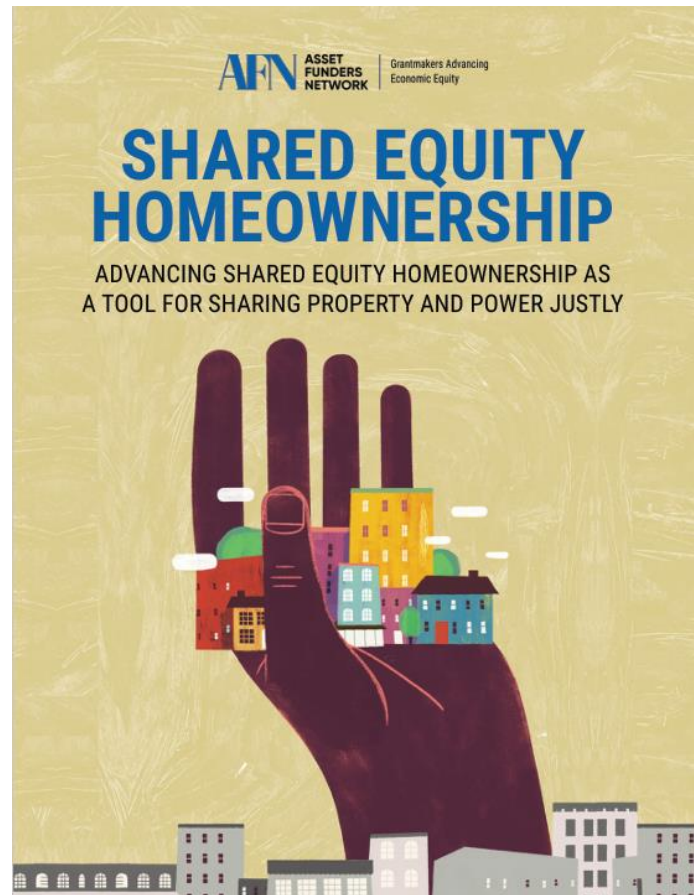


# Advancing Shared Equity Homeownership as a Tool for Sharing Property and Power

August 22nd, 2024 | 1:00 pm ET



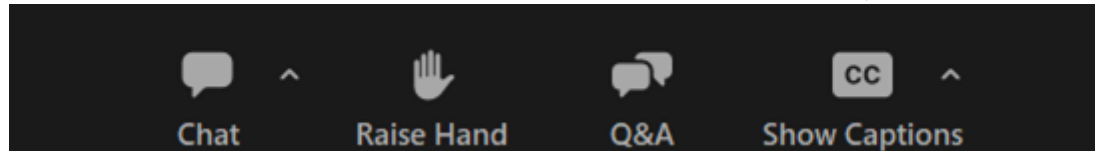
# Webinar Control Panel

## PARTICIPATE

Type your question in the  
**Q&A BOX**  
to be addressed during  
discussion breaks or during  
Q/A

## CLOSED CAPTIONS

Captions can be turned on via  
**Show Captions**  
to be viewed in real-time and  
will also be available in the  
recording afterwards



AFN is the leading national grantmaker membership organization focused on advancing equitable wealth building and economic mobility.

- ✓ Broaden your Knowledge Base
- ✓ Connect to a Powerful National Network
- ✓ Amplify your Impact
- ✓ Collaborate for Influence



**Business  
Ownership**

**Financial  
Health**

**Employment  
& Income**

**Education**

**Health**

**Housing**

**The Wealth  
Gap**

# SHARED EQUITY HOMEOWNERSHIP

ADVANCING SHARED EQUITY HOMEOWNERSHIP AS  
A TOOL FOR SHARING PROPERTY AND POWER JUSTLY



**Sponsored by:**



**Prudential**

**RAINWATER**

*Charitable Foundation*

# Agenda

Topic Overview

Interactive Panel Discussion

Audience Q & A

Final Remarks



# Speakers



**Paula D'Ambrosa**  
**(Moderator)**

Director of Work and Wealth  
**Prudential**



**Devin Culbertson**

Vice President of Innovative  
Finance  
**Grounded Solutions Network**



**Oji Alexander**

Chief Executive Officer  
**People's Housing+**

# Benefits of Shared Equity Homeownership

Benefits to both  
**HOUSEHOLD**  
and  
**COMMUNITY**



AFFORDABILITY

COMMUNITY  
PRESERVATION

WEALTH-BUILDING

COMMUNITY  
OWNERSHIP

STABILITY

RACIAL EQUITY



# Learning Session on Shared Equity

Grounded Solutions Network  
August 22, 2024





**GROUND  
ED  
SOLUTIONS  
NETWORK**

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strong communities  
from the ground up

We work nationally, connecting local experts with the networks, knowledge and support they need.

We promote housing solutions that will stay affordable for generations so communities can stabilize and strengthen their foundation, for good.

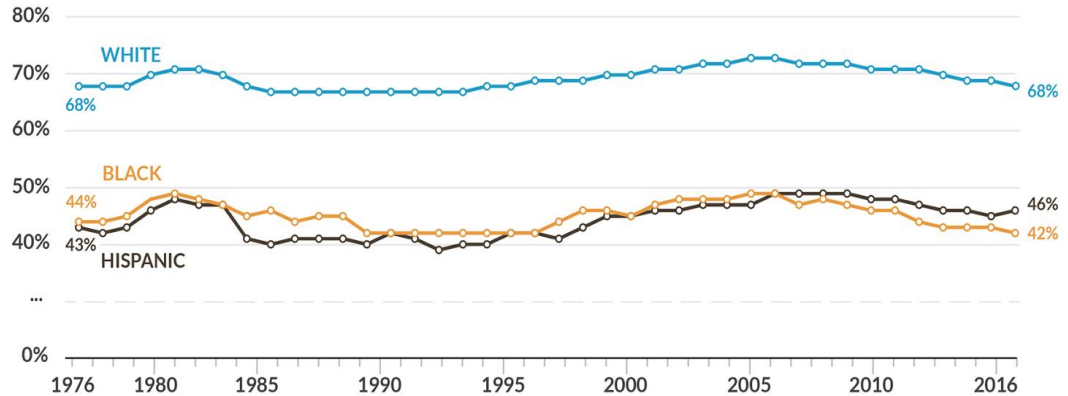


**The part that you already know**

# Housing inequality is vast and persistent.

The racial homeownership gap has not improved since the 1970s, denying people of color access to key driver of health, wealth and stability

## Homeownership Rate by Race/Ethnicity

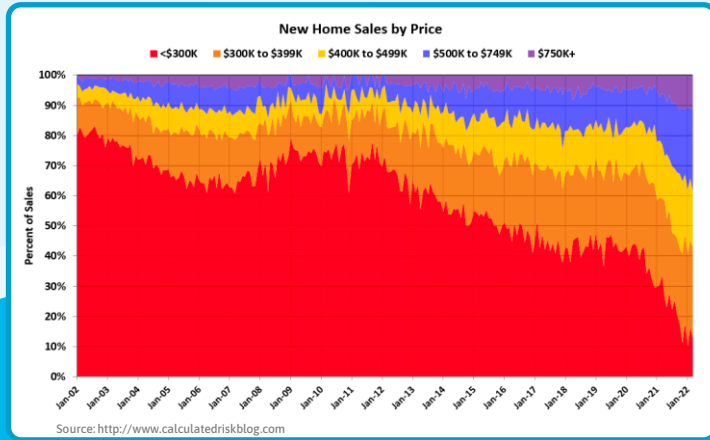


Source: Urban Institute calculations from Current Population Survey 1976–2017. 1976–2014 values from Census Historical Household Surveys, Table HH-5. 2015–16 values from Census Annual Statistics 2016, Table 22.

Notes: White homeownership rate includes Hispanic whites. The 2016 homeownership rate for non-Hispanic whites is 72 percent.

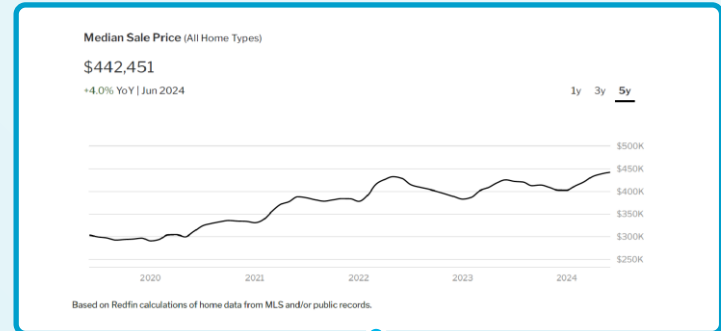
URBAN INSTITUTE

# The affordable housing stock is dwindling...



Over the last two decades, NEW home sales have increasingly reached higher price points, reducing the supply of present-day affordable homes

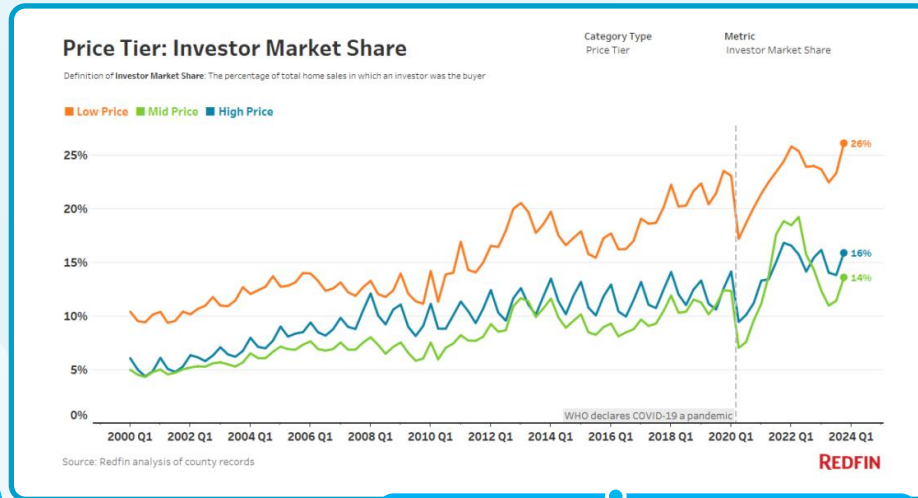
The number of available, affordable single-family homes is dwindling, further limiting homeownership



All home prices continue to increase, even with higher interest rates

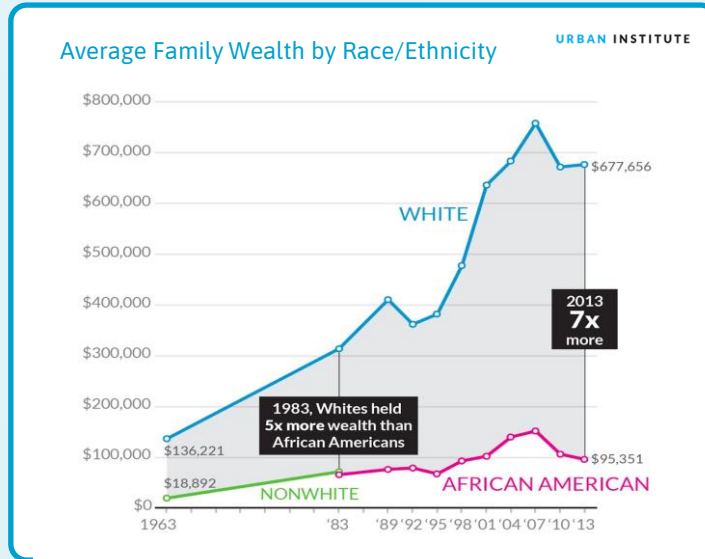
# And is increasingly bought up by investors...

Single-family housing stock is being purchased and operated by corporate investors



Though investor market share of home sales has increased across all price points, low price home sales have grown most rapidly

...contributing to the largest racial wealth gap in decades.



Given that homeownership is one of the key factors in building generational wealth, BIPOC wealth has been systemically and consistently hampered.

Existing mechanisms to increase BIPOC homeownership and generational wealth have not been effective at a significant scale. We need new tools.

The slide features a large white arrow pointing right, centered on an orange background. Two blue arrows, one above and one below the white arrow, also point right, partially overlapping the white arrow's path.

# Shared Equity Basics



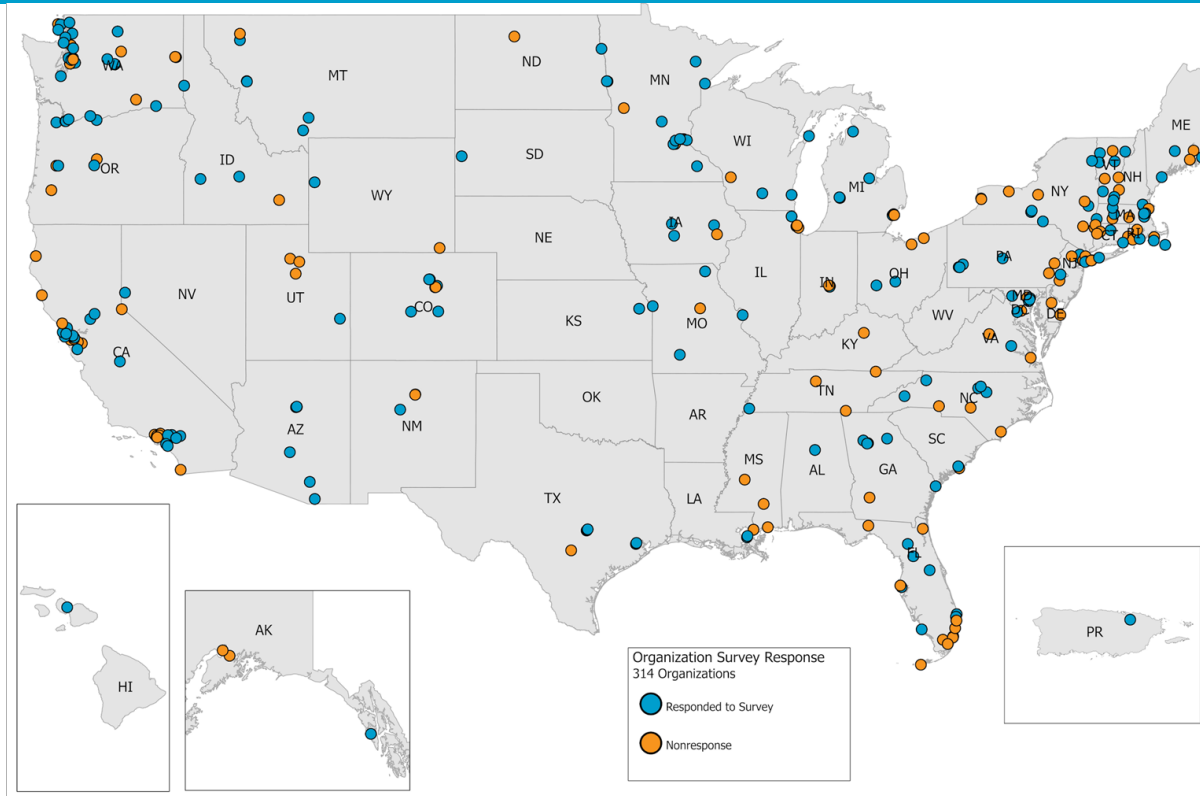
# Civil Rights Era Innovation



- The Community Land Trust created by black families in southern Georgia
- Anti-displacement solution to protect voting rights
- Give sharecroppers political agency and upward mobility



# Shared Equity Getting to Scale

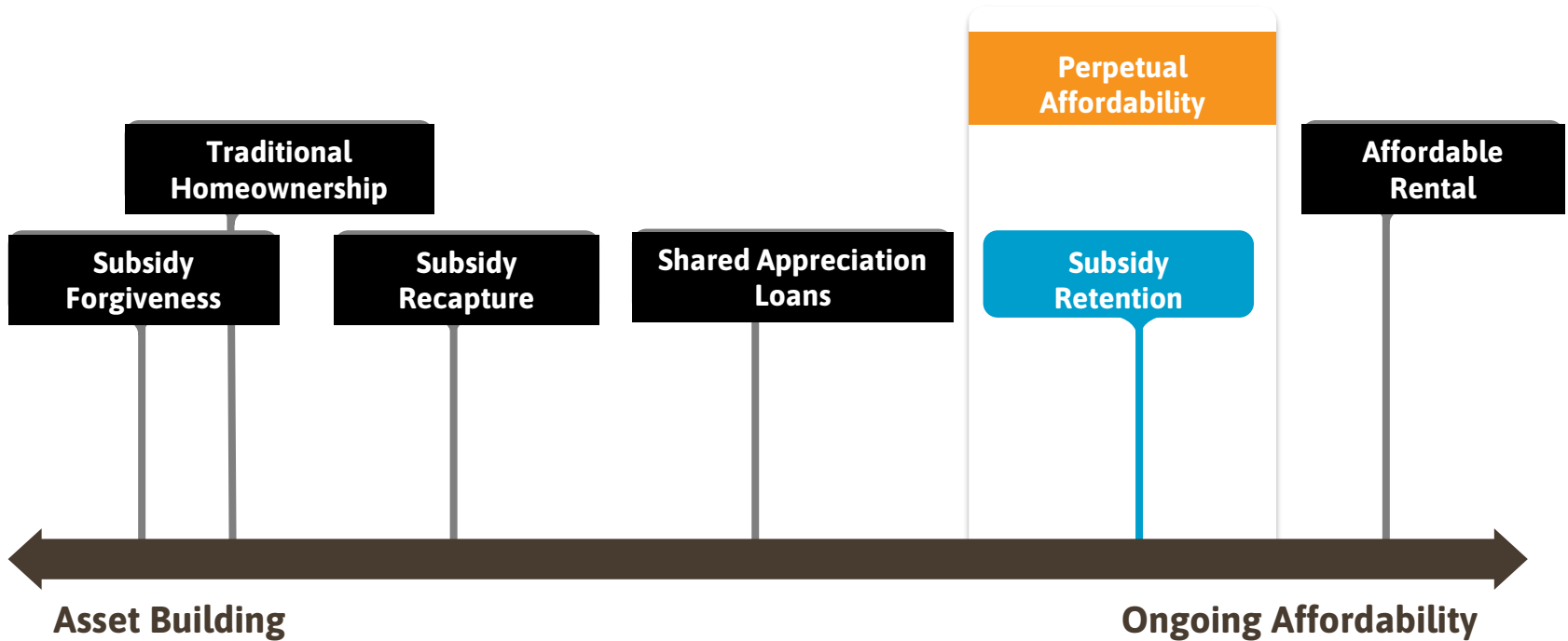


325+ SEH Orgs nationwide, 30% increase since 2011  
44k affordable units as of 2022

# Asset Building/ Affordability



## A Continuum of Housing Interventions



# Dual Ownership



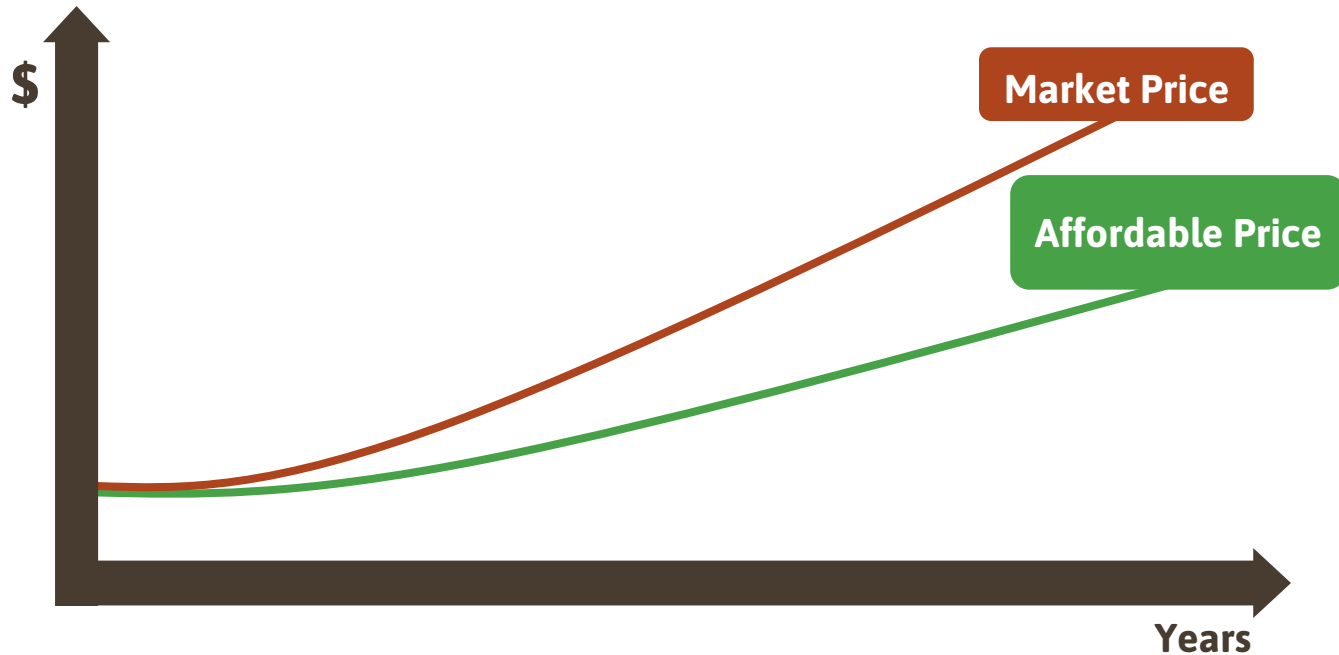
Individual owns improvements  
(home)

**Ground lease or Deed Restriction**

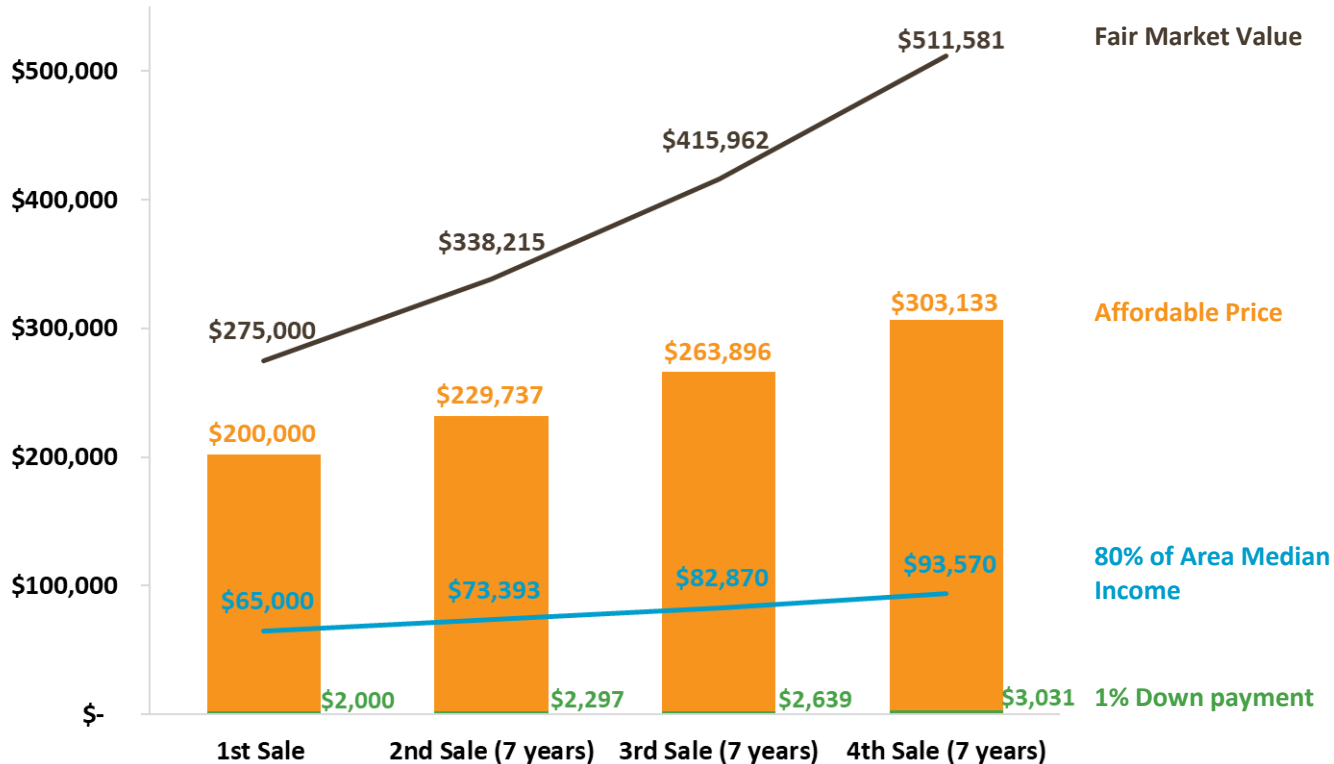


Community Organization owns  
land

# Resale Formula Sets Price



# Resale Formula Sets Price



Example assumes appreciation is increasing by 3% annually; CLT is using 2% fixed-rate resale formula; AMI is increasing 1.75% annually.

# Decades of Wealth Creation



	1st Sale	2nd Sale	3rd Sale	4th Sale
	Year 0	Year 7	Year 14	Year 21
<b>Affordable Purchase Price</b>				
Affordable Price	\$200,000	\$230,000	\$264,000	\$303,000
Down Payment (1%)	\$2,000	\$2,300	\$2,600	\$3,000
<b>Affordable Monthly Costs</b>				
Monthly P&I (5% interest)*	\$1,063	\$1,222	\$1,403	\$1,610
Mortgage insurance	\$0	\$0	\$0	\$0
Housing Costs as Percentage of Income	19%	20%	20%	21%
<b>Financial Gain at Resale</b>				
Original Downpayment		\$2,000	\$2,300	\$2,600
Principal Paid Down		\$23,869	\$27,418	\$31,494
Share of Appreciation		\$30,000	\$34,000	\$39,000
<b>Wealth Accumulated</b>		<b>\$55,869</b>	<b>\$63,718</b>	<b>\$73,094</b>
<b>Annual Rate of Return on Downpayment</b>		<b>61%</b>	<b>61%</b>	<b>61%</b>

# Lasting Impact



	Shared Equity Model	Down Payment Assistance	Silent Second Mortgages	For-Profit Equity Sharing Companies
<b>Equity &amp; Access</b>				
Overcomes barriers to stability typically facing low-income Black and brown households	●	●	●	●
Provides lower monthly carrying costs by avoiding mortgage insurance	●	●	●	●
Provides support for sustained ownership and protects against housing market declines	●	●	●	●
<b>Household Wealth Building</b>				
Provides a way for first time homebuyers to build wealth	●	●	●	●
<b>Community Wealth Building</b>				
Recycles subsidy and impact capital to assist future homebuyers	●	●	●	●
Retains wealth in the community to equitably benefit current and future homebuyers	●	●	●	●
Provides permanent affordability and preserves existing supply	●	●	●	●





## Philanthropic investment in expanding SEH

- **Operating Grants** for day-to-day operations and to expand capacity across networks
- **Direct Real Estate Investments** of concessionary and flexible capital. Reduce subsidy need by buying opportunistically.
- **Blended Capital Initiatives** to bring full capital stacks to bear rather than relying on leverage.
- **Balance sheet grants instead of Guarantees** make for stronger organizations
- **Timely real estate acquisition** for shared equity organization
- **Policy and narrative work** to encourage housing strategies that retain subsidies and balance wealth creation and lasting affordability



**GROUND  
ED  
SOLUTIONS  
NETWORK**

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strong communities  
from the ground up

# Thank you!

Devin Culbertson, Vice President of Innovative Finance

[dculbertson@groundedsolutions.org](mailto:dculbertson@groundedsolutions.org)



# PEOPLE'S HOUSING+

Demonstrations in shared equity + shared ownership

---

PEOPLE'S HOUSING+ was created through  
the strategic merger of three New Orleans based  
Community Development Corporations:



**CRESCENT CITY  
COMMUNITY LAND TRUST**

Ensuring permanent  
affordability through  
equitable development,  
community stewardship,  
and housing advocacy



**HOME BY  
HAND**

Creating pathways to  
homeownership for low-  
and-moderate income New  
Orleanians

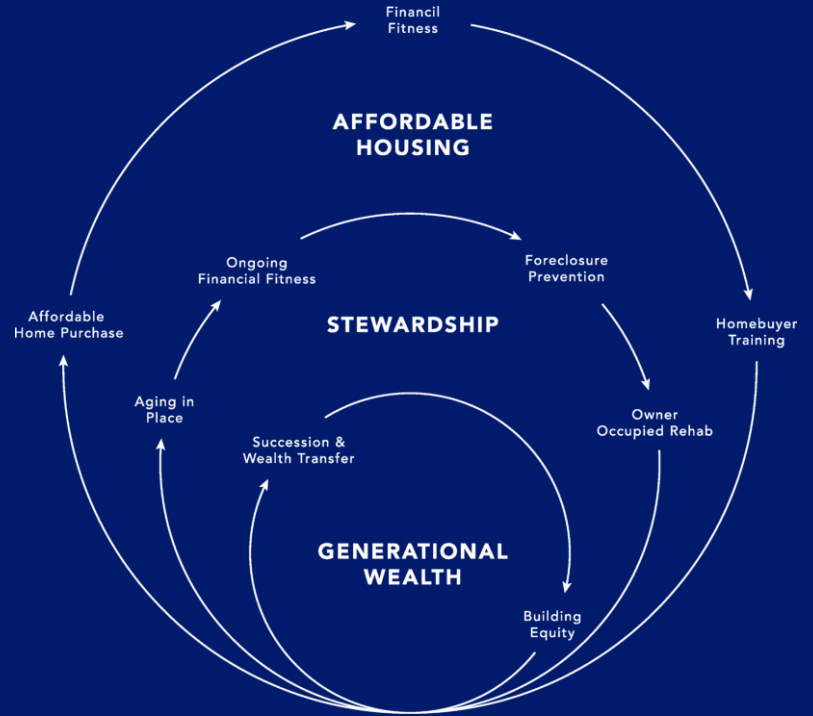


**TULANE CANAL  
NEIGHBORHOOD  
DEVELOPMENT CORPORATION**

Providing client-centered  
programs to combat systemic  
racism and displacement.

# Intergenerational wealth building life cycle

PEOPLE'S HOUSING+ recognizes that combating institutionalized racism and displacement requires more than just the development of affordable housing. We have to view intergenerational wealth building as an interconnected cycle, where multiple interventions can occur to ensure that no one gets left behind.



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# Addressing the affordable housing supply shortage with multiple housing options



AFFORDABLE  
RENTAL HOUSING



COMMUNITY LAND TRUST  
HOMEOWNERSHIP

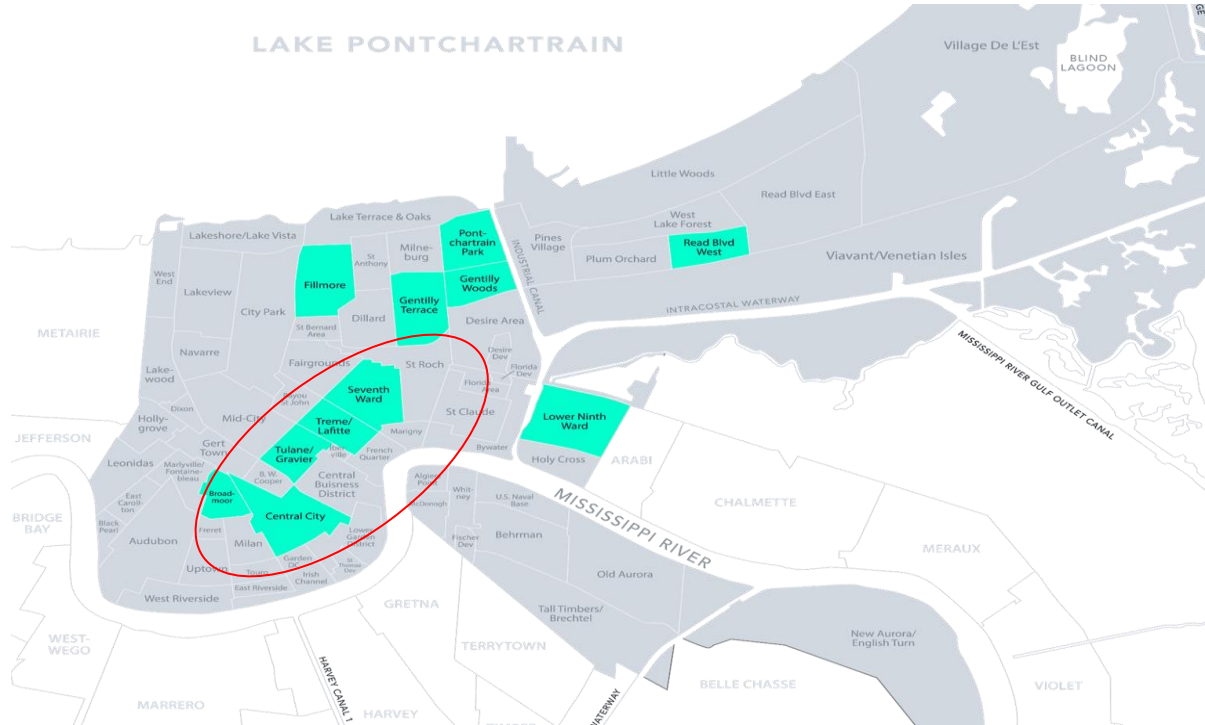


FEE-SIMPLE  
HOMEOWNERSHIP



LEASE TO OWN  
OWNER OCCUPIED DOUBLES

# People's Housing+ Place Making Strategy



# Anti-Displacement Strategy

	Treme'/Lafitte		
Racial & ethnic diversity	2000	2018-2022	MOE*
<b>Black or African American</b>	92.4%	55.8%	5.5%
<b>White</b>	4.9%	32.4%	5.9%
<b>Asian</b>	0.1%	0.0%	0.5%
<b>American Indian</b>	0.3%	0.0%	0.5%
<b>2 race categories</b>	0.5%	8.2%	4.7%
<b>Hispanic (any race)</b>	1.5%	3.2%	2.0%
<b>Other</b>	0.3%	0.5%	0.9%

The Treme neighborhood is the oldest African American neighborhood in the country, where freed slaves were able to acquire property as early as the late 18th century. It's proximity to the French Quarter made it prime real estate. As housing values began to soar, so did housing instability.

**Source:** The Data Center analysis of data from U.S. Census 2000 Summary File 1 (SF1) and 2018-2022 American Community Survey

\* Margins of error (MOE) for the 2018-2022 ACS data are based on a 90% confidence level.



# New Orleans: A city of renters

Renters and owners	Treme'/Lafitte			Orleans Parish		
	2000	2018-2022	MOE*	2000	2018-2022	MOE*
<b>Total occupied housing units</b>	3,429	2,365	205	188,251	155,669	1,148
<b>Owner occupied</b>	21.8%	36.8%	5.5%	46.5%	49.3%	0.9%
<b>Renter occupied</b>	78.2%	63.2%	5.8%	53.5%	50.7%	0.9%

New Orleans is a majority renter city. The **80%** loss of housing stock after hurricane Katrina and the subsequent levee failures exacerbated a housing supply shortage that has never stabilized.

**Source:** The Data Center analysis of data from U.S. Census 2000 Summary File 1 (SF1) and 2018-2022 American Community Survey

\* Margins of error (MOE) for the 2018-2022 ACS data are based on a 90% confidence level.

# Housing Affordability

Housing affordability by owner/renter status	Treme'/Lafitte		
	2000	2018-2022	MOE*
Owner occupied paying 30% or more of income on housing	na	39.3%	12.1%
Renter occupied paying 30% or more of income on housing	na	54.8%	10.0%

Over **50%** of the population of Treme renters are cost burdened, meaning they are spending 30% or more of their income on housing costs, as compared 39% of homeowners.

**Source:** The Data Center analysis of data from 2018-2022 American Community Survey

\* Margins of error (MOE) for the 2018-2022 ACS data are based on a 90% confidence level.

na: This question was asked differently in 2000 and therefore is not comparable to 2018-2022.

# Single-Family CLT Proforma

## Predevelopment

Flood insurance	\$ 800
Survey package	\$ 1,250
Land Cost (10% appraised value)	\$ 5,000
Architect Fees (permit sets)	\$ 3,000
<b>Total Predevelopment Costs</b>	<b>\$ 10,050</b>

## Construction Costs

Hard Costs (construction contract, site prep)	\$ 235,000
Landscaping & Green Infrastructure	\$ 6,000
Fence	\$ 6,000
Contingency	\$ 5,000
<b>Total Construction Costs</b>	<b>\$ 252,000</b>

## Soft Costs

Construction loan interest and fees	\$ 5,000
Fortified Roof Rating	\$ 500
Realtor Fees (PH+ sells direct to our buyer pool)	\$ -
Closing Cost Assistance	\$ 5,000
Developer Fees (\$20,000 per house)	\$ 20,000
<b>Total soft costs</b>	<b>\$ 30,500</b>

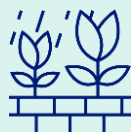
## Per Home - Total Dev Cost & Subsidy

TDC	\$ 292,550
CLT Sales Price	\$ 150,000
Required Developer Subsidy	\$ 142,550
Required Buyer Subsidy	\$41,346

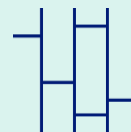
A **2-person household** earning **\$48k (70% AMI)** would qualify for approx. **\$107k in a first mortgage**, given a **6.75% interest rate** and annual insurance premiums of **\$4.5k**. Estimated PITI of **\$1170** as compared to avg. rent of **\$1700** for a 3BR/2Bath rental

# Resilient Housing

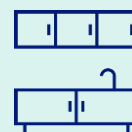
PH+ works with architects to design **climate adaptive** homes that can withstand major storms, deliver predictably **low operating costs** for our homeowners, and reduce storm runoff for all New Orleanians.



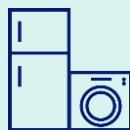
Storm Water Management



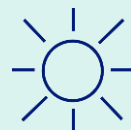
Engineered Wood Floors



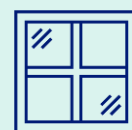
Solid Wood Wood Cabinets



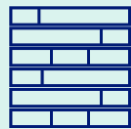
Energy Star Certified



Natural Light



Low-E Hurricane Impact Windows



Hardi-Plank Siding



Spray Foam Insulated



Fortified Roof

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# Multi-Family + Mixed Use

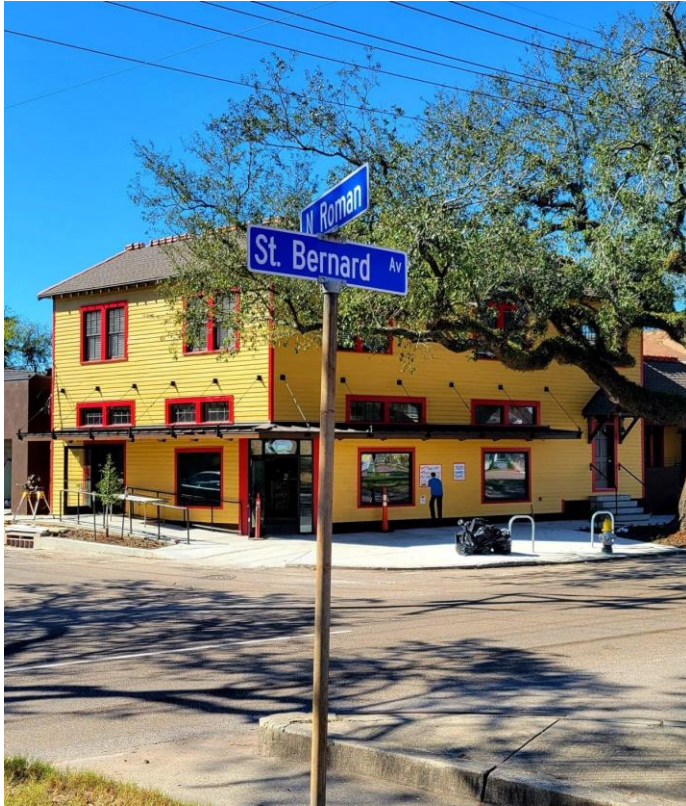
Modeling for long-lasting affordability



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# Vaucresson Creole Cafe

Vaucresson Sausage Company is a third-generation business that makes authentic Creole products served in restaurants, grocery stores, and festivals throughout the New Orleans region. Since 1899, the Vaucresson family has produced their sausage products in the 7th ward of New Orleans. PH+ partnered with the Vaucressons to redevelop their blighted building into a new cafe paired with 2 permanently affordable rental units.







# Louisiana Ave Firehouse

PH+ is partnering with Alembic Community Development to reimagine a historic firehouse as an early childhood education center that will provide up to 65 seats with seven permanently affordable housing units located on the second floor. This project uses a new model to reposition vacant city-owned property while addressing two of New Orleans' most acute challenges – affordable housing and early childhood education.

Providing support for families to meet their financial goals, access economic opportunities, and maintain their home as an asset.

# Comprehensive Stewardship



FINANCIAL LITERACY



FORECLOSURE PREVENTION



FINANCIAL FITNESS



AGING IN PLACE



HOME PRESERVATION



ESTATE PLANNING





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# Investing to scale shared ownership

- Predictable, flexible public subsidy or philanthropy that can be used to fill buyer and developer gaps across varying neighborhood conditions.
- Access to low-interest (4% or less), flexible revolving credit lines or PRIs for the acquisition of land or units, pre-development expenses, and construction.
- Philanthropy that can be used to capitalize a CLT stewardship fund to offer no-interest loans to homeowners that need support navigating rising insurance premiums or other economic shocks.
- Forgivable loans tied to impact metrics or outcomes.
- Unrestricted grants that cover staff time and one-time investments to launch new ideas like the Mixed Income Neighborhood Trust...



# Thank You!

# OJI ALEXANDER

CEO

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

[oji@phplusnola.org](mailto:oji@phplusnola.org)

# Ways Philanthropy Can Support Shared Equity Homeownership

## Direct Support

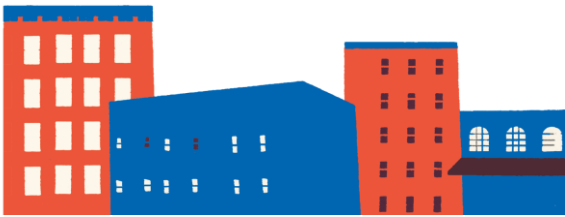
- Multi-year operating grants
- Capital
- Access to financing for buyers

## Creating an Enabling Environment

- Policy, advocacy, and organizing
- Narrative change
- Collaboration
- Influence
- Capacity building

## Engaging in System Change

- Intentional focus on dismantling and reimagining systems
- Power building



**AFN** ASSET  
FUNDERS  
NETWORK  
Grantmakers Advancing Economic Equity

