anna Schlect (Olympia Housing Program Manager), May 6, 2013, accessed Apr. 26, 2016, <https://drive.google.com/file/d/0B2jI5OLgYdyYRVQoNElRekxqWEU/edit>.



Thurston County Land Donation and County Capital, and nearly half of total costs (\$1.5 million) were received from the Housing Trust Fund.

Getting these funding streams proved difficult, however. Receiving Housing Trusts funds was the result of strong, successful lobbying by Panza employees and Quixote Village proponents to the State Legislature. Also, it is worth noting that CDBG funding was only given on the contingency that Quixote Village be developed differently than Opportunity and Dignity Villages: with prevailing wage laborers and not volunteer workers. The project set aside \$56,000 per annum for social services and management within the camp, which came from Panza, but those funds were projected to be exhausted by the end of the first year.

#### Possible HUD Funding Sources

Tiny home villages are relatively inexpensive to build. Excluding Quixote Village, most of the villages cited in this report relied entirely on private and non-profit donations to raise capital costs. Interviews revealed that many organizers of these villages were either uninterested in navigating the perceived hassle and requirements that go with public funding or were unsure how to acquire HUD funds, given their limited resources. However, there are HUD funds that tiny homes can access.

#### *Community Development Block Grants (CDBG)*

Community Development Block Grants can fund a number of activities, including job creation, providing services to vulnerable populations, and providing affordable housing.<sup>49</sup> In each of the past five years, Eugene has received a block grant of approximately \$1.25 million dollars and Springfield's grant per year was approximately \$500,000. In fiscal year 2013, Eugene spent \$358,000 on housing from this grant, while Springfield spent \$111,000.<sup>50</sup>

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<sup>49</sup> "Community Development Block Grant Program – CDBG," *U.S. Department of Housing and Urban Development*, accessed Apr. 26, 2016, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs).

<sup>50</sup> Community Profile, *supra* note 4, 6.

Although new housing construction cannot be funded through CDBG, CDBG can fund land acquisition and infrastructure improvements for tiny home villages. Quixote Village used CDBG funding for the construction of the community center.

#### *Emergency Services Grants*

Emergency Services Grants are used primarily for the renovation of homeless shelters. While neither Eugene nor Springfield currently receive funds from this program, Oregon Housing and Community Services allocates a grant to Lane County. This grant is dedicated to homeless shelters. Although Opportunity Village or other transitional tiny homes villages are not classified as homeless shelters, they share many of the attributes of one. If SquareOne Villages or another tiny home developer could successfully make the case that Opportunity Village or other transitional tiny home villages are a shelter, it is possible that funds from this program could be used for operating costs, such as utilities, repairs, and food.

#### *HOME Investments Partnership Program (HOME)*

The HUD HOME Investment Partnerships Program distributes grants to cities and states to fund affordable housing projects and provide direct housing assistance to low-income renters. The Eugene-Springfield consortium has received nearly \$1 million yearly from this program, which the cities split approximately 70/30.<sup>51</sup> If a tiny home village in Eugene or Springfield were to apply for this program, HUD policy would require that the tiny homes are built with labor compensated with Davis-Bacon prevailing level wages, which would make the houses significantly more expensive to build than if they used volunteer labor or paid local wage rates. In addition, tiny home villages constructed with HOME funding would have to meet HUD's housing quality standards, which means each unit would need to include a full bathroom and kitchen. However, local housing ordinances supersede the HUD standards. So another village could follow the example of Quixote Village, which was able to receive HOME funding when the city of Olympia, Washington amended its definition of a single occupancy residency (SRO) so that tiny homes could qualify.<sup>52</sup>

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<sup>51</sup> Ibid, 7.

<sup>52</sup> "Tiny Houses: A Permanent Supportive Housing Model," supra note 34.

*HUD Federal Housing Administration (FHA) Multifamily Mortgage Insurance*<sup>53</sup>

The HUD Federal Housing Administration (FHA) Multifamily Mortgage Insurance Program requires that loans be allocated to the “construction or rehabilitation of detached, semi-detached, row, walkup, or elevator-type rental or cooperative housing containing five or more units.” The program is offered to any rental housing at market rate, or for properties that accept rental assistance (project-based or tenant-based vouchers). Any renovations made must be substantial—exceeding \$6,500 per unit and 15 percent of the appraised value. For cooperatives that have over four bedrooms and no elevator, the statutory mortgage limit would be capped at \$104,540.<sup>54</sup> Contractors must pay laborers Davis-Bacon prevailing wages. Rates were reduced effective April 1, 2016, which is anticipated to spur the rehabilitation of an additional 12,000 units of affordable housing annually, benefiting 40,000 more low-income families over the next three years.<sup>55</sup>

*Low Income Housing Tax Credits (LIHTC)*<sup>56</sup>

Low Income Housing Tax credits are distributed by Oregon Housing and Community Services (OCHS). The goal of the LIHTC program is to encourage individual and corporate investors to fund and build affordable rental housing. The tax credits can either be 9 percent or 4 percent—meaning that the LIHTC either provides equity equal to the present value or either 30 percent or 70 percent, respectively.<sup>57</sup> The process for accessing the funds, however, is both time-intensive and costly. Developers may spend up to \$40,000 to craft the application and only see

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<sup>53</sup> “HUD FHA 221(d)(4) Multifamily Loan Program Overview,” *Commercial Real Estate Finance Company of America*, accessed Apr. 26, 2016, <http://www.crefcoa.com/hud-fha-221d4.html>.

<sup>54</sup> The most recent number the authors could find was from 2013. It is unclear if there are rate reductions that will affect these limits. “Annual Indexing of Basic Statutory Mortgage Limits for Multifamily Housing Programs,” *Federal Register* 78, no. 87 (2013): 26383, accessed Apr. 26, 2016, <http://www.crefcoa.com/Docs/2013%20Multifamily%20Statutory%20Mortgage%20Limits.pdf>.

<sup>55</sup> Sullivan, Brian, “FHA to Cut Insurance Rates on Multifamily Mortgages,” *U.S. Department of Housing and Urban Development*, Jan. 28, 2016, accessed Apr. 26, 2016, [http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2016/HUDNo\\_16-008](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2016/HUDNo_16-008).

<sup>56</sup> “The Cost of Affordable Housing Development in Oregon,” *Meyer Memorial Trust* (Oct. 2015), accessed Apr. 26, 2016, [http://mmt.org/wp-content/uploads/2015/12/Cost-Efficiencies-white-paper-FINAL-10\\_1\\_15.pdf](http://mmt.org/wp-content/uploads/2015/12/Cost-Efficiencies-white-paper-FINAL-10_1_15.pdf).

<sup>57</sup> “Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks,” *Community Developments, Office of the Comptroller of the Currency* (Apr. 2014), accessed Apr. 26, 2016, <http://www.occ.gov/topics/community-affairs/publications/insights/insights-low-income-housing-tax-credits.pdf>.

one-third of their desired projects funded. Likewise, it is not uncommon for developers to undergo the application process multiple times. These are especially significant barriers to applications coming from smaller non-profit organizations.

#### *Section 8 Project Vouchers<sup>58</sup>*

Section 8 Project-Based Vouchers are distributed by public housing agencies (PHAs). PHAs release project-based vouchers to private owners to rent some or all of the units in their housing developments to low-income families. Many of these private owners are for-profit entities, but not exclusively so. Vouchers are contingent on multi-year housing contracts between the private owner and HUD. To fund the vouchers, Congress appropriates annual funding. These vouchers differ slightly from Housing Choice Vouchers. Specifically, vouchers do not have transferability, as rental assistance does; they are tied to one specific housing development or unit.

#### *Section 8 Housing Choice Vouchers<sup>59</sup>*

Housing Choice Vouchers, also distributed by PHAs, are extended to individuals with incomes not exceeding 80 percent of the poverty line. Under the voucher, the recipient has at least 60 days to find housing. Recipients are free to choose housing of their choice and the voucher is connected to them, rather than the property in which they live. But their housing choice must meet the habitability requirements of the program. The subsidy is paid by the PHA directly to the landlord, and the family pays the difference not covered by the subsidy.<sup>60</sup> The voucher is then put towards rent, with the recipient paying the difference not covered by the subsidy or at least a “minimum rent.”<sup>61</sup> Vouchers can also be applied to mortgages, enabling low-income

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<sup>58</sup> “Policy Basics: Section 8 Project-Based Rental Assistance,” *Center on Budget and Policy Priorities*, accessed Apr. 26, 2016, <http://www.cbpp.org/research/housing/policy-basics-section-8-project-based-rental-assistance>.

<sup>59</sup> “Policy Basics: The Housing Choice Voucher Program,” *Center on Budget and Policy Priorities*, accessed Apr. 26, 2016, <http://www.cbpp.org/research/housing/policy-basics-the-housing-choice-voucher-program>.

<sup>60</sup> “Housing Choice Vouchers Fact Sheet,” *U.S. Department of Housing and Urban Development*, accessed Apr. 26, 2016, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/hcv/about/fact\\_sheet](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet).

<sup>61</sup> Housing authorities can set the minimum rent, up to \$50. See “New Bill Proposes Minimum Rents for Public Housing, Voucher, Project-based Section 8 Residents,” *National Low Income Housing Coalition*, accessed May

families to purchase, rather than rent, homes. Currently, the Section 8 waitlist in Lane County is closed and is not accepting new applications.

*Self-Help Homeownership Opportunity Program (SHOP)*<sup>62</sup>

The goal of Self-Help Homeownership Opportunity Program funds is to create a sense of pride and community through “sweat equity”—wherein the future homeowners themselves, in partnership with non-profit organizations and volunteer labor from the community, build the home. Funds are provided to the non-profit organizations administering this kind of model, and are considered to be start-up funds, because they can only be used for either site acquisition or on-site development. Annually, there is approximately \$25 million available, granting between \$450,000 and \$13 million to three to six of the applicants. National or regional organizations qualify for funding, as do consortia (two or more non-profit organizations that are located in at least two states). Those organizations then must choose future homebuyers who would qualify for low-income housing under HUD’s definitions of low-income households.<sup>63</sup> Members of the household must contribute a minimum of 100 hours of sweat equity. Moreover, SHOP funding *requires* that physical construction involve community participation. Once the house is built, HUD standards of safety and durability apply. This funding source may be a good option for tiny home village developers, because of the ability to use volunteer labor, which would cut building costs, and because the grant is not tied to minimum house size requirements. In addition, by involving community participation in the building, this type of grant is likely to help build support from local residents.

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2, 2016, <http://nlihc.org/article/new-bill-proposes-minimum-rents-public-housing-voucher-project-based-section-8-residents>.

<sup>62</sup> “A Guide to Using Self-Help Homeownership Opportunity Program Funds,” *U.S. Department of Housing and Urban Development* (May 2005), accessed Apr. 26, 2016, <https://www.hudexchange.info/resources/documents/A-Guide-to-Using-Self-Help-HOMEownership-Opportunity-Program-Funds.pdf>.

<sup>63</sup> HUD defines low-income as: “A household whose income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 80 percent of the median for the area median on the basis of HUD’s findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.” “Glossary of CPD Terms,” *U.S. Department of Housing and Urban Development*, accessed Apr. 26, 2016, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/library/glossary/l](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary/l).

## Effectiveness

Tiny home villages could be evaluated for effectiveness based on a number of different metrics: They could plausibly reduce homelessness, create more affordable housing, and/or increase the sense of community in a neighborhood. Opportunity and Emerald Villages have different goals (in part because one is transitional and the other permanent) and so should be evaluated differently. However, because there are only a few tiny home villages that are currently built, and those that have been built have not been around for very long, there is not enough data for us to fully evaluate the effectiveness of tiny home villages. Instead, we outline metrics by which tiny home villages of the transitional and also more permanent model could be measured. In Section V, we recommend that HUD, potentially in conjunction with cities or individual villages, do a full effectiveness evaluation study of tiny home villages. In Appendix C we outline a potential design for this type of study, and in Appendix B provide a list of variables that could be collected.

### Transitional Tiny Home Villages

Opportunity Village is a transitional housing program, more permanent than a shelter or a tent, less permanent than a house or apartment. As such, any evaluation of Opportunity Village's effectiveness should focus on the effect that living in a supportive, resident-run model has on long-term homelessness.

Metrics to consider:

- What percent of residents successfully transfer to more permanent housing?
- Of the successful transfers, how many continue to live in stable housing one, two, or three years later?
- What percent of residents are able to find employment after moving into the village?
- What percentage of units are occupied at any given time?

### Permanent Tiny Home Villages

Emerald Village aims to fill a gap in the housing market in Lane County. As rents increase, and housing assistance is limited, it becomes impossible for an individual relying on government assistance or a minimum wage job to find affordable housing.

Metrics to consider:

- Do rents remain low?
- Is there demand for the houses? How long is the waitlist for the houses? Once the houses are built, how long do they stay vacant?
- Are the buildings permanent? Do they remain in good repair for a significant amount of time (40+ years)?

### An Overview of Evaluation: Comparison of Opportunity Village Temporary Model and Emerald Village Permanent Model by Evaluation Criteria

Here, we apply our feasibility criteria directly to Opportunity and Emerald Village, the villages that are or will be in Lane County, Oregon. As noted, Opportunity Village is designed to be temporary housing for homeless individuals until they can find permanent housing. Emerald Village, to be built, will be made of permanent homes that can be lived in long-term. How these villages have been set up can be seen as templates for new tiny home villages.

**Table 2: Comparison of Opportunity Village and Emerald Village, by Evaluation Criteria**

	<b>Opportunity Village (Temporary Model)</b>	<b>Emerald Village (Permanent Model)</b>
<i>Description</i>	<i>Temporary, simple rooms without private bathrooms or kitchens</i>	<i>Permanent homes with private bathrooms and kitchens</i>
Residents	Formerly homeless individuals	Marginally housed and previously homeless individuals who have completed some transitional program (such as living in Opportunity Village)
Size	60 to 80 sq ft	150 to 250 sq ft

	<b>Opportunity Village (Temporary Model)</b>	<b>Emerald Village (Permanent Model)</b>
Zoning Challenges	<i>Springfield:</i> Homes must be 120 sq ft (excepting manufactured homes); Shared kitchens must go through an application process <i>Eugene:</i> Apply for a conditional use permit	<i>Springfield:</i> Homes must be 120 sq ft (excepting manufactured homes); Shared kitchens must go through an application process <i>Eugene:</i> No particular barriers
Cost to Build	\$7,300 per unit	\$60,000 per unit, and possibly higher as seen in Quixote Village
Funding	\$98,000 cash, \$114,000 in-kind	\$1.5 million total costs In-kind donations Possible mortgage
Operational Costs per Unit	\$90/month	\$250 to 300/month
Rent	\$30/month	\$250 to 300/month
Possible HUD involvement (not currently being used)	-Emergency Services Grants	-Section 8 Housing Choice or Project vouchers (limited) -CDBG -HOME -SHOP
Units	29	22
Effectiveness measures	Homelessness reduction	Increase in affordable housing stock



## V. Recommendations

**Tiny homes are a feasible, cost effective option to house Lane County's homeless and marginally housed populations.** Building tiny home villages still will be a challenge. To do so, land will need to be found, community support will need to be cultivated, zoning and land use standards will need to be met, and funding will need to be secured. Given the stringency of HUD funding, permanent models are likely to qualify for streams of funding not available for transitional housing. To meet these challenges, we offer the following recommendations for HUD and tiny home village developers.

### Recommendations for HUD

- HUD should help developers access information about funding more easily. The significant barriers to applying (such as wait-times and fees) can block beneficial projects from coming to fruition, and especially hinder the efforts of smaller organizations who may not have the capacity to go through the application process. Short of making the funding application process easier for low-income housing developers, this may come in the form of a HUD field office retaining a funding counselor or point-of-contact to work with developers, and/or a more structured online platform. As an extension, HUD could tap into social media via Facebook or Twitter to circulate information more quickly about upcoming application deadlines. Or, if the funding is disbursed from HUD to a city where the developer would apply, the city could do social media outreach of a similar style. Of the funding streams available through HUD, it is recommended that primarily CDBG, Section 8, and HOME funds be advertised as being possible sources to allocate for the projects. For projects that have significant community and non-profit support, however, SHOP funds may be ideal.
- Our ability to evaluate the effectiveness of future tiny home villages is limited. While many posit that tiny home villages are effective, there is no quantifiable evidence backing this claim. It is recommended that HUD implements, or encourage their client cities to implement, a research design to collect longitudinal

data measuring tiny homes' impact on residents and the community. An outline of what this study could look like is provided in Appendix C.

## Recommendations for Tiny Home Village Developers

- Before and during construction, developers should secure neighborhood community support through various outreach efforts, such as through awareness campaigns, fundraisers, and town halls.
- Whether generated and enforced by a staff member or by the community itself, the tiny home village should establish an internal community agreement. This community agreement will set community living standards for the tiny home village.
- Because each city has varying zoning and land use standards, city and state zoning codes will have to be researched thoroughly for each tiny home village. It is advisable to create an adaptable tiny home community plan that can be modified to suit particular local standards. Specifically, a developer should consult the zoning board or city director of the planning or development office on the preliminary village plans. In Springfield and Eugene, the zoning and land use codes are flexible enough to build tiny home villages. Developers should mostly be concerned about housing density (in both cities) and minimum house size requirements (in Springfield).
- Before building, project leaders should reach out to other tiny home developers to heard about their building experience. For a preliminary list of tiny home village developers and low-income housing allies, see Appendix A.
- To find appropriate land for housing communities, speak to city officials, specifically city mayors or city council, to inquire about available land or land banks. There will likely be less flexibility in available lands, so a chief concern is working closely with city leaders.
- Tiny home village organizers should use surveys and other data collection methods to quantify the effectiveness of tiny home villages. By carefully documenting how living in

these intentional communities changes the lives of residents, advocates can make a more compelling case for expansion and public funding.

## VII. Further Considerations

Although tiny home villages may seem exotic, in many ways they resemble a combination of common types of housing. They are similar to the Single Room Occupancy (SRO) model, where each resident gets a small room and shares some facilities. They also resemble small mobile homes, yet can be built to last, with foundations and full kitchens and bathrooms. While tiny homes should not be considered vastly different from these other forms of affordable housing, there are a few distinctive considerations that should be taken into account.

Even the permanent model of tiny homes may not be a desirable housing model for everyone. While projects within this scope target single individuals or couples, housing a family in a tiny home may not be a feasible, permanent solution. Even individuals or couples may find the homes to simply be too small to live in as they wish. While this model may prove successful for certain residents, it is important that the occupants self-select into this unique living situation.

The transitional model can house homeless or other individuals in need of emergency housing inexpensively. However, Opportunity Village, and other transitional tiny home villages, are likely not a panacea for homelessness. The village may instead act as a stopgap, giving previously homeless individuals the opportunity to stabilize their lives. However, homeless individuals with significant mental or substance abuse issues may have trouble succeeding in a village without access to comprehensive social services.

Lastly, given the trendy nature of tiny homes, they may be part of a passing craze only to be replaced by a newer fad a few years down the road. In anticipation of changing cultural tides, tiny home villages should be constructed in such a way that they are sustainable.

## Appendix A: Expert Interviews Conducted

<u>Name</u>	<u>Position</u>
Stacy Borke	Director of Housing Services, Transition Projects, Portland, Oregon
David Bowsby	Building Official, City of Springfield, Oregon
Tom Boyatt	Community Development Director, City of Springfield, Oregon
Kristie Brown	Land Use Supervisor, City of Eugene, Oregon
Dan Bryant	Executive Director of SquareOne Villages, Eugene, Oregon
Karen Chapple	Professor of City and Regional Planning, University of California, Berkeley
Jim Donovan	Planning Supervisor, City of Springfield, Oregon
Phil Farrington	Senior Planner, City of Springfield, Oregon
Beth Gerstein	Legislative Assistant to Laurie Capitelli, City Council Member, City of Berkeley, California
Andrew Heben	Project Director, SquareOne Villages, Eugene, Oregon
Brenda Konkel	Board Member, OM Village, Madison, Wisconsin
Christine Lundberg	Mayor of City of Springfield, Oregon

Katie Mays	Dignity Village Program Support Specialist, Portland, Oregon
Terry McDonald	Executive Director, St. Vincent de Paul of Lane County, Inc., Eugene, Oregon
Betsy Morris, PhD	Founding Partner/CEO, Planning for Sustainable Communities, Berkeley, California
Gregory Mott	Current Development Manager, City of Springfield, Oregon
Neil Obringer	Senior Management Analyst, City of Springfield, Oregon
Kitty Piercy	Mayor of City of Eugene, Oregon
Matthew Ruettgers	Building and Land Development Manager, City of Springfield, Oregon
Raul Salazar	Program Manager, Quixote Village, Olympia, Washington

## Appendix B: Possible Metrics to Collect for Future Research

This is a list of potential metrics that could be collected to evaluate both village-wide and individual resident characteristics. This list of potential variables was developed to capture information related to stable housing (i.e. employment and sobriety). This list is not inclusive of all variables a tiny village may want to track, but rather is intended to provide a starting point for development of a research design.

- Housing
  - How many transfers have there been from the village to long-term housing? What is the transfer:asked-to-leave ratio?
  - What is the percentage take-up (i.e., what proportion of offers to live in the village are accepted)?
  - What percentage of the units are occupied each day?
  - Have rent costs changed since the last survey?
    - Do community members report having trouble paying rent?
  - Is there a waitlist for the village?
  
- Employment
  - Are residents employed? Is employment newly obtained since moving into the tiny home village?
    - If employed, percentage of time employed
    - Number of hours worked in the past month
    - Type of work/sector
  
- Income
  - Wage statements from employer
  - Rent payment history from village manager
  - What percentage of income is paid toward rent?
  
- Housing
  - How long was the person homeless before living in tiny home village?

- How long has the person been housed in the tiny home village?
- What are the main challenges for this individual in overcoming homelessness?
  - For example, these challenges could include, but are not limited to, prior/current drug issue, mental health issues, and job security.
- Which, if any, of these challenges is addressed by the tiny home village model?
  
- Sobriety
  - Has alcohol/drug consumption changed since living in the tiny home village?
  - What is the current consumption level of alcohol and/or drugs?
  
- Social network
  - Does the individual have regular contact with friends or family?
  - Do fellow residents perceive each other positively?
  
- Criminal record/activity
  - Does a person have a record of disturbing the community?
  - What is the current crime rate in the community?
    - Crime per capita
    - Types of crime



## Appendix C: Possible Effectiveness Evaluation Research Design

To capture whether tiny home communities have quantifiably helped residents, HUD should encourage the careful study of outcomes of tiny home village residents and of the villages themselves over time. In this appendix, we suggest a possible study design that could be used to ethically monitor the success of tiny home villages on a number of outcomes. In order to capture a true causal impact of this housing model, tiny homes must be assigned randomly from a pool of applicants. We recommend a stepped wedge design, as it avoids some of the usual ethical issues of a randomized control trial.

### Stepped Wedge Design

This design method involves taking random “clusters” or groups of people from a larger sample of possible tiny home residents and assigning them to tiny homes. After some period of time, a new cluster is taken from the same pool of possible residents. Stepped Wedge models are frequently used when an experiment is delivering a beneficial or essential good, but the good is in short supply.

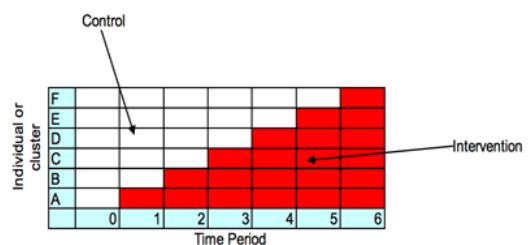
This model ensures that, over multiple time periods, all those who are in need of the good will receive it. There will, however, be time disparities in when the “treatment” will be distributed.

The design allows researchers to leverage the natural shortage of tiny home villages to understand the effects of living in these environments as opposed to in shelters, on the street, or in other affordable housing options.

### Evaluation Implementation

In order to use this evaluation design, an organization would have to plan multiple tiny home villages to open over a number of years. Another option would be to move new groups into tiny home villages as a first group moves out. After collecting applications, the organization would

#### Stepped Wedge design



randomly divide the groups into the number of planned villages and collect baseline data. As each village opens, the assigned group moves in, until by the end of the period all groups are housed in tiny home villages. Data are collected at regular intervals, and the outcomes of interest can be compared pre- and post-treatment, the treatment in this case being living in a tiny home village.

Data on the metrics suggested in Appendix B could be collected through surveys of tiny home villagers and managers.