



Building the Future Together

By Diana Lind, Greg Lindsay, and Michael Woodbridge, NewCities

In early June, the NewCities Foundation convened its inaugural New Housing Solutions event in New York City. More than 200 public officials, entrepreneurs, policy experts, and activists gathered to discuss solutions to America's mounting climate-, inequality-, and affordability crisis and identify possible paths forward. On the event's second day, a subset of attendees was invited to explore three particularly promising areas: modular construction techniques; accessory dwelling units (ADUs); and co-living. Short recaps of each discussion, which were held in parallel, are below.

Co-living, co-housing, and "full-stack lifestyles"

The co-living discussion was kicked off by Urban Us partner Stonly Baptiste, whose firm was an early investor in Starcity, a co-living startup that has broken ground on seven developments in Los Angeles and San Francisco since launching in 2016. Until recently, Starcity has thrived by repurposing office and industrial properties as furnished 130- to 220-square-foot bedrooms with communal kitchens and living spaces. Rents range from \$1,400 to \$2,400 a month.

That's set to change, however, with the approval in June to build an 18-story building comprising 803 units in downtown San Jose, at the epicenter of Silicon Valley's housing shortage. It's slated to be the largest project of

Photo - Panel: The Future of Cooperatives and Land Trusts.

Speakers: Daniel Aldana Cohen, James DeFilippis, Antoni Font, George McCarthy and Laura Settlemyer.

Moderated by: Greg Lindsay

its kind, on a par with competing projects from London's The Collective and Common – which has partnered with Tishman Speyer to create a childcare-as-a-service brand named Kin.

The latter led the Public Policy Lab's Chelsea Mauldin to quip that “co-living is supportive housing for the middle class,” a response to the failures of the market and public policy to create alternatives to the increasingly untenable model of suburban single-family homes.



Photo – Panel: *Co-living – A Housing Solution for Today's Urbanite?*
Speakers: Christopher Bledsoe, Claire Flurin, Ian Sinclair, Sophie Wilkinson,
Moderated by: Diana Lind

The conversation began with a debate over definitions – what is co-living, anyway? How does it differ from “co-housing?” And isn't this just repackaging old housing models such as dormitories or SROs with a sheen of high-tech branding? “Co-living,” the group affirmed, describes the managed corporate model embodied by Starcity and its peers; “co-housing” describes

bottom-up collectives such as Germany's *baugruppen*. And while the antecedents of co-living are ancient and varied, they agreed the gloss had created a unique opportunity. “What's new are the people who are considering it,” said the city of Barcelona's Antoni Font: “Middle class families.”

But co-living, like co-working, suffers from the perception that it is a temporary condition – a waypoint on the journey to or from a single-family home or apartment. The derogatory term “dorms for adults,” as well as the demographics of most users – single or married young adults; divorcees; empty-nesters – all underscore the association with transition. This isn't really the case, Co-Liv Labs' Claire Furin argued – co-living operators such as Ollie report longer-than-expected tenures. But in order to attract and

retain customers who would otherwise consider single-family homes, they will have to offer some form of ownership.

This, of course, is at cross-purposes with the entire co-living model. Starcity residents are not tenants but “users” who lack the rights of most renters. (Participants mused how the universal rent control provisions then being debated by the New York state legislature would affect projects in the state going forward.) Fannie Mae’s Janice Kittle and Simon Lahoud from the Canada Mortgage and Housing Corp. expressed doubt that co-living for-profit managed services models would ever qualify for financing under existing guidelines.



Photo – Panel: Innovation in Construction – Building Affordably
Speakers: David Malott and Brian Gaudio. Moderated by: Greg Lindsay

And then there is the question of how to define and evaluate the unit of analysis in co-living – it is the square footage (or meters) of the bedroom itself, coupled with the level of amenities offered? If so, how would those offerings be defined (and securitized) for the purposes of a contract? Furin suggested a portfolio approach, in which residents might purchase a number

shares equivalent to a guaranteed level of service. (Elsewhere, the real estate analyst Dror Poleg [has suggested](#) large financial interests such as Blackstone might one day do the same.)

All agreed that co-living, regardless of what form it may eventually take, currently suffers from a lack of clear legal and financial terminology, and as such, these mismatches with regulators and the markets won’t easily be fixed.

Presuming they will, the ultimate vision – and Mauldin put it – was “full-stack lifestyles,” as co-living was crossbred with other amenities to create all-

inclusive branded communities that could theoretically run from cradle-to-grave. Kin already points to the possibilities with childcare; assisted (co-) living was another fit. (Picture vertical versions of retirement communities such as Florida’s The Villages, only with health clinics instead of retail at street level.)



Photo - Welcome to New York City - Leila Bozorg

This future could quickly become dystopian along any number of lines, from exclusion in the name of “managed diversity,” to tenant rights, to labor. Given that the vast majority of paid domestic labor in the United States is performed informally, typically by women of color, the professionalization and vertical integration of such work could either lead to an upgrading of skills, pay, and status for

these workers, or the creation of a vast underclass of outsourced labor — or their exclusion altogether. Given WeWork’s [well-documented battles](#) with its custodial staff, strong protections are needed.

The final strand of the conversation turned to how co-living might successfully be mated with affordable housing models aimed at working class residents, rather than the relatively affluent middle class. Furin suggested placing for-profit co-living at the center of community land trusts, using the profits from co-living residents to upgrade services and gradually acquire land for the trust, while providing opportunities for local services and employment. Participants agreed that when it comes to co-living, housing is only the beginning.

ADUs, affordability, and aging in place

Helen Leung of LA-MAS led the workshop on ADUs, attended by staff from Fannie Mae, Canada Mortgage Corporation and others. Throughout North

America, cities are looking to ADUs as a housing solution with a number of potential benefits: ADUs can add to the housing stock of a neighborhood without changing its scale or character, they can potentially create affordable housing, and they can allow extended families or families with caretakers to live together.

LA-MAS has thought through many of the challenges that come with building ADUs by providing homeowners with “one-stop” support for constructing an ADU in exchange for renting out the ADU to Section-8 holders for 5 years. LA-MAS’s example has several notable benefits: a fixed cost for the ADU, a selection of ADU styles to choose from, and support for the homeowners as they navigate becoming landlords, among others.



Photo - Panel: Building for New Demographics. Speakers: Steven Dietz, Rodney Harrell, Helen Leung, Noelle Marcus. Moderated by: Diana Lind

LA-MAS’s program faced many questions from several attendees who wondered: How can you really control the costs of building ADUs? How will neighbors feel about having Section-8 tenants next door? When LA has lots of ADUs how will that create problems with parking and services? There was some concern that this program was too idealistic. Leung disagreed,

but noted that it is a work in progress and that as the organization completes more houses it will learn more about how to tweak the program.

We agreed the key to LA-MAS’s work was its focus on required affordability. Otherwise, as the architect Michael Geller noted, many of the ADUs will become essentially luxury add ons to houses. That said, there is no deed restriction or other way to require homeowners to remain Section 8 landlords; so in effect, people could get the ADU built and opt out their side of the bargain. Leung says that most of the people who have sought out

the program are interested in helping others and in solving the affordable housing crisis, so she doesn't envision this being a problem.

The discussion led to some interesting new potential ideas for ADU construction. For example, Jonathan Lawless from Fannie Mae noted that ADU programs exclusively focus on having the homeowner finance construction. But what if there were a way for renters or potential homeowners to finance the construction of the ADU in exchange for a share of the property's eventual upside?

For others, such as the city of Hartford's Laura Settlemyer, it was the first time she heard people talk about in-law suites as ADUs and it made her rethink the existing housing stock in her area.

Unleashing the potential of modular construction, brick by brick

In the third breakout, Roger Krulack of FullStack Modular led a discussion into the barriers and enablers to increasing the market share of modular housing.

The group began by discussing barriers to growing the modular market, and touched upon the significance of union support and the jurisdictional issues around manufacturing, co-investment and construction financing strategies, and the particularities around front end versus back end investment.

Participants were asked what they believed it would take in order to transcend these barriers and scale modular beyond its current market share. Insights included the need for a great leap forward in terms of technology and a shift in perception of what modular really is (as there is currently too much misconception with between modular, mobile, and manufactured). The group also touched around the potential advantages of enabling legislation around permitting, while acknowledging that the challenge isn't that there is more or less regulation around permitting for modular, but that it is treated differently.

The group agreed that it is both unlikely and unnecessary to work backwards from a normative scenario wherein modular had captured a determined market share. Rather, there was consensus that modular is an effective tool that can meet needs for the provision of housing supply (while providing clear benefits around resource efficiency).

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