

'DEVASTATED': MISSOULA RENTERS DENIED AFTER FORMING COOPERATIVE TO BUY THEIR HOMES



Kassie Clark, a massage therapist in Missoula, is one of a group of residents who pooled their money in an attempt to purchase their apartment complex from an owner intent on selling. Eight women who live in the complex found out it was being sold, so they pooled their money together and appealed, unsuccessfully, to the owner to sell it to them as a cooperative.

David Erickson, May 1, 2022

A group of apartment complex tenants in Missoula's Westside neighborhood rode an emotional rollercoaster this week after being informed that their property was being sold and attempting a moonshot to avoid being displaced by higher rents or evictions.

In a stressful and urgent frenzy of coordination, they rushed to form a cooperative in order to pool their money and raise the \$1.3 million asking price. It was a momentous achievement for a group of working-class renters who only know each other from being neighbors. But in the end, despite their efforts, they were denied anyway.

"I'm heartbroken," said Meg Payne, who led the group. "I'm f----- devastated."

But Payne is heartened by the fact that the group got so much community support and now they're encouraged that a housing cooperative is a model that can be successful.

"We can use this to rally for affordable housing and to ask people to consider joining the tenants union or using it as an opportunity to advertise how we can build momentum behind it," Payne said of the ordeal.

It all started last Wednesday, April 20, when all eight tenants in the 8-unit Bulwer Complex (off of Bulwer Street) got a letter that they were getting 24-hours notice to make their apartments available for potential buyers.

"Please clean it and make sure it's presentable'," Payne recalls the letter saying. "Wow. All of us were in, like, complete shock."

But Payne turned that shock into action. They talked to the other tenants, and convinced six of the eight that if everyone pooled their money, the group could buy the complex at the asking price of \$1.3 million and own it as a cooperative. Two tenants weren't interested, but two other acquaintances in town agreed to sign up. It would be called the Westside Affordable Housing Cooperative, or WAHC for short. Payne giggles at that.

There was talk of turning the parking lot into a space with a gazebo for live music and wildflowers. There was talk of not ever having to move out of the neighborhood they loved and never thinking about a rent hike or eviction again. There was talk about building something permanent with a group of neighbors that have formed a strong bond over the last few years.

For Payne, it was a long shot that had the potential to actually work and change all of their lives for the better.

"This has always been a dream of mine," Payne said. "This has been a dream of many people who live here, but we just can't because we're poor. And so I went around and talked to every single person that night, and then we just frickin' hit the ground running and I was making like 20 calls an hour."

The real estate agent representing the sellers told them they had to act quick.

"He was like, you have to figure this out by Sunday at 5 p.m.," Payne recalled. "Wow."

Payne and the group contacted Kaia Peterson, the executive director of the affordable housing nonprofit NeighborWorks Montana in Great Falls.

Peterson wrote a letter to the property owners, Maggie and Tyler Theisen, to explain that the cooperative structure was feasible. However, the group would need about six months to put the financing in place.

Feasibility of Cooperatives

"NeighborWorks Montana has been supporting resident purchase and ownership for over a decade," Peterson wrote. "Most of our work has been with residents of manufactured home communities. There are now 15 resident-owned communities across the state of Montana and over 250 across the country using a similar approach. We see the need and opportunity to expand this work to properties that include multi-family buildings."

In fact, NeighborWorks is working with the tenants of an 8-plex on Missoula's Northside right now on the cooperative purchase of their property. The owner of that complex is giving them the time they need to pursue the approach.

"We see this as a viable strategy to preserve existing affordable housing, avoid resident displacement, and give sellers a market-rate return on their investment," Peterson said. "This is the type of win-win that we seek."

NeighborWorks works with lenders who are willing to provide financing for resident-owned communities. The organization is also a lender that can provide a portion of the financing in the form of low-cost and flexible loans that support property acquisition to preserve affordability.

Peterson said they currently do not have the ability to meet the 45-day timelines demanded from typical investor transactions.

"Through the Montana Housing Coalition we supported a bill in the state Legislature last year that requested notice to residents and a 45-day window in which to make a viable offer in the case of manufactured home community sales," she said. "This was not moved out of committee, but there was a win in that a capital gains exclusion was expanded for sellers of manufactured home communities who sell to residents, a nonprofit, or a housing authority and the state is doing an annual notification to all park owners about this benefit."

She said both of those approaches would be beneficial for residents of apartment complexes. She said it would balance the rights of property owners with the public benefit of preserving affordable homes.

Payne and the other cooperative members wrote an urgent appeal to the property owners, which was submitted right before the Sunday deadline, asking for six months to go through the legal and financial steps necessary to put a full-price offer together.

"As you may be aware of, the housing crisis in Missoula deeply affects those who are renters in our community," they wrote. "While most Missoula renters are cost-burdened, the eight households renting the Bulwer Complex are particularly at risk of displacement. We are massage therapists, students, teachers, sales clerks, cooks, mechanics, young families, and single moms who bring value to our community and wish to keep Missoula our home."

This week, however, the group learned that the property owners had accepted another offer. They weren't given a reason. The only thing they were told was that the buyer had agreed not to raise the rent on the complex until Jan. 1 of 2023. They have no idea what the plans are for the property, but in Missoula, many older complexes such as the Bulwer Complex have been getting razed in recent years to make way for new high-end housing.

Maggie Theisen, who owns the Bulwer Complex with her husband Tyler Theisen, told the Missoulian that they never received an actual offer from the tenants to purchase the property. She confirmed that they were asked to postpone the sale for several months.

"Unfortunately, this just wasn't a feasible timeline for our family," Theisen said. "We also understand Missoula is experiencing a serious housing shortage right now, and were very concerned about the potential impacts a sale would have on our tenants."

"However, we were very thankful to secure an offer from a local buyer that shares our same concerns, and were able to advocate for our tenants by forming an agreement that will ensure their current homes remain intact with no increase in rents for the immediate future."

Going forward

Payne was more than just disappointed after getting their hopes up.

"I cried all day yesterday," Payne said on Wednesday. "I felt completely devastated. Like, you know, why the f--- wouldn't you say yes to what you asked for?"

More than anything, Payne was hoping that the sellers would show the community that landlords have the ability to positively impact housing affordability.

Kassie Clark, one of the tenants who had signed up for the cooperative, was equally crushed.

"I'm a single mom," she said. "I have a couple kids and I don't earn a lot. Yeah, you'd like to not be pushed around in this crazy housing market."

Brittany Palmer with the nonprofit North Missoula Community Development Corporation said she had hoped the WAHC offer would be accepted, because cooperative housing has proved to be a successful model for affordable homeownership across the country.

Going forward, Payne believes there's opportunity to learn and grow. They said anyone interested in sharing or coming up with creative solutions for Missoula's housing crisis should get connected with the Missoula Tenants Union.