



# COMMUNITY LAND TRUSTS AND SHARED EQUITY HOMEOWNERSHIP

*Tuesday, October 26, 2010*

RYAN SHERRIFF

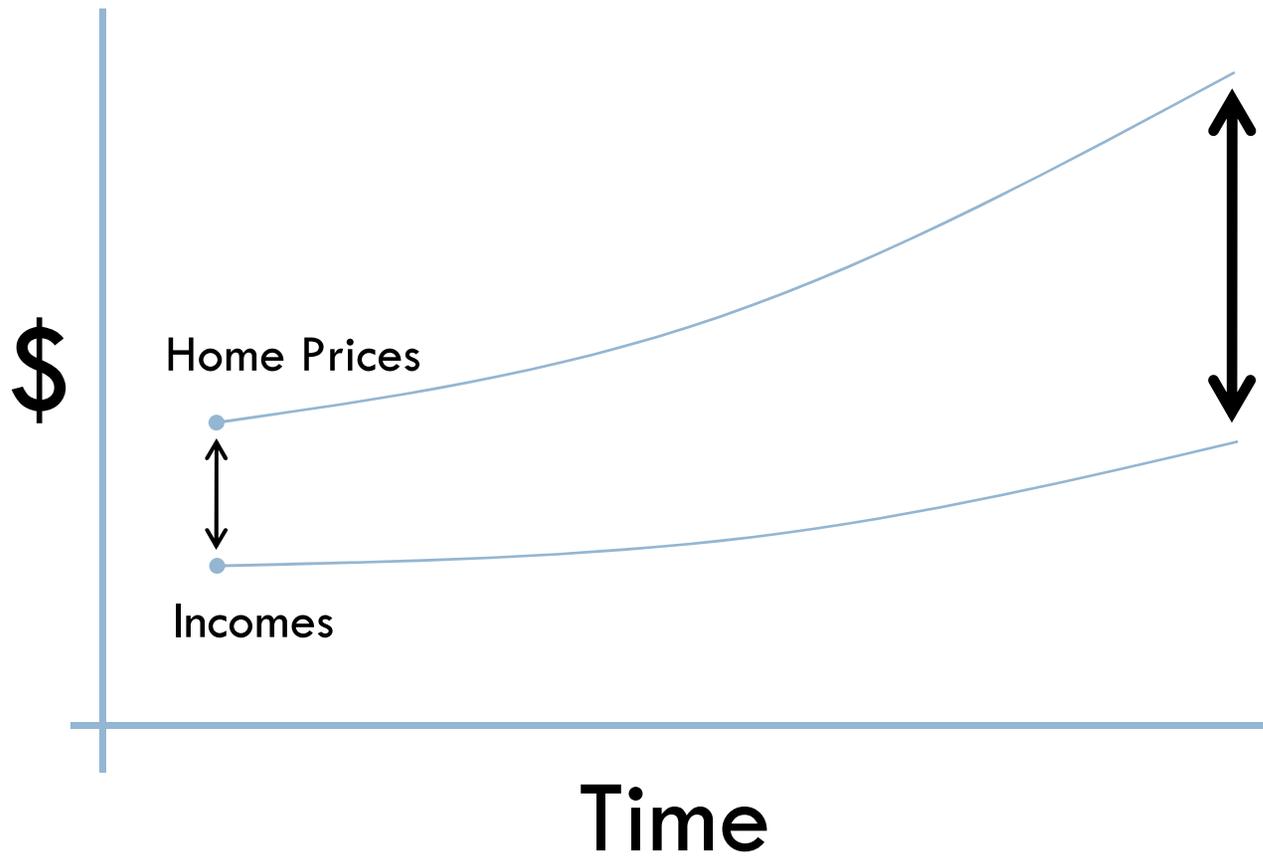
CENTER FOR HOUSING POLICY



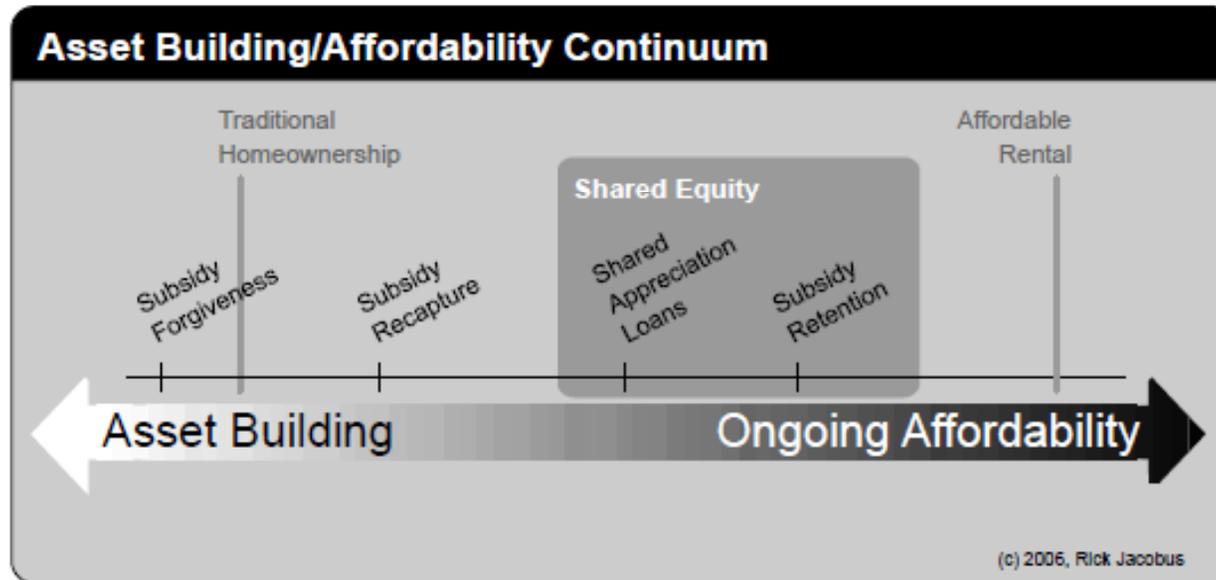
# The Affordability Gap



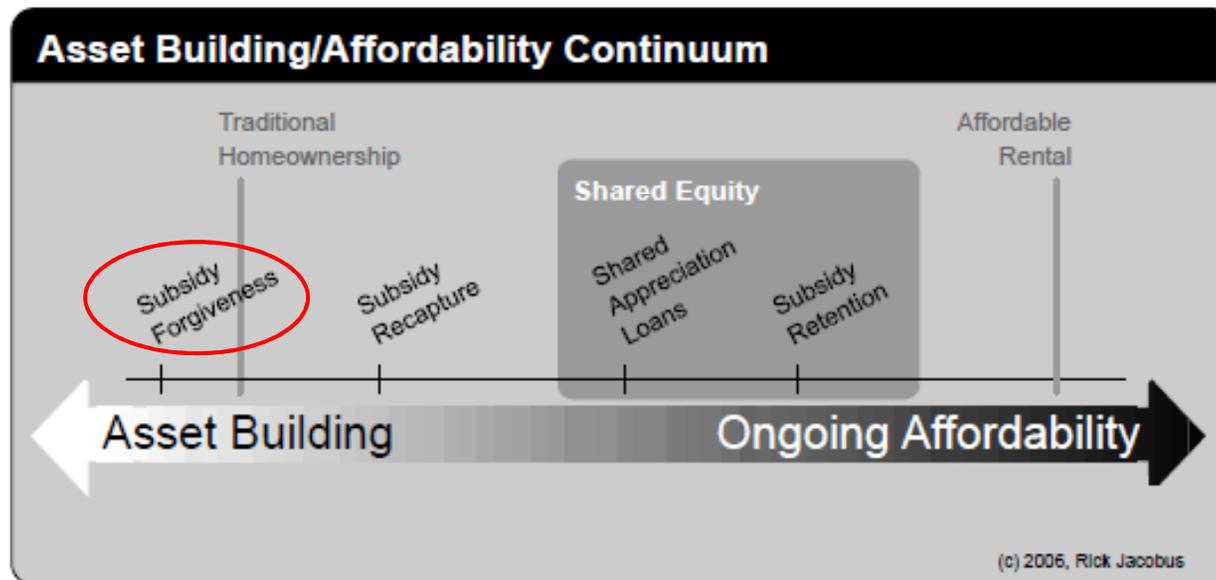
# The *Growing* Affordability Gap



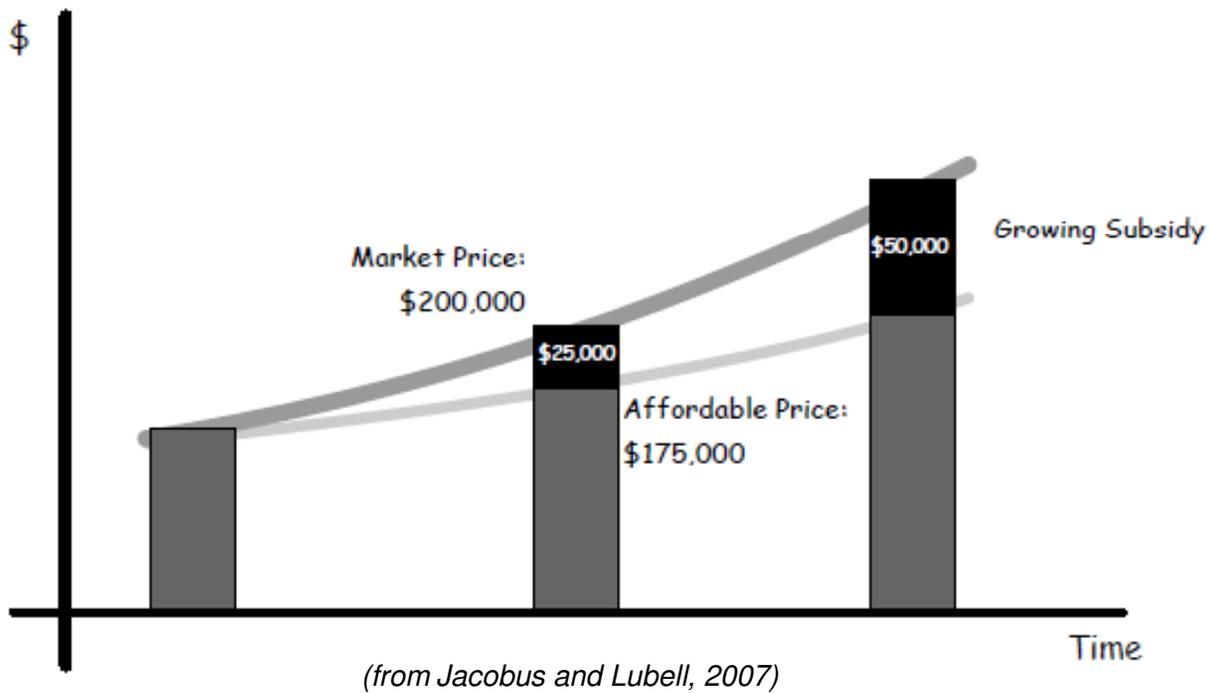
# Asset Building vs. Ongoing Affordability



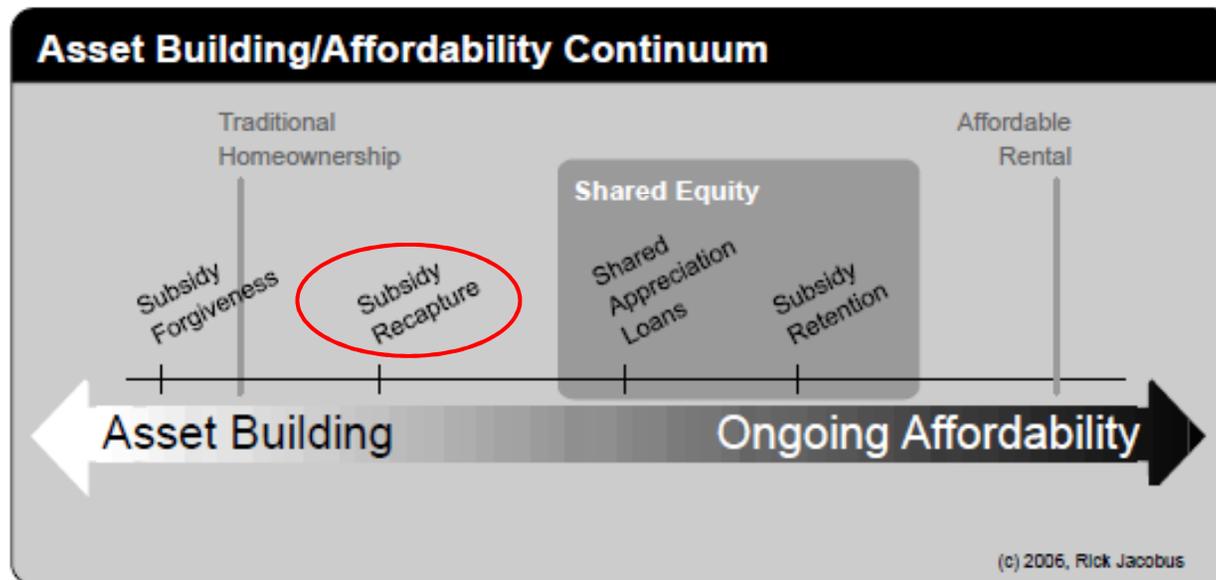
# Subsidy Forgiveness



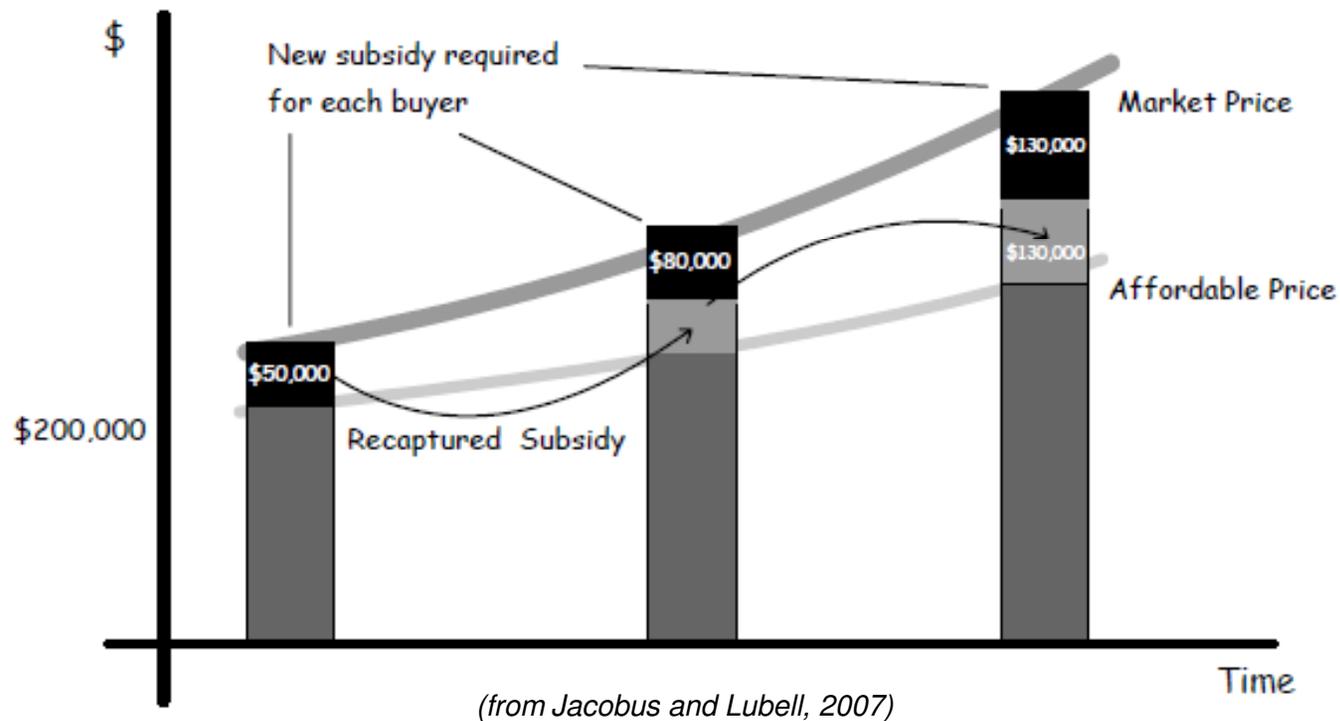
# Subsidy Forgiveness



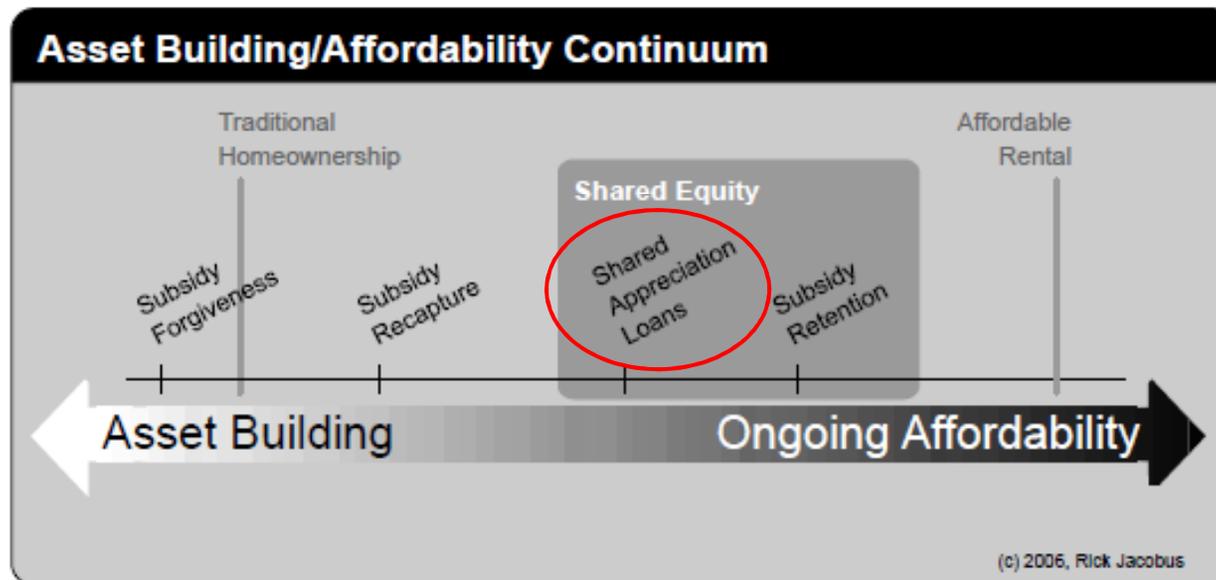
# Subsidy Recapture



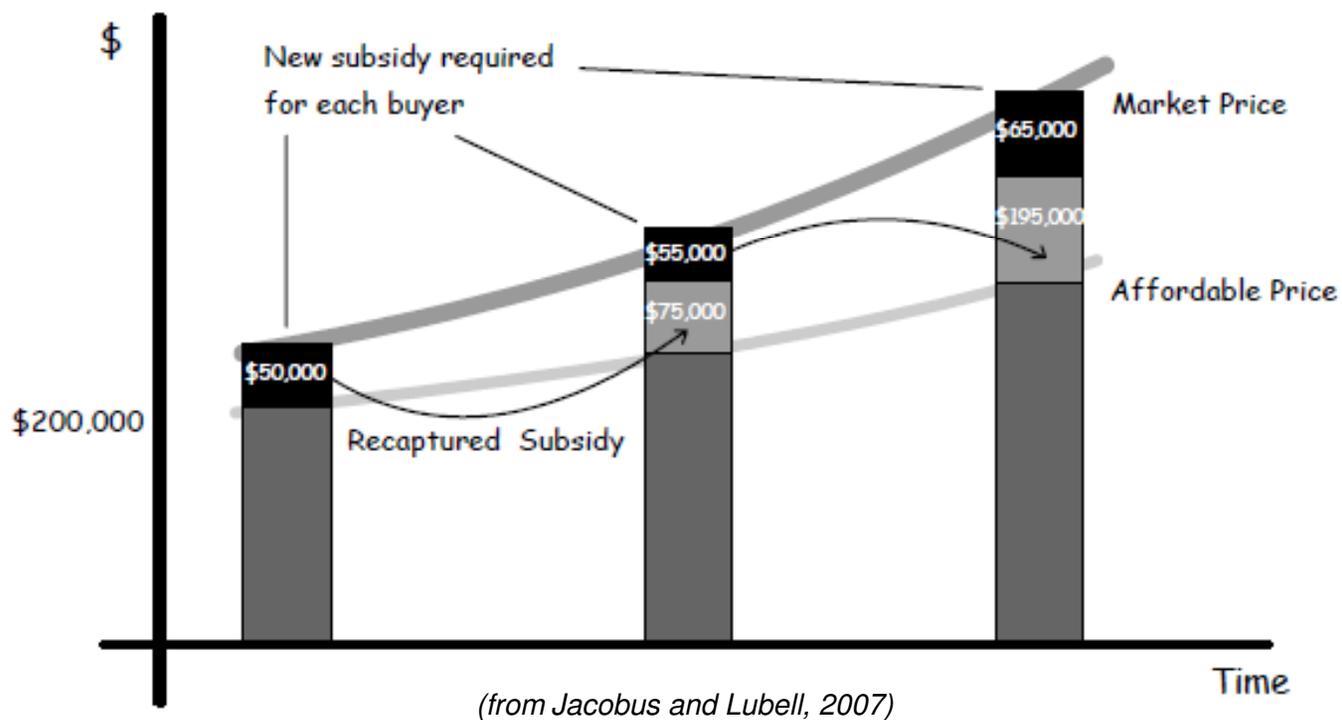
# Subsidy Recapture



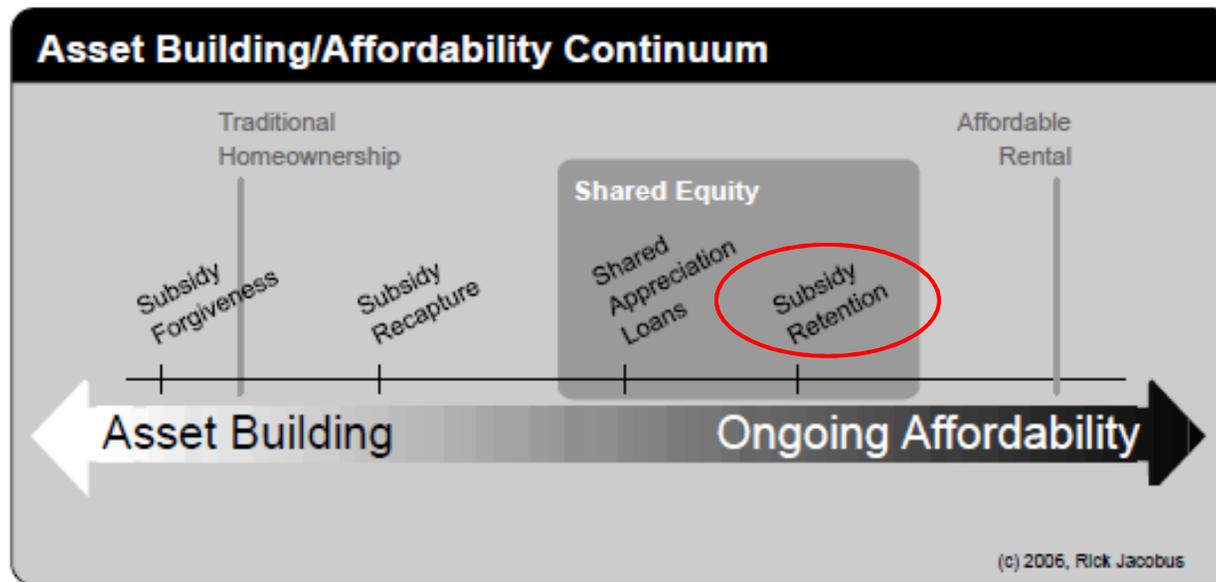
# Shared Appreciation Loans



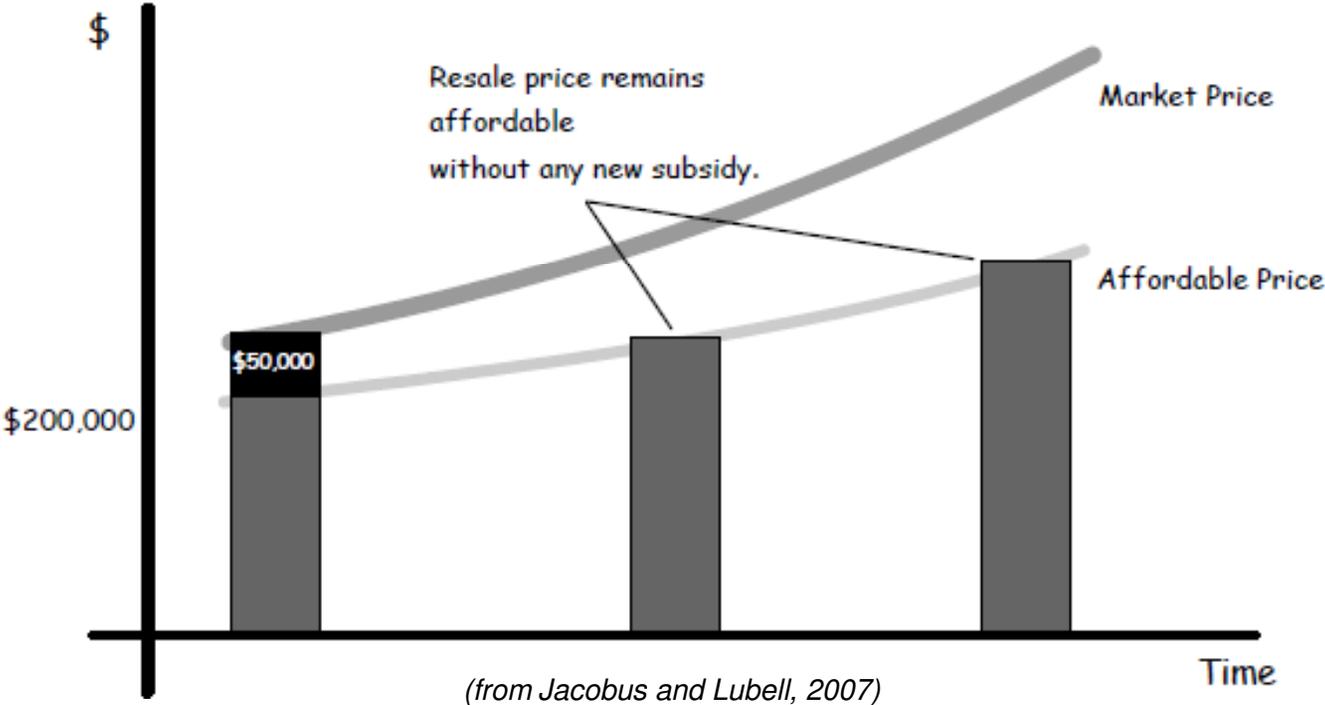
# Shared Appreciation Loans



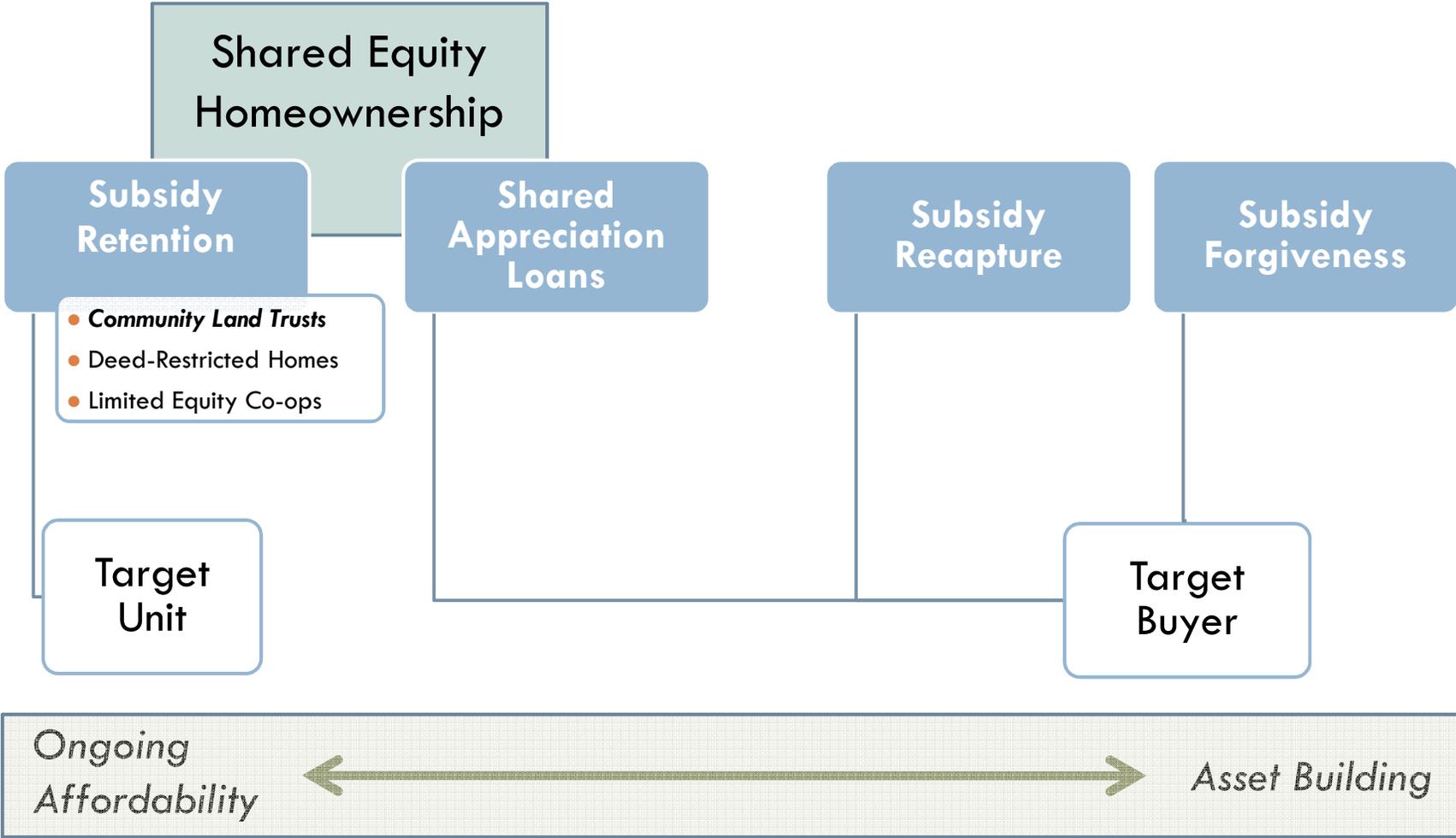
# Subsidy Retention



# Subsidy Retention



# Targeting Unit vs. Targeting Buyer



# Prevalence of Subsidy Retention Models in the U.S.

- Community Land Trusts
  - Over 200 CLTs in over 40 states and DC
  - Approximately 15,000 units
  - Significant growth – just over 100 CLTs in late 1990s
  
- Deed-Restricted Homes:
  - Several hundred thousand or more
  - Fastest expansion due to inclusionary zoning
  
- Limited-Equity Co-ops
  - Approximately 500,000 units
  - Little expansion in recent years

# National Advocacy Efforts



- Changes to federal regulations
- National CLT/shared equity demonstration
- Tie-in with housing & transportation / TOD
- Neighborhood stabilization

# Cornerstone Partnership

[www.affordableownership.org](http://www.affordableownership.org)

## Member Benefits

- Trainings and Peer Insight Webinars
- Program Assessment Tool
- Program and Policy Document Library
- Customized Technical Assistance
- Sector Performance Data System

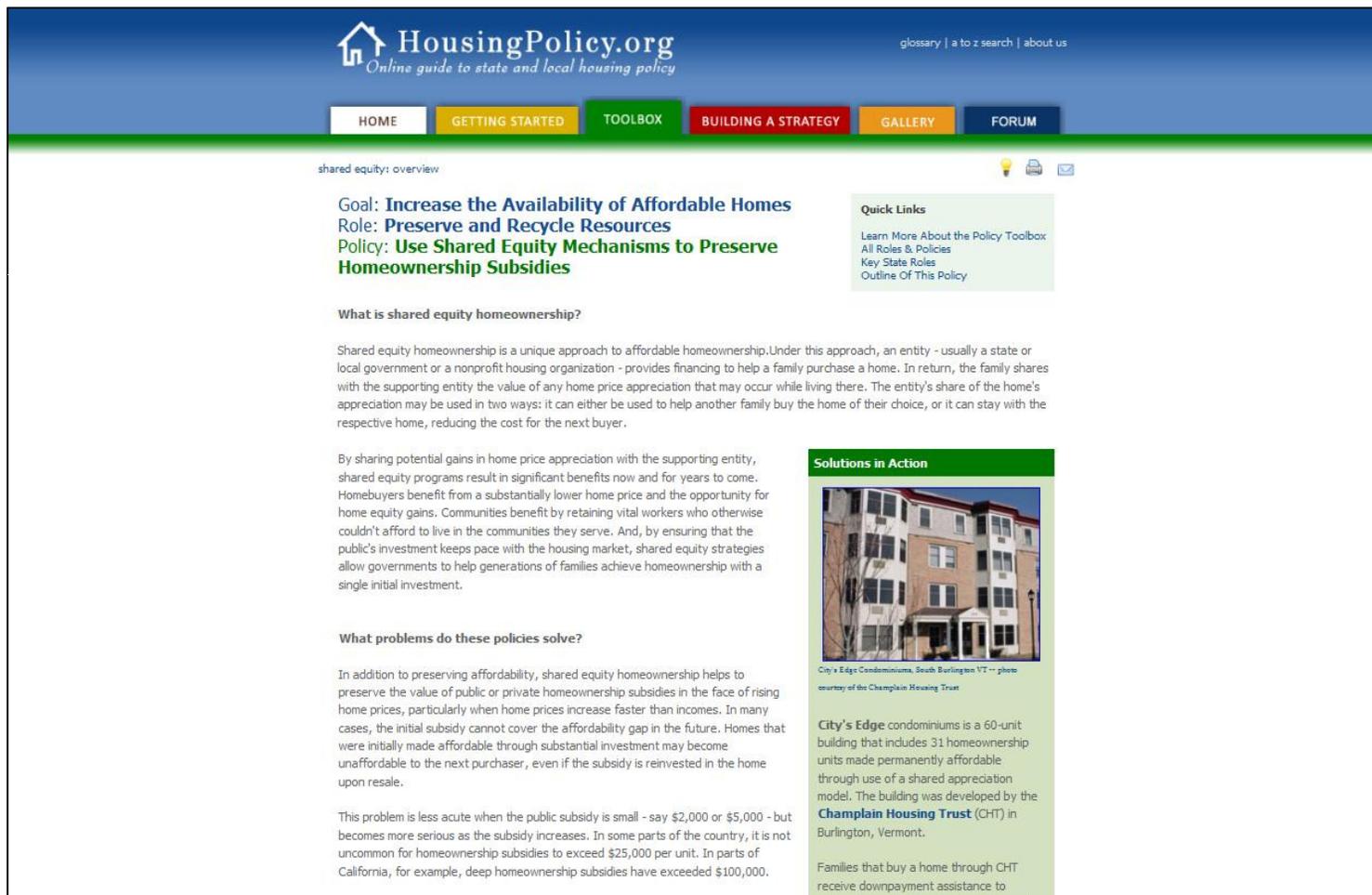
## Targeted Groups

- Local housing administrators
- Nonprofit developers
- Monitoring and support agencies
- Social equity advocates
- Elected Officials



# SEH Policy Section on *HousingPolicy.org*

[www.housingpolicy.org/toolbox/strategy/policies/shared\\_equity.html](http://www.housingpolicy.org/toolbox/strategy/policies/shared_equity.html)



The screenshot shows the HousingPolicy.org website. The header includes the logo and navigation menu. The main content area is titled "shared equity: overview" and contains the following text:

**Goal: Increase the Availability of Affordable Homes**  
**Role: Preserve and Recycle Resources**  
**Policy: Use Shared Equity Mechanisms to Preserve Homeownership Subsidies**

**What is shared equity homeownership?**

Shared equity homeownership is a unique approach to affordable homeownership. Under this approach, an entity - usually a state or local government or a nonprofit housing organization - provides financing to help a family purchase a home. In return, the family shares with the supporting entity the value of any home price appreciation that may occur while living there. The entity's share of the home's appreciation may be used in two ways: it can either be used to help another family buy the home of their choice, or it can stay with the respective home, reducing the cost for the next buyer.

By sharing potential gains in home price appreciation with the supporting entity, shared equity programs result in significant benefits now and for years to come. Homebuyers benefit from a substantially lower home price and the opportunity for home equity gains. Communities benefit by retaining vital workers who otherwise couldn't afford to live in the communities they serve. And, by ensuring that the public's investment keeps pace with the housing market, shared equity strategies allow governments to help generations of families achieve homeownership with a single initial investment.

**What problems do these policies solve?**

In addition to preserving affordability, shared equity homeownership helps to preserve the value of public or private homeownership subsidies in the face of rising home prices, particularly when home prices increase faster than incomes. In many cases, the initial subsidy cannot cover the affordability gap in the future. Homes that were initially made affordable through substantial investment may become unaffordable to the next purchaser, even if the subsidy is reinvested in the home upon resale.

This problem is less acute when the public subsidy is small - say \$2,000 or \$5,000 - but becomes more serious as the subsidy increases. In some parts of the country, it is not uncommon for homeownership subsidies to exceed \$25,000 per unit. In parts of California, for example, deep homeownership subsidies have exceeded \$100,000.

**Quick Links**

- Learn More About the Policy Toolbox
- All Roles & Policies
- Key State Roles
- Outline Of This Policy

**Solutions in Action**



City's Edge Condominiums, South Burlington VT -- photo courtesy of the Champlain Housing Trust

City's Edge condominiums is a 60-unit building that includes 31 homeownership units made permanently affordable through use of a shared appreciation model. The building was developed by the **Champlain Housing Trust (CHT)** in Burlington, Vermont.

Families that buy a home through CHT receive downpayment assistance to

# For More Information

---

Ryan Sherriff

[rsherriff@nhc.org](mailto:rsherriff@nhc.org)

Center for Housing Policy website:

[www.nhc.org](http://www.nhc.org)

Center's policy website:

[www.housingpolicy.org](http://www.housingpolicy.org)

