

Shared Equity Programs Topic of NHC Webinar

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Manufactured housing communities offer an example of these homeownership initiatives.



Federal Funding, Local Impact: Shared Equity as a Housing Solution. Image courtesy of National Housing Conference

Are shared equity home ownership programs really the answer to bridging the U.S. wealth gap and homeownership accessible to more Americans?

According to the panelists who presented during a **National Housing Conference's** webinar this week, the question isn't whether shared equity programs work. The question is how do we preserve and create more of these programs.

Titled "Federal Funding, Local Impact: Shared Equity as a Housing Solution," the program looked at how shared equity programs are preserving affordable home ownership and advance equality for people of color.

What is Shared Equity?

According to **Fannie Mae**, shared equity programs preserve affordable homeownership opportunities by allowing borrowers to purchase homes at below-market prices. In exchange, borrowers agree to sell the property only to other income-qualified buyers and/or share the home's appreciation with the organization that subsidized the purchase.

Kristin Siglin, vice president for policy and partnerships at the **National Community Stabilization Trust** and moderator of the program, noted that shared equity programs were created to offer the wealth building benefits of home ownership to more families in a very tight housing market.

“They are a response to challenges in the housing market that include rising construction costs, rising land costs and rising construction prices,” she said.

Shared equity involves using a form of resale restriction that keeps that home affordable when the owner decides to sell the property. The seller receives a portion of the equity or appreciation resulting from the sale, while the remaining amount remains in place to ensure the home remains affordable for purchase by another family.

“Shared equity housing models balance benefits of individual affordable home ownership with the community benefit of having land and housing that remains affordable and accessible to residents over time,” said Shanti Abedin, director of shared equity housing at NeighborWorks America.

Forms of Shared Equity

These programs encompass different forms, including community land trusts, housing cooperatives and manufactured home communities. CLTs ensure home ownership is shared between the owner and a nonprofit that represents the community. The community organization owns the land and a family or individual purchases the improvements of the home or the structure of the home itself. Housing cooperatives involve properties with multiple units, with each family or individual owning a share at an affordable price. “The shared ownership structure is part of what makes each unit accessible and affordable,” Abedin said. “Each family or individual can sell their share to future residents when they are ready to leave.”

Tony Pickett, CEO of **Grounded Solutions Network**, pointed out that housing cooperatives are the largest segment of affordable housing created through shared equity programs. According to Grounded Solutions Network research, the amount of housing created through these efforts remains relatively small at slightly more than 250,000 units nationwide.

“We all need to work together to create a transformation of our housing system so the scale of the solutions we are proposing actually addresses the scale of the problem,” said Pickett.

GSN data indicates that more than 37 million households spend more than 30 percent of their income on housing, and that was prior to the COVID pandemic. About 14 percent of those households are severely cost-burdened and spend more than 50 percent of their incomes on housing.

Bridging Racial Wealth Gap

Siglin said shared equity programs not only increase the supply of long-term affordable housing, they also help narrow the nationwide racial wealth gap and revitalize communities without the negative effects of gentrification.

GSN found that the programs serve households making 63 percent of area median income and around 43 percent of those are led by people of color. Pickett referred to a 2020 report from Brookings Institute that stated the net worth of a typical white family was around \$171,000, which was nearly 10 times greater than the net worth of a Black family at just over \$17,000.

“Those were 2016 numbers so that divide will only increase over time if we let it go unaddressed,” Pickett said.

Resident-Owned Communities

NeighborWorks Montana became involved in shared equity programs about 10 years ago after witnessing people in manufactured home communities across the state being displaced due to redevelopment, according to Kaia Peterson, executive director of the organization. **NeighborWorks Montana** worked with

residents of manufactured housing parks to form cooperatives, called resident owned communities, to purchase their community and manage them for long-term affordability.

“Manufactured housing is one of the largest sources of unsubsidized affordable housing in the country, particularly in a rural state like Montana, Peterson said. “A lot of that housing is at risk of redevelopment,” The state now has 15 ROCs serving more than 600 homes and more than 1,300 residents. ROCs provide resident autonomy and leadership, community control and long-term affordability. NeighborWorks Montana works closely with **ROC USA**, which has more than 287 ROCs with 19,600 homes in 20 states. “The long-term impact is what makes this a powerful model,” Peterson said. “But how do we take these models and put them to work across the state and the country? This is what we mean by scale.”

Neighborhood Partnership Housing Services uses a CLT structure with manufactured homes to offer a cost benefit to southern California residents. Jenny Ortiz, vice president of design and development at **Neighborhood Partnership Housing Services**, said the organization buys manufactured housing at wholesale prices to sell to affordable housing developers and consumers. It also assists families and individuals with financing to purchase the homes.

The organization built a demonstration site in San Bernadino, Calif., through the Inland Empire Community Land Trust to find out what it takes to build manufactured housing in the city. “We researched everything so we could report back and show our findings locally and nationally, and share the information with our partners,” Ortiz said.

NPHS gained crucial knowledge about the permit and development process and became familiar with local government housing staff. It built important relationships with local factory-built housing plants and local licensed contractors and retailers, and how to keep up with construction cost increases and fluctuations in supply and demand for MH.

“The misconceptions and negative stigma of CLT models and factory-built homes also served as an opportunity to educate municipalities and consumers,” Ortiz noted.

The webinar was sponsored by **NeighborWorks America**.

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