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SHARED EQUITY HOMEOWNERSHIP

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

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INTRODUCTION

Shared equity homeownership is a model with a self-sustaining subsidy for achieving affordable homeownership. Stable and affordable homeownership is an important way to build long-term wealth, increase a sense of agency, and create a path to economic security for individuals, communities, and future generations. Homeownership, including what it entails and how it is attained and retained, evolves over time in response to communities' desires and fluctuating market conditions. One example is the changing affordability of homes and financing options. Today, rising house prices, high interest rates, limited stocks of affordable housing, and limited savings due to high rental and other living costs make homeownership increasingly unaffordable for working households.

In addition, current homeownership disparities reflect centuries of intentional exclusions and continuing market practices that systematically limited opportunities to own homes and build wealth for Black, Latinx, Indigenous, Asian and Pacific Islander, Southwest Asian, and North African people;* immigrants to the United States; and women. As a result, access to homeownership and its accompanying benefits have been and remain elusive for many persons of color, women, and people living in rural areas. Still, homeownership remains a key wealth-building tool and a desirable goal for many people with low and moderate incomes who are asset constrained. Beyond the standard economic definition of wealth (assets minus liabilities), some are expanding the term's meaning to include economic security, cultural preservation, and well-being for individuals and communities. Homeownership contributes to all of these aspects of wealth.

In this context, it matters how philanthropic and financial institutions currently envision and allocate resources to homeownership issues. To equitably advance homeownership opportunities, funders can develop community-driven strategies informed by local and regional market conditions and grounded in the cumulative harms and root causes of contemporary disparities. With purposeful creativity, funders can ensure that homeownership and its related values are inclusive and just. Without deliberate action, philanthropy risks widening persistent homeownership gaps, uprooting communities, and leaving people's aspirations unfulfilled.

Shared equity homeownership offers one solution philanthropy can advance to enable more people to access the wealth-building benefits of homeownership, taking into account all definitions of wealth. Through long-term affordability built on an initial subsidy investment, shared equity homeownership offers a way to make homeownership more accessible and equitable and, in the process, preserve more communities and their assets. Simultaneously, shared equity homeownership can be an instrument for system change and economic justice.

What is Shared Equity Homeownership?

Shared equity homeownership is a self-sustaining subsidy model for achieving affordable homeownership. It is part of a dynamic field of affordable homeownership and collective ownership models that emerged from community-based organizations and municipalities over 50 years ago, during the civil rights movement. Shared equity homeownership is growing as part of system change movements (e.g., the solidarity economy) that aim to redistribute power and resources.

- Shared equity homeownership offers an affordable alternative to market-rate homeownership for families with low to moderate incomes now and in the future. It is often a stepping stone toward homeownership and wealth building for those who have been systemically excluded from such opportunities.
- Shared equity homeownership models include community land trusts, deed-restricted homes, limited-equity housing cooperatives, and resident-owned communities.
- Common elements of shared equity homeownership include resale restrictions supporting lasting affordability, ongoing stewardship of land and housing, and democratic decision-making and governance.

This brief is designed to provide a primer on contextualized case making for shared equity homeownership, describing the continuum of impacts for households and communities associated with the model (among them, affordability, community governance, and racial equity). The brief concludes with a discussion of the opportunities for philanthropy to expand equitable homeownership via shared equity models through system change, investment, and direct support.

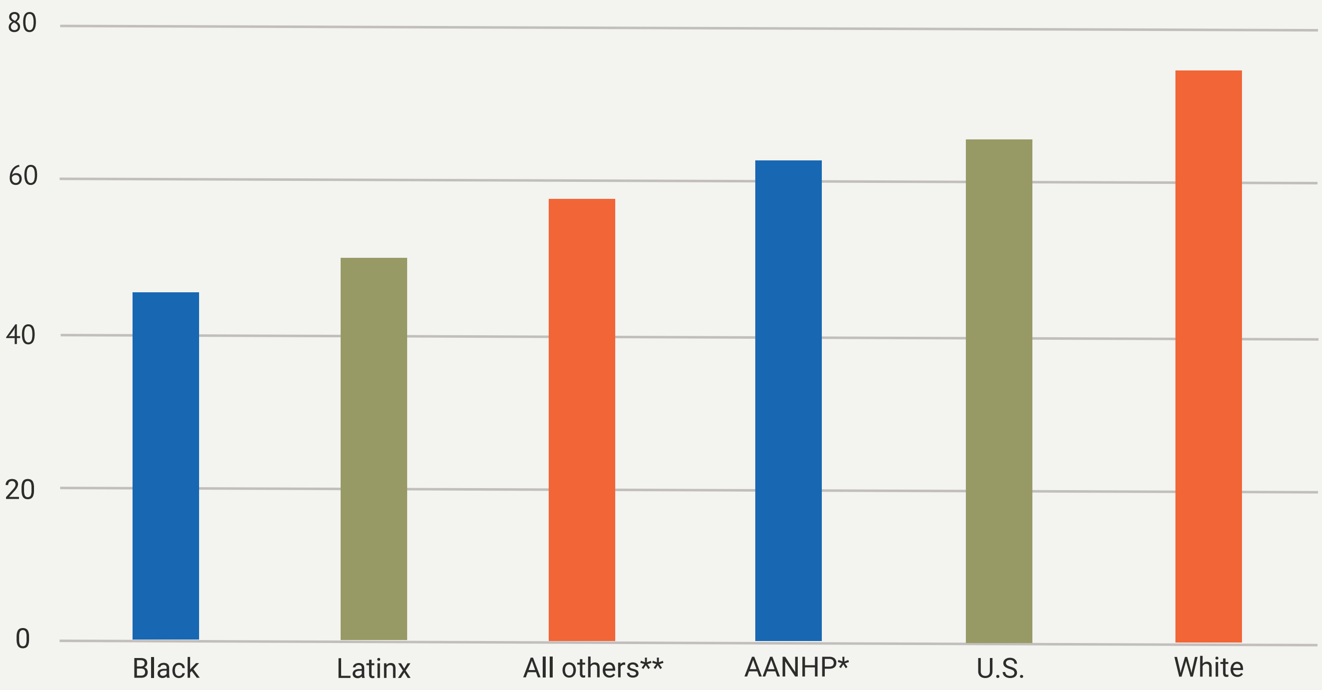
* "North African" describes people whose ancestry is based in the Middle East and North Africa.

CONTEXT

Homeownership not only provides a place to live but is also a way to build wealth and pass it to the next generation. In addition to its economic benefits, homeownership tends to be associated with social benefits such as political engagement and community stability.[1] Also, wealth extends beyond economic benefits to such nontangible benefits as increased empowerment, creativity, freedom, well-being, and security.[2] Homeownership is an important wealth-building tool for people with low and moderate incomes (e.g., teachers, single parents, and first-generation homeowners), a reality partially driven by public policies that make homeownership a key means of savings and wealth building in the United States.[3] With intention, homeownership can also serve as a wealth-building tool for people of color, despite a long history of their intentional exclusion from economic security across multiple systems through structural racism.[†]

Access to safe, affordable, and sustainable homeownership has been and continues to be challenging in different ways for people of color, women, people living in rural communities, and those with intersecting identities (e.g., Black women living in rural areas). Racist and discriminatory policies and practices have denied people of color access to land, housing, wealth, and security. These policies included forced removal from land, redlining, restrictive covenants, lending discrimination, and disinvestment.

Racial homeownership gap between White households and households of color is as much as 20% in 2024



Source: U.S. Census Bureau, "Homeownership Rates by Race and Ethnicity: All Other Races: Total in the United States [AORHORUSQ156N]," FRED, Federal Reserve Bank of St. Louis, June 17, 2024, https://fred.stlouisfed. org/series/AORHORUSQ156N.

*AANHP are people who reported Asian, Native Hawaiian, and Other Pacific Islander ethnicity.

** All other people who reported any other race, as well as all other combinations of two or more races.

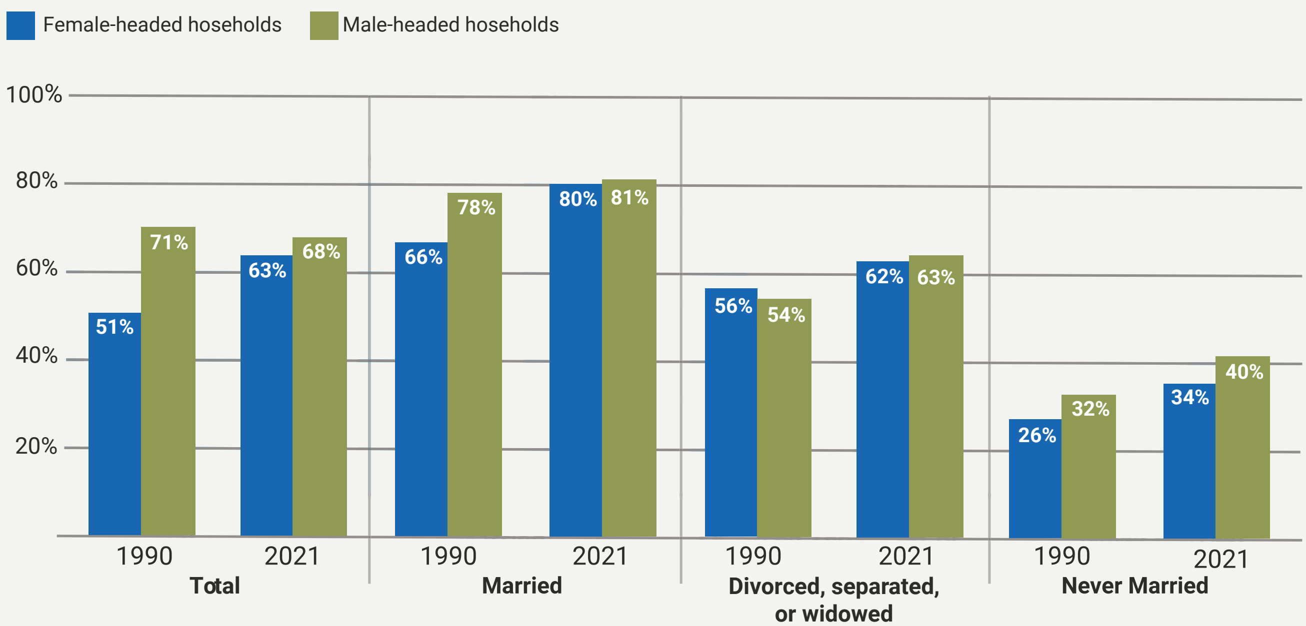
† "Structural racism" describes a system in which public policies, institutional practices, cultural representations, and other norms work in various and often mutually reinforcing ways to establish and perpetuate racial inequity over time by advancing White people while impeding the advancement of people of color. Examples of structurally racist policies and practices that harmed people of color include residential segregation and unfair lending and housing practices. Structural racism continues to disproportionately block communities of color from access to opportunity and mobility by making it more difficult for people of color to secure quality education, employment, housing, healthcare, and other needs.

For women, structural gender barriers to economic security (e.g., discriminatory tax structures, limited access to employment-related benefits, and occupational segregation)[4] limited homeownership opportunities. In rural areas, chronic disinvestment restricted the wealth-building potential of homeownership.

The cumulative and long-lasting effects of systemic inequities combine with a high-cost housing market and current discriminatory policies and practices (e.g., property devaluation, higher-cost financing and denial rates in communities of color and rural communities, housing and land dispossession, neighborhood segregation and steering, and community disinvestment)[5] making it difficult for people to afford and maintain a home. There are wide variations in median home prices and household incomes across states. However, the U.S. median home price was $412,000 in September 2023,[6] while the median household income was $67,521,[7] far below the amount needed to qualify for a mortgage on the median-priced home.

These past and present realities are reflected in persistent homeownership gaps nationally. Although the gap varies across race and ethnicity,[8] as well as states, households of color have persistently lower homeownership rates than White households in nearly every state.[9] In 2024, the racial homeownership gap nationally between White households and households headed by people of color was 20.2%.

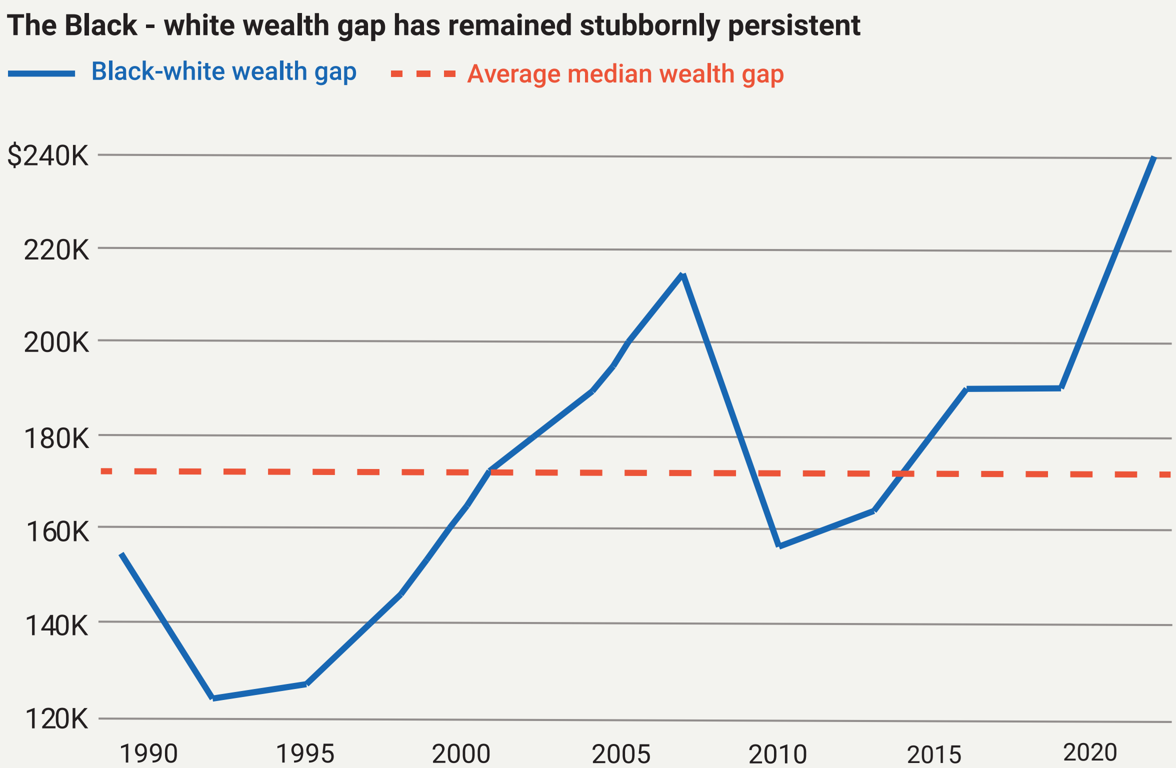
The homeownership gap between never-married male and female heads of household remained steady between 1990 and 2021



Source: Aurthor's calculations of decinnale cencus and American Community Survey data.
Notes: "Head of household" is based on self-reported census data.

Gender-based homeownership gaps and those in rural areas are more nuanced. As of 2022, women made up a majority of single homeowners, but the scale of their majority is declining. However, households headed by single women in most age groups have lower homeownership rates than those headed by single men.[10] That gap has remained steady for more than 30 years.[11]

Rural areas tend to have higher homeownership rates, but with less home equity than in urban areas, in part due to lower home prices in rural areas. Homeowners living in substandard homes (e.g., without hot and cold piped water) disproportionately reside in rural and Tribal areas.[12]



Source: Brookings Analysis of Federal Reserve's Survey of Consumer Finances, 1989-2022

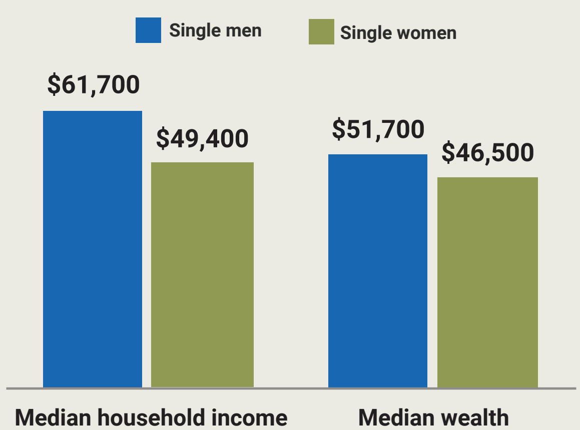
The same systemic inequities that have kept people of color from educational and employment opportunity fuel interrelated racial disparities across wealth and homeownership. The combined differences in homeownership rates, home values, housing returns, and distressed home sales between White households and people of color have contributed to housing equity wealth disparities that widen over the lifecycle and add to widening racial wealth inequalities.[13]

Racial wealth inequality varies across race and ethnicity, with the widest gap persisting between Black and White households.[14] Median wealth held by Black and Latinx households is about 15% and 20%, respectively, of the wealth of median White households. Native American households combined with Pacific Islanders, and people of multiple races hold wealth comparable to that of Black and Latino households. The median wealth of Asian households is greater than the wealth of White households, but this number masks huge intergroup disparities.[15]

Gender and geographic wealth inequality also endure. Households headed by single women have lower incomes and wealth than households headed by single men, for example.[16]

U.S households headed by single women have lower income and less wealth than those headed by single men

2019 economic outcomes of households headed by...



Note: Single household heads refer to household heads who are not married, including those who do and do not live alone. Single homeowners also include those who are widowed. Household income is adjusted for household size and scaled to a three-person household. Median income and wealth are rounded to the nearest hudred.

Source: Pew Research Center analysis of 2019 Survey of Consumer Finances.

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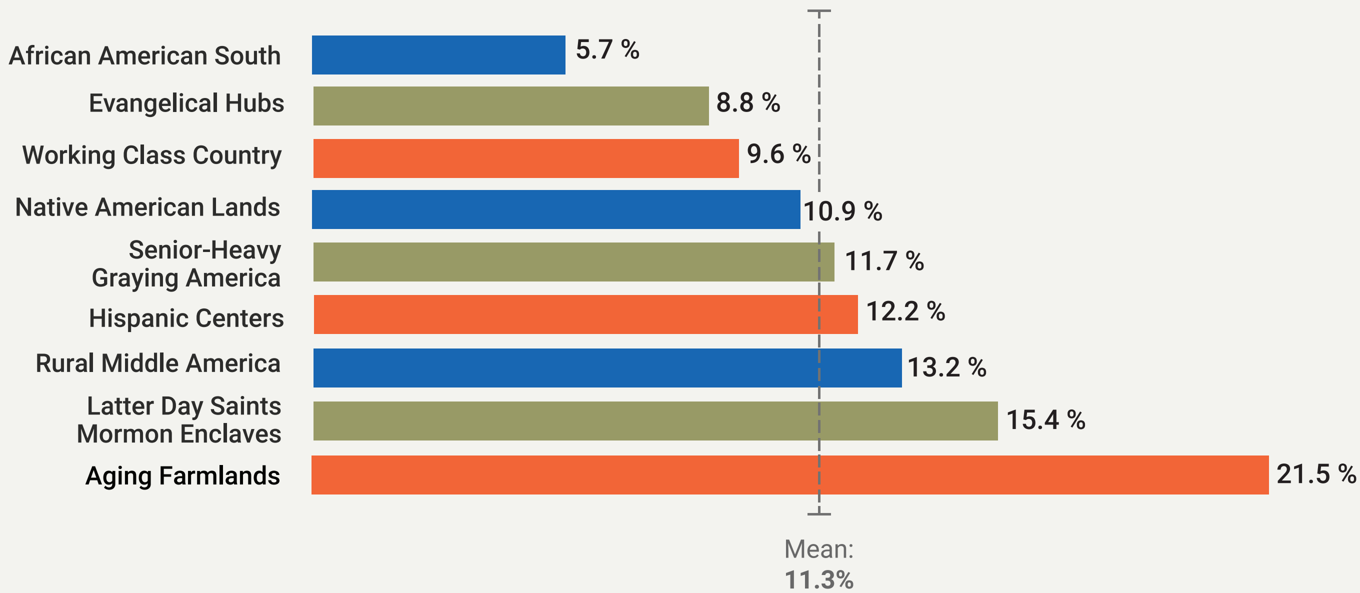
Southern rural communities and tribal communities have the lowest levels of upward mobility

Percentage of individuals whose parents were in the 25th percentile of household income but who moved to the top quintile of income in adulthood, by American Communities Project type



Source: Economic Research Service, "Atlas of Rural and Small-Town America,"available at https://www.ers.usda.gov/data-products/atlas-of-rural-and-small-town-america/ (last accessed August 2020).

Median wealth is lower for households living in rural areas than for those in urban areas,[17] and rural communities, especially in the Black South and Tribal communities, have the lowest economic mobility rates in the country.[18]

Despite present market challenges, past housing and financing exclusions, and ongoing systemic inequities, demand for homeownership remains strong among renters, with 76% expressing homeownership as a desire or goal.[19]

Shared equity homeownership is one tool to meet this demand, increasing the accessibility of homeownership for families of all races, ethnicities, and income levels by creating lasting affordability. At the same time, shared equity homeownership can provide a critical pathway to economic security and community power.

COMMON LANGUAGE: DEFINING SHARED EQUITY HOMEOWNERSHIP

Rooted in efforts for equity and justice, shared equity homeownership is a self-sustaining subsidy model for achieving affordable homeownership. A central feature of shared equity homeownership is long-term affordability that allows a buyer to purchase a home for less than the typical market cost and then resell the home for a restricted but appreciated price, passing the affordability benefit on to the next buyer while allowing the seller to gain some equity.

Data over three decades show that most shared equity home sellers experience an increase in wealth. The median shared equity homeowner accumulated $14,000 in wealth at resale after an initial median investment of $1,875 at purchase. That gain is a result of equity accumulation through principal repayment.[20] Assuming households move every seven years on average, one shared equity home could give the opportunity for affordable homeownership and equity gain to seven households over a period of 50 years.[21] In models that allow property inheritance, the affordability can pass through generations.

For public and private investors, affordable housing investments are stewarded by nonprofit start-ups and implementing entities that have community representation or are local jurisdictions. Affordable homeownership stewardship is a set of practices designed to ensure permanent affordability and maximize household wealth accumulation. Stewardship also protects the program and the public and private investments that created affordability by maintaining common assets and program requirements. Stewarded programs prepare buyers before they purchase homes and support owners afterwards to sustain homeownership and maintain their homes' quality.[22] Some programs include community building or financial coaching, to maximize the wealth-building potential of the affordable home.

Different shared equity homeownership models share common elements beyond stewardship, including:[23]

- **Resale restrictions** on property appreciation that support lasting affordability.
- **Democratic decision-making and governance** from start-up through stewardship based on the principles of self-determination rooted in the racial justice movement and designed to include the community in choices related to land and housing, neighborhood quality, resisting displacement, and community management (e.g., bylaws, fees, maintenance of common areas).
- **Local programs** usually administered by a nonprofit organization governed by a board of shared equity homeownership residents, broader community members, or public representatives.
- Commitment to **local control** of lasting community assets (e.g., land and housing).

New Communities, Inc. (NCI), which was founded as a collective farm in Albany, GA, in 1969 by leaders of the Civil Rights Movement to advance racial and economic justice for Black families, is widely recognized as the original model for community land trusts in the United States.[24] Today, the shared equity homeownership field is growing both in the United States and internationally due to NCI's legacy. A 2022 census estimates that at least 314 nonprofits have shared equity homeownership programs, with programs in almost every state, signaling a 30% increase in nonprofits offering such programs since 2011.[25] Those organizations hold a minimum of 15,000 shared equity homeownership units and predominantly serve first-time homebuyers through a variety of approaches.[26]

Approximately 250,000 U.S. households are residents of shared equity homes.[27] The majority (95%) of shared equity homes are priced affordably for households earning 80% of area median income (AMI) or below, and nearly half are affordable for households earning less than 50% AMI.[28] The average household income for buyers is 63% of AMI.[29]

By many accounts, shared equity homeownership programs have effectively expanded homeownership to people with lower incomes and liquid net worth (typically savings) but have underserved Black and Latinx people.[30] This disparity is changing due to intentional homeownership efforts focused on race equity. Historically, the programs have been effective, with female-headed households comprising the majority (62%) of shared equity homeowners (versus 46% of the traditional market).[31]

As the field moves toward greater justice and equity, the field is diversifying, and more nonprofits are focusing on populations that have been chronically excluded from homeownership opportunities. In 2022, nearly 60% of surveyed nonprofits noted they prioritized people of color in their programs. Of shared equity homebuyers, 45% were people of color (as compared to 26% in the overall market).[32] The same survey showed 25% of organizations were being led by a person of color and 33% of their employees identified as people of color, potentially explaining underrepresentation from the communities being prioritized and served.

Shared Equity Homeownership Models and Enabling Policies

Shared equity homeownership is a broad umbrella for a wide variety of programs that have long-term home affordability restrictions, as well as policies that support housing affordability.‡ Models include community land trusts, limited-equity housing cooperatives, resident-owned communities, and deed-restricted homes. Models, parts of models, and enabling policies can be combined to fit the specific needs of a community.

Model and Policy Highlights[33]

Model or Policy	Brief Definition	Key Notes
Community Land Trust (CLT)	■ A CLT is usually a community-governed nonprofit organization that owns and stewards land for the long-term benefit of the community. A CLT that provides shared equity homeownership does so by leasing its owned land to an income-eligible buyer who purchases a home on the land at a lower-than-market price through subsidies (on average, 39% of the home's value).[34] A CLT can be paired with down payment and closing cost assistance and affordable mortgages directly from the CLT or through trusted public and private partners. ■ The long-term (usually 99 years), renewable ground lease typically includes resale restrictions to ensure lasting affordability. During the tenure of the lease, the CLT provides ongoing support to residents to sustain homeownership. When the house is resold, the CLT and the homeowner share the increased equity using a previously agreed-upon resale formula. The resale restrictions are a part of each resale. ■ A CLT can acquire new units by building them or by partnering with a developer or converting existing houses, or the CLT may serve as a preservation purchaser of multifamily buildings when affordable units are at risk of being lost. ■ If a CLT includes multifamily units (e.g., condos), deed restrictions are generally used to create resale limits, as land cannot be leased to individual owners. A CLT can also include rental units and non-housing uses such as greenhouses, gardens, and commercial spaces.	■ Pioneered by a civil rights activist in 1969 in rural GA ■ Most well-known and widespread model ■ An estimated 250 CLTs own 15,000 homeownership units[35] ■ National network: Grounded Solutions Network (tools like model ground leases, CLT map)
Limited Equity Cooperative (LEC)	■ In an LEC, residents of a multifamily building own shares in a nonprofit corporation that owns the building. LECs are often formed to control housing and related community facilities using democratic governance. ■ Rather than owning a specific unit, a resident purchases shares in the co-op, which grants the the right to occupy a designated unit. The resident also signs a lease and commits to resell the shares at a price determined by a formula designed to maintain affordability at purchase and over the long term and allow for modest equity growth. Residents pay dues to cover co-op maintenance, insurance, and other communal costs. ■ Co-ops are run democratically by a board elected by shareholders, who are all voting members. The board makes decisions about day-to-day operations and co-op eligibility. ■ Usually, the co-op secures a fixed-rate mortgage for the entire property, and buyers do not need to secure an individual mortgage. However, they may need to get a loan to purchase their shares, which can be subsidized to create affordability.	■ Emerged in the 1970s in NY and DC ■ Estimated 167,000 LECs in US, with many in NYC, CA, DC, and MA[36] ■ LECs have been lost over time due to expiring restrictions in federal programs or the inability to obtain capital for preservation and recapitalization ■ National networks: National Association of Housing Co-ops and Seed Commons

‡ Most of the shared equity homeownership programs serve households below 80% AMI. Ultimately, the design of any specific model should allow community-based organizations to adjust affordability levels to meet the needs of the community, fit the local context, and optimize available subsidies (lower subsidy amounts tend to result in the project serving people with higher income levels). In theory, conventional (through GSEs' duty to serve) and government financing is available for shared equity models.

Model or Policy	Brief Definition	Key Notes
Resident-Owned Community (ROC)	■ An ROC is a manufactured housing community in which residents cooperatively own the land underneath their homes. ■ As with an LEC, a resident in an ROC owns a share in the co-op, while the land purchase is financed through a blanket mortgage. Residents own their own homes and are members of the co-op, which owns the land and manages the community's business. ■ Cooperative ownership and management of the manufactured home community provides secure ownership of the land with predictable costs and residential stability, control over upkeep, and potential wealth building for residents through the combination of community improvements, more affordable financing, and higher property values. ■ Not all ROCs have individual unit resale restrictions that keep home prices within affordable limits for a period of a time, and an ROC can be combined with a CLT.	■ Began in the 1980s in NH and CA through nonprofit and government programs that provided capital to communities to purchase land ■ Estimated 1,000 ROC communities in US, 2% of manufactured home communities[37] ■ National network: ROC USA (includes national Community Development Financial Institution for specialized financing to co-ops)
Resale/Deed-Restricted Homes	■ A deed-restricted home is a single-family home or multifamily unit made affordable to households with lower incomes with use and resale restrictions specified in a covenant attached to the property's deed. This mechanism preserves the home's long-term affordability (generally over a period of 30–50 years, depending on the state) by limiting the initial and subsequent sales of the home to income-eligible borrowers and an affordable price. ■ Subsidies from government agencies, philanthropy, or private developers are used to reduce a new or existing home's price to below-market levels. The owner owns the property, and the sponsoring organization retains a purchase option through the restrictive covenant and is the steward of the restriction. The restriction ensures long-term affordability of a home without requiring further subsidy.	■ National network: Grounded Solutions Network (tools like technical assistance and model deed restriction)
Inclusionary Housing and Zoning	■ The goals of inclusionary housing and zoning include creating mixed-income housing, reducing segregation, and remediating the harms of exclusionary housing policies and practices.[38] Many inclusionary programs require below-market homes to remain affordable for some defined period. ■ Commonly, municipalities create deed-restricted units through inclusionary housing policies that require or incentivize private developers to create affordable housing and transfer it at below-market prices to eligible buyers who agree to a resale formula that restricts the home's future price. Inclusionary housing programs leverage public investments in communities through private developers' profits.	■ First appeared in 1970s in VA and MD counties ■ Growing popularity, with over 25% adopted in last 7 years ■ In 443 jurisdictions in 25 states and DC, representing 50,000 deed-restricted units[39]
Land Bank	■ A land bank is a mechanism for acquiring, holding, managing, redeveloping, and distributing property in service of community goals. Usually created through special powers granted by state-enabling legislation and run by government agencies or nonprofits at a citywide scale, a land bank can acquire land, including vacant lots, through tax foreclosures, municipal government transfers, donations, or open-market purchases. ■ In a soft market with low or declining housing prices or a sizeable inventory of tax-delinquent properties, a land bank could be employed to stabilize housing values. In a high-cost market, a land bank might provide a vehicle for holding land and creating future affordable housing. ■ A land bank and CLT can be combined to serve complementary purposes. A land bank can acquire affordable land, clear the title if needed, and transfer the deed to the CLT. The CLT can develop the land if needed, retain ownership, and steward its long-term affordability.	■ 28 states had land banks, and 16 states had passed statewide legislation enabling land banks, in 2021[40] ■ In the last decade, more than 300 land banks were created[41] ■ National Network: The National Land Bank Network at the Center for Community Progress (includes technical support and resources)
Tenant and Community Opportunity to Purchase Program (TOPA and COPA laws)[42]	■ A TOPA or COPA policy gives tenants or qualified nonprofits the right of first offer and the opportunity to match a third-party offer to buy unsubsidized multifamily buildings or manufactured homes when an owner decides to sell. This program can strengthen housing ecosystem and preservation efforts, stabilize housing affordability, build community power and cohesion, and improve residents' quality of life. As part of the program, tenant associations can be formed and LECs can be created. ■ In DC, TOPA and preservation funding have developed or preserved more than 16,000 affordable housing units since 2006 and created 4,400 LECs since 1980.	■ Arose 40 years ago in DC and 8 other jurisdictions now have similar policies

Other models overlap with elements of shared equity homeownership. Community ownership and wealth building also exist with land and commercial real estate, although typically without homeownership opportunities. One example is a Mixed-Income Neighborhood Trust (MINT), a tool developed by Trust Neighborhoods in 2020 to preserve housing affordability and prevent displacement, especially in neighborhoods with single-family homes and renters in smaller buildings.

Managed by existing neighborhood organizations and accountable to neighborhood priorities, each MINT develops, owns, and operates a rental housing and retail portfolio in the interest of current residents threatened by gentrification.

A MINT can attract new capital and be financed with equity and debt from aligned sources, such as foundation program-related -investments (PRIs) and individual and institutional investors. Another example is a Real Estate Investment Trust (REIT), a large- or neighborhood-scale community ownership strategy that leverages income-producing and real estate assets to mitigate wholesale gentrification.

Usually, a corporation is established to raise capital, enabling residents, community development financing, and mission-related investors to invest in the strategy. A community investment trust (CIT), a type of REIT, allows neighborhood residents or other stakeholders to pool resources to purchase community-owned real estate, invest in themselves, and secure space for small businesses and other cooperatively controlled uses.

Another community ownership model being developed is in the Tribal Land Repatriation movement, where many groups are working to move land traditionally held by Indigenous people back to tribal stewardship and governance.[43] Repatriation projects include access to ancestral lands and acquisition of trust land. The goal is to reestablish community governance of wealth-building assets, including shared equity homeownership. However, tribal projects can be complicated by cultural and legal considerations and implications.

Community control without individual homeownership is a part of mutual housing, where residents are traditional renters in a multifamily building owned by a nonprofit that is controlled by the residents, who typically hold a majority interest in the nonprofit. Another form of affordable homeownership without creating permanently affordable homes is a shared appreciation mortgage that provides down payment and closing cost assistance to a borrower in exchange for repayment of a loan and a share in any future appreciation of the property.[44]

CASE MAKING

Equitable and affordable homeownership driven by community leadership can provide people—especially those have been excluded from the traditional market—with the opportunity to live where they need and want to live. Shared equity homeownership is a key pathway to affordable homeownership for people of color, women, and rural residents with limited incomes and wealth.

Affordable homeownership is achievable and sustainable through shared equity homeownership, a proven and increasingly popular tool with subsidy retention. Funders need only provide a one-time subsidy investment to make a home affordable in perpetuity, through resale restrictions. A subsidy is the difference between the market value of a property and its affordable price for the intended buyer. Subsidy retention keeps homes affordable for future buyers, leverages public funding, and maximizes philanthropic subsidy investments, unlike other affordable homeownership approaches, such as forgivable down payment assistance, that serve current but not future buyers.[45]

Many shared equity homeownership programs have a primary goal of creating access to affordable homeownership for households now and into the future. Others emphasize community wealth building or community ownership of collective assets and wealth building rooted in interdependence. Others use shared equity homeownership as a strategy to counter the toxic dynamic between the speculative market and wealth extraction from communities of color,[46] or as a restorative justice approach to support people impacted by redlining, displacement, and gentrification.

Increased homeownership will offer households greater stability and community connection and lower stress. Lower and predictable homeownership costs increase the capacity of households to achieve other asset-building goals, directly and intergenerationally.[47] More community ownership of collective assets can transform local economies, boosting the wealth of households and institutions, and improve the health of communities. Over time, local economies can become more equitable, sustainable, and just.

What is community wealth building?

Community wealth building is a systems approach that transforms local economies based on communities having direct ownership and just use of their assets (e.g., land, finance, and housing).[48] The model aims to create an inclusive and regenerative economy that works for all, boosting the wealth of community members and community-based institutions and sometimes social outcomes (e.g., environmental sustainability and health improvements).[49]

The field of community wealth building is also known as, or aligned with, shared ownership and community control of assets and ecosystems, cooperative development, solidarity economies, community economic development, and doughnut economics. Strategies include local, democratic, and shared ownership of personal real estate, commercial real estate, and business equity for Black, Latinx, Indigenous, Asian and Pacific Islander, Southwest Asian, and North African people, and immigrant communities across the country.

Shared equity homeownership is one of the strategies used in the growing community wealth-building movement across diverse contexts, ranging from formerly industrial cities like Cleveland, Ohio, to rural areas like the Pine Ridge Reservation in South Dakota, where Lakota values were integrated into the program by the community.[50]

Varying by community and context, shared equity homeownership uniquely brings together multiple achievable goals: increased access to affordable homeownership, community preservation and reduced displacement, community ownership and wealth building, economic security and wealth building for households, and racial equity. Following the lead of the community, philanthropy needs to be deliberate about goals so that the design and implementation of a shared equity homeownership program achieves its purpose and benefits the residents, reflecting the local context.

Benefits of Shared Equity Homeownership[51]

Benefits		Household	Community
Affordability	Creating long-term housing affordability	x	x
	Experiencing in the risks/rewards of homeownership	x	
	Maximizing ROI of affordable homeownership investments/subsidies		x
Stability	Predictable costs	x	
	Housing and community stability as market changes over time	x	x
	Improved health and well-being for residents	x	x
Community Preservation	Combating gentrification and displacement and keeping people and culture in place	x	x
	Decommodifying land and removing it from the speculative housing market, protecting against rising prices, maintaining affordability, and enabling residents to build wealth[52]		x
	Preserving vibrant, inclusive, and equitable communities		x
	Providing ongoing stewardship of land, homes, and communities associated with the program		x
Community Ownership	Democratic decision-making and governance	x	x
	Power building		x
	Self-determination and control of economic livelihoods, assets, and communities[53]	x	x
Wealth Building	Economic security	x	
	Direct ownership and control of assets	x	x
	Seeding personal wealth	x	
	Broadly shared economic prosperity		x
	Community wealth building		x
Racial Equity	Creating homeownership opportunities	x	
	Fueling generational wealth building	x	x
	Building economic justice outcomes	x	x
	Engaging in restorative justice to assertively reverse the effects and discontinue redlining, discrimination, and segregation		x
	Mitigating current climate change impacts disproportionately affecting communities of color	x	x
	Creating local system change by redistributing wealth, building power, and reinventing structures in ways that advance racial equity	x	x

A secondary benefit of shared equity programs is that they often include household support before, during, and after the home purchase through pre-purchase guidance, access to down payment and closing assistance and affordable financing, and ongoing, post-purchase support. Combined, this support can help people, especially first-generation homeowners, access and sustain homeownership.

In early 2024, AFN convened three separate focus groups of residents, grantmakers, and practitioners with approximately 10 members each to explore shared equity homeownership. Participants identified their top three goals for shared equity homeownership as, in order of importance, affordability, security, and ownership. Practitioners also ranked wealth building and racial equity as top goals. As shared equity homeownership relates to ownership, residents specifically noted its importance in decommodification[§] and anti-displacement. When asked what inspired them to buy a shared equity home, residents named housing affordability, community connection, and alignment with their family values.

§ Stewarding land and keeping housing affordable for the long-term benefit of the community rather than seeking profits for the short-term benefit of individual owners or investor shareholders.

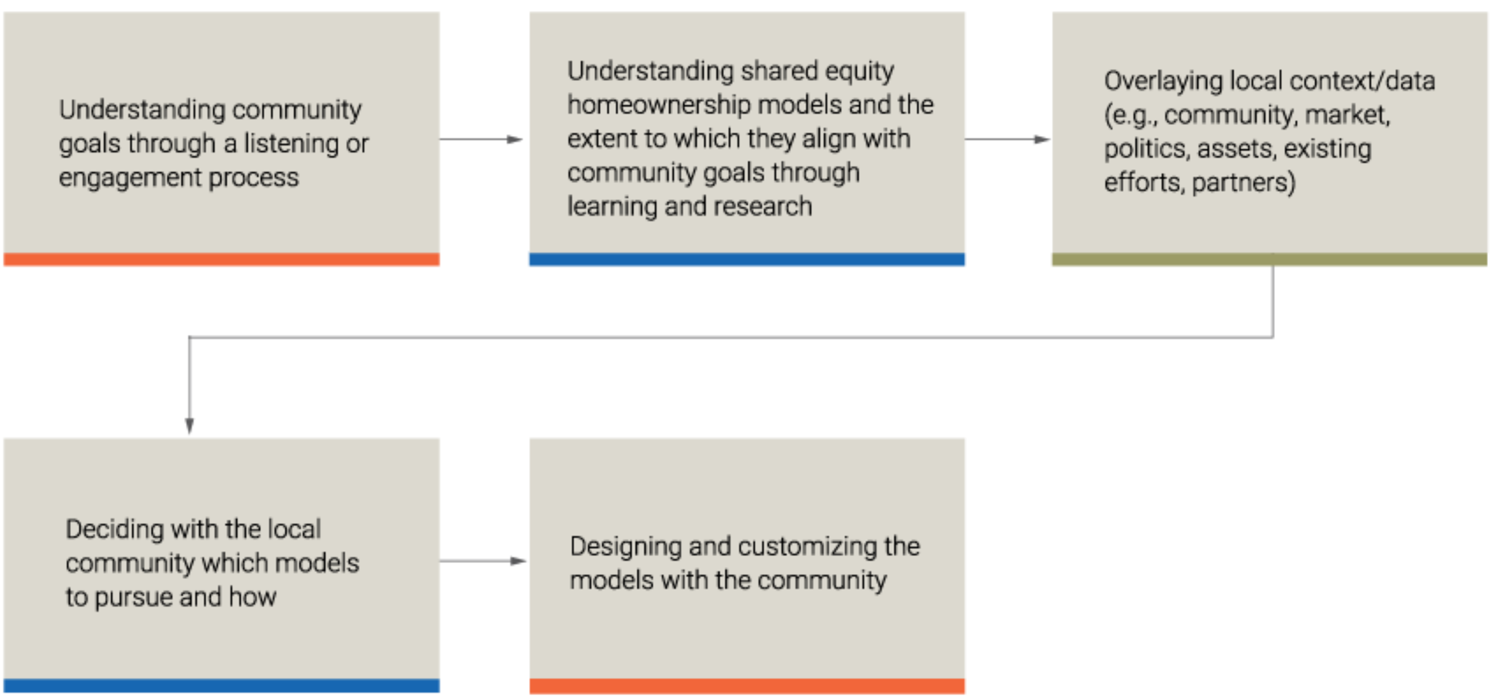
Finding What Works in your Ecosystem

A holistic, systems view of local housing and the regional economy recognizes that increasing access to shared equity homeownership is a necessary strategy to create the continuum of opportunities to advance economic and housing justice. One of philanthropy's roles is to support the community or community-based organizations in achieving their own goals, experimenting, and designing and implementing a program.

Shared equity homeownership is not a one-size-fits-all solution; models range from those rooted in more democratic community movements to those run by nonprofit housing providers with limited community governance.[54] Programs are community and context driven, working in different types of housing markets from those with rapidly rising prices, where shared equity homeownership can prevent displacement, to chronically disinvested areas, where it can generate momentum for revitalization.[55]

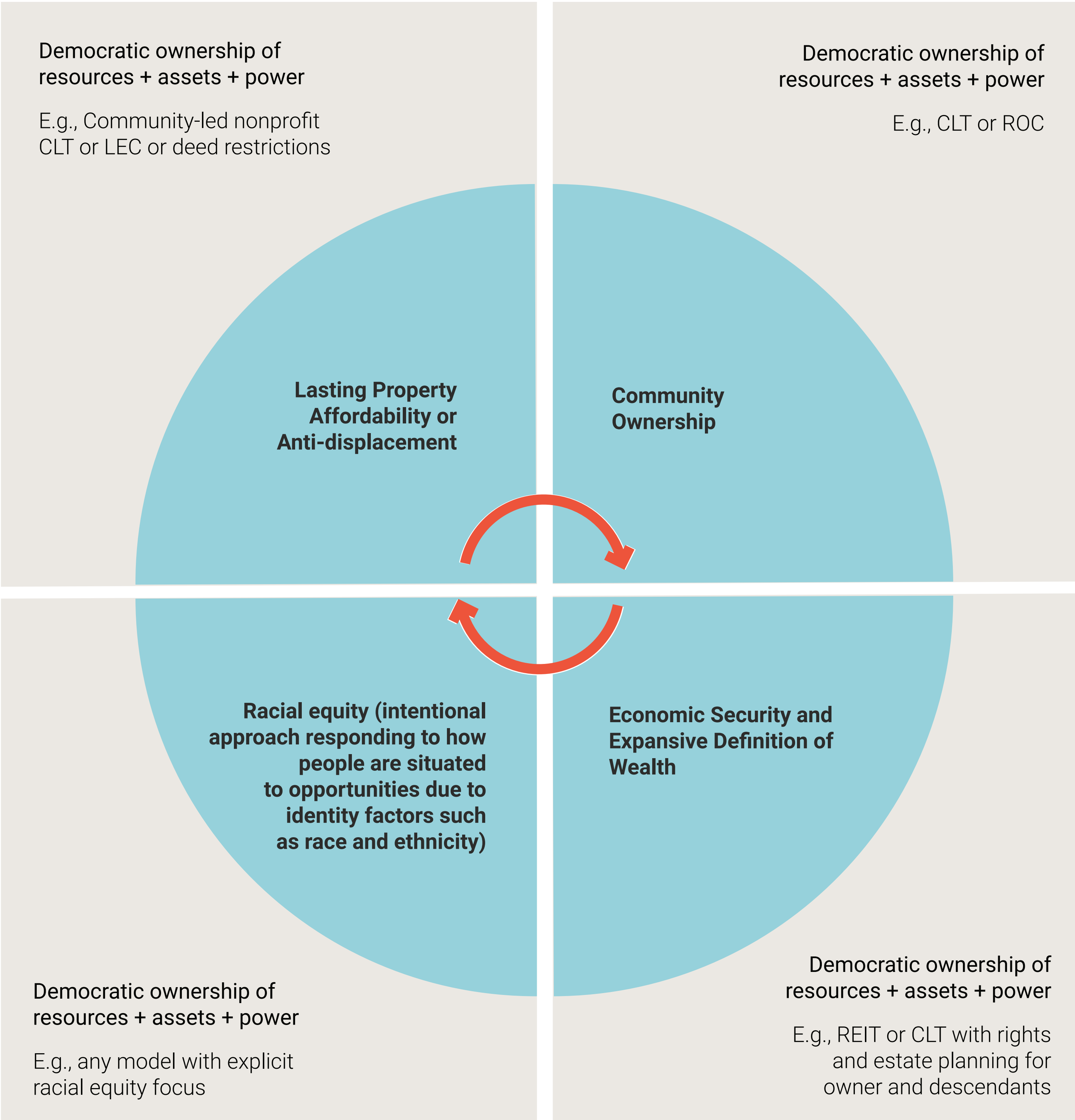
A philanthropic organization investing in a shared equity homeownership program will need to balance its organizational priorities and grantmaking and investment strategies with the community's vision and self-determination, navigating sometimes complex tensions (e.g., balancing personal with community wealth building, local control and scale with homeowner independence; reliance on market forces with withdrawal of land from the speculative market).[56] The community's goals and values underpin the process and will inform concept, design, implementation, evaluation, and adaptation of the program. Depending on when during planning and implementation the philanthropic organization engages, the process outlined below could vary, as could the roles of listener, convener, grantmaker, or investor.

Key phases include:



Helpful resources to support the planning process and ongoing operations of shared equity homeownership programs are Grounded Solution's Community Land Trust Technical Assistance Manual, Stewardship Standards, Startup Community Land Trust Hub, and Racial Equity in Inclusionary Housing, as well as Community Desk Chicago's Community Investment Vehicles Playbook and PolicyLink's Anti-Displacement Tools.

The high-level framework illustrated below is a tool to help align a model (outer circle) with a community's primary goal (inner circle) based on a literature review and insights from shared equity homeownership residents and practitioners.



CASE STUDIES

To illustrate how place and community have shaped shared equity homeownership models across the country and to demonstrate the role philanthropy played in their design and implementation, this brief includes a set of case studies. Each case study includes an overview of the community, model, and implementation entity; the nuances and impacts of the program model; and philanthropic engagement.

Recommended program principles include:

- Design by and for those in the community most impacted by housing inequities and having deep and longstanding community ties.
- Commitment to ongoing democratic governance through bylaws,[57] including community-driven processes for information gathering and decision making.[58]
- An ecosystem approach, including a variety of actors and systems (e.g., philanthropy, financial institutions, local government, community members, and community-based organizations and coalitions).
- A supportive local and state governmental environment.
- A racial equity focus.
- Lasting affordability.
- Aligned operating and capital support.
- Comprehensive stewardship with organizing, information, and guidance to community members about real estate ownership, cooperative management, or direct investing.[59]

Asian Americans for Equality(AAFE)

New York, NY

Model: Limited Equity Cooperative (LEC)
Goals: Anti-displacement, lasting affordability, racial equity

Background

AAFE was founded 50 years ago by young Asian American college activists. Inspired by the Black Civil Rights movement, AAFE's founders sought to protest injustices and the systemic lack of access to equal opportunities, specifically the displacement of residents with low incomes and the failure to hire any people of color for a major City-sponsored affordable housing project in Chinatown, called Confucius Plaza. The founders took a big-tent approach to organizing that included Asian, Latinx, and Black people from Chinatown and adjacent neighborhoods.

Asian Americans for Equality

As the organization developed, AAFE innovated toolkits under the umbrella of its core mission of community development and being responsive to community needs. In response to a need for emergency housing as a result of frequent and deadly fires in Chinatown caused mainly by landlord neglect, AAFE stepped into affordable housing development, creating the first low-income housing tax-credit project in the city. After producing safe, secure, and affordable rental housing, AAFE wanted to help the community build assets and climb the economic ladder. The organization did so by adding two community development financial institutions (CDFIs) to its portfolio: one for small-business lending and one for homeownership lending and technical assistance. AAFE simultaneously developed homeownership projects.

In 2013, when the City was struggling to manage and maintain occupied buildings after foreclosure for tax liens or utility arrears, the City turned to AAFE, relying on the organization's track record with affordable housing development. As a pilot, AAFE rehabilitated a 20-unit building in Little Italy with the tenants' help. Approximately three years ago, AAFE broke ground on another cluster of buildings in lower Manhattan, a project that would yield 75 units.

Today, AAFE promotes, protects, and advances affordable housing for minority, immigrant, low- and moderate-income, and underserved households and communities in New York; stabilizes communities of color threatened by rising property values and rapid displacement; and provides economic opportunity through an array of community services, grassroots leadership, and civic engagement. Since its venture into housing, AAFE has created 1,200 affordable homes and provided $250 million in mortgage financing. The organization serves 35,000 community members annually.

Shared Equity Homeownership Model: Limited Equity Cooperative (LEC)

AAFE has created a continuum of affordable housing opportunities, including for homeownership, for low-income families in New York. AAFE primarily produces affordable rental and transitional housing. On the homeownership side, AAFE uses a scattered-site model and has developed LECs, affordable condos, and single-family homes with deed restrictions.

AAFE has created a continuum of affordable housing opportunities, including for homeownership, for low-income families in New York.

LECs allow households with the lowest percentage of area median income (AMI) to access homeownership. The impacts of LECs include keeping longtime tenants in place and providing homeownership opportunities to lower-income households.

Within its LEC model, AAFE uses New York City's Affordable Neighborhood Cooperative Program to transform small to medium-sized buildings into co-ops. AAFE manages and finances the renovations while preparing and organizing tenants to become owners. The work with tenants, many of whom have been long-term renters in the buildings being renovated, is important to promote ownership, preserve housing affordability, and support the community; tenants might have to temporarily relocate, must meet City milestones such as attending co-op training, and vote on design guidelines and sign paperwork.

Existing tenants can buy their units at insider prices, usually $2,500, in recognition of their "sweat equity" for staying in City-owned foreclosed buildings for decades. They can add interim rent payments to buy down the price and practice making maintenance payments or use section 8 vouchers to become co-op owners by paying corporation fees. New tenants pay higher prices that are still affordable. For example, a two-bedroom unit might cost around $400,000, or one-third to one-quarter of the market value.

To provide a stable transition, AAFE remains the property and asset manager for a minimum of one year after the building's permanent conversion to a co-op. After that, the tenants can hire whichever property management company they want, as long as the company chosen meets the regulatory requirements. AAFE works closely with the New York State Attorney General to address legal and regulatory issues during construction and beyond.

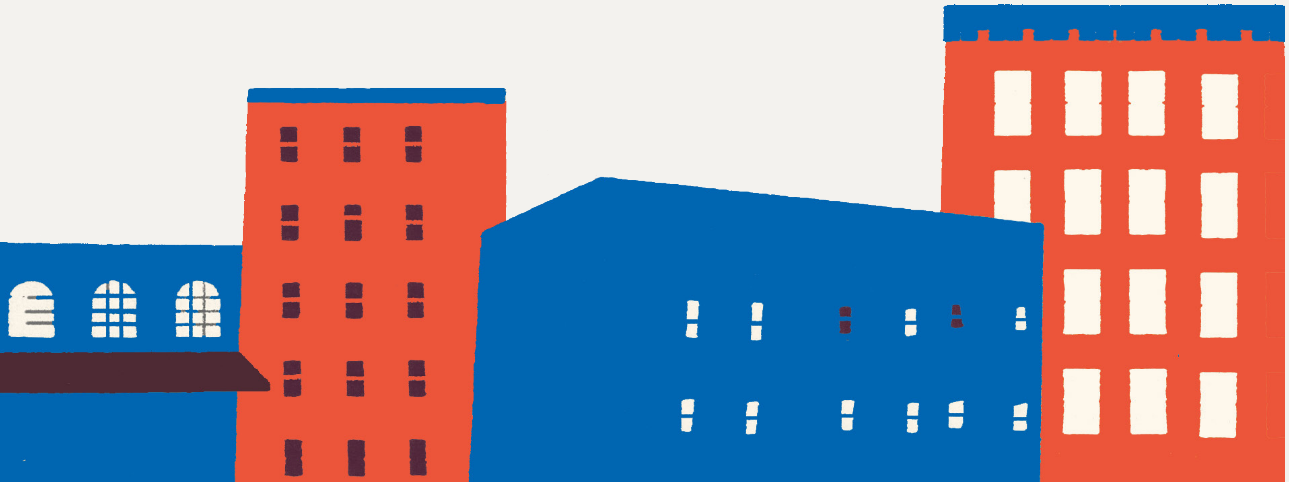
The City's affordable housing program is funded through a mixture of city-provided loan subsidies for construction lending and permanent mortgages provided by market lenders, which finance the property for the duration of its tax abatement (typical terms are interest-only or 1 percent financing for 30 years). AAFE has used intermediaries like Enterprise, LISC, and LIIF as construction lenders; the costs of construction financing are paid out of the proceeds of sales of vacant units.

Despite the challenges associated with developing in dense, historic areas like Manhattan and coordinating intensively with tenants and other stakeholders, AAFE has completed and is continuing to work on LEC projects that keep existing tenants in place and offer rare homeownership opportunities to low- and moderate-income families (those earning 90–130% AMI).

Two AAFE homeowners have joined the organization as staff members. Based on the success of AAFE's New York City projects, neighboring locations like New Jersey have reached out for advice.

Philanthropy Engagement

Philanthropy's primary role in AAFE's model has been to provide general operating support. Funders include Capital One, TD Bank, PNC Bank, United International Bank, State Bank of India, Dime Community Bank, and NeighborWorks America.



Sacramento Community Land Trust (SACCLT)

Sacramento, CA

Model: Community Land Trust (CLT)
Goals: Anti-displacement, lasting affordability, racial equity, community ownership, economic security

Background

Born out of the shared concerns of neighborhood organizers, movement leaders, and real estate professionals around housing insecurity and displacement of longtime Black residents in a gentrifying neighborhood, SACCLT was founded in 2015 to preserve affordable housing and community spaces in Sacramento and the surrounding areas through co-ownership and community-building. In 2017, the coalition met with local officials to begin working on land and housing equity issues and exploring what other cities were doing to address housing security.

Both residents and affordable housing professionals saw the potential of CLTs to keep people stabilized and in their homes and provide opportunities for homeownership and generational wealth-building. After convening a local summit, SACCLT's co-founders started a nonprofit organization in 2018 to further the work and secure financial resources. The nonprofit engaged in power-building with various local sectors, including the climate mitigation and land-use sectors, to prioritize the CLT's initial activities.

An early endeavor involved creek restoration; the CLT ensured that community voices were heard and reflected in the project. Until 2023, when an executive director was hired, all the CLT's work was done by volunteers.

Centering community is a key component of the CLT, as is being responsive to the community's continuum of housing needs—single-family homeownership, multifamily projects, and co-housing. One of the ways SACCLT ensures that community voices are reflected in the organization's priorities is through nominal membership dues that give residents access to participation.

Shared Equity Homeownership Model: Community Land Trust (CLT)

Led by community input, SACCLT prioritizes affordable housing through homeownership, multifamily buildings, and other community projects. The organization also advocates for affordable housing policies in Sacramento.

Currently, SACCLT has a couple of projects in the works. One is to help with the rebuilding of an elderly woman's home that was demolished due to unfinished contractor work and unpaid code violations, as a pathway for the homeowner out of receivership with the City of Sacramento. Believing that nobody else should have to endure what she has with her home, the homeowner wants the land to be permanently affordable and asked SACCLT to help. The organization plans to track and document this resident's journey and her home build over the next 18 months or so.

Another project for which SACCLT is close to entering contracts is with a farmworker housing cooperative. The cooperative's goal is to keep the land in the CLT for workers, reduce workers' commutes, and improve their quality of life in the region—an agricultural town about 45 minutes outside of Sacramento. The farmworkers are currently scattered throughout the area. An available property near the farm where they all work could house six to ten families and provide them with some workable farmland. The farmworkers have created an advisory committee and approached SACCLT to help with land acquisition. The project aligns with SACCLT's economic and environmental justice values and would position the organization as one of only a few rural CLTs.

Another project is a community garden that is used by families transitioning from being unhoused. The garden's owner is looking to sell, and the garden's operator wants to preserve this asset. SACCLT is exploring co-ownership with the garden operator to expand the program or her housing.

SACCLT's aim is to develop a diverse portfolio of properties over the next year. Community-building is a large part of the work, necessary to build the trust and acquire the properties needed to keep housing affordable and enable residents to build wealth. Partnerships are also vital. SACCLT has built common ground across industries to advocate for just housing policies.

Through funders, SACCLT is a member of two cohorts of CLTs in California focused on providing funding and capacity-building, growing the movement, and expanding philanthropic support using an equity approach. One of the cohorts is connected to the California Endowment's Community Ownership for Community Power Fund.

Philanthropy Engagement

SACCLT relies on a mix of public and philanthropic support, including from the California Endowment, a private, statewide health foundation, and local organizations. Through funders, SACCLT is a member of two cohorts of CLTs in California focused on providing funding and capacity-building, growing the movement, and expanding philanthropic support using an equity approach. One of the cohorts is connected to the California Endowment's Community Ownership for Community Power Fund. The other is affiliated with McKenzie Scott's organization and two other foundations, which joined forces to support five emerging CLTs. SACCLT is also looking for local funding sources to support storytelling about housing insecurity in Sacramento.

The Community Ownership for Community Power Fund has been instrumental in SACCLT's development, propelling the work forward and harnessing peer support. Over the past two years, the Fund has enabled SACCLT to hire staff and put structures in place to acquire and manage properties.

It has been challenging to work with traditional banking systems and the real estate industry to access funding for projects, and public funding is decreasing. In turn, SACCLT has looked for other funding sources, such as philanthropic grants, to fill purchase gaps.

Durham Community Land Trustees (DCLT)

Durham, NC

Model: Community Land Trust (CLT)
Goals: Anti-displacement, lasting affordability, racial equity, community ownership, economic security

Background

Almost 40 years old, DCLT was incorporated in 1987 in mid-sized city Durham, North Carolina, to revitalize and stabilize the community from disinvestment. Neighbors first came together in the late 1970s to create housing, fight gentrification, preserve affordable homes for low-income owners and renters, create a housing market for low-income people, and avoid displacement of people who wanted to live in a neighborhood between downtown and a major university with amenities and public transportation. Research led the community to the land trust model.

DCLT started with one donated house in the West End neighborhood, in which the organization remains today. DCLT has since expanded citywide, providing affordable homeownership and rental options in mostly low-income neighborhoods and neighborhoods where majority of residents are people of color. DCLT also prioritizes environmental justice work, including green infrastructure and community gardens.

DCLT has nearly 360 units, over 50 of which are for homeownership. The majority of the organization's rental portfolio serves neighborhoods with single-family homes and duplex properties. Rental residents are approximately 80% Black and 20 Latino. CLT homeowners also include some second-generation homeowners. DCLT's current goal is to create 200 new land-trust homeowners.

Shared Equity Homeownership Model: Community Land Trust (CLT)

DCLT has developed traditional CLT homes with 99-year renewable leases that can be passed onto heirs. Beyond homeownership, DCLT has focused on maximizing benefits for the home and the community.

In 2020, DCLT capitalized on a code change that expanded housing choices and made building more affordable by allowing accessory dwelling units (ADUs) on existing properties. The ADUs offered the potential for CLT homeowners to access income-earning and wealth-building opportunities while providing affordable rental housing. This approach will allow DCLT to increase housing without purchasing more land, mitigating the high cost of land. The approach also allows buyers to purchase more expensive property based on the rental income.

The ADU program began as a pilot with a small grant from NeighborWorks America. The program was developed with advice from consultants, a two-day real estate summit, and peer organizations on the West Coast. In the program, DCLT manages the rental ADU and takes a small management fee; the homeowner gets the remaining proceeds.

As an expression of its focus on environmental justice, DCLT recently embarked on its first 100% Sustainable Net Zero projects with green construction using Living Building Challenge certification and 100% nontoxic materials. DCLT is also working on installing green infrastructure improvements for flood-prone neighborhoods, owns two community gardens, and has 45 passive solar units. The organization recently hired an Urban Conservation and Community Fellow to lead conservation projects that intersect with affordable housing.

Integrity and transparency have been paramount in DCLT's work, from continually engaging with the community to prioritizing minority- and women-owned businesses for contracting and other services. DCLT has maintained relationships with the community to ensure that community needs are met. Lately, homeowners have been asking for creek clean-ups and access to green space, which benefit the entire neighborhood. When contracting for building or other services, DCLT typically spends at least 65% on minority- and women-owned businesses.

Philanthropy Engagement

Despite the organization's long history, DCLT faces challenges in securing operating and capital funding, especially in the face of inequities in support for Black-led organizations. Rental projects have been easier to fund and find subsidies for than homeownership projects. DCLT has a few individual impact investors who lend at low rates and is interested in connecting with foundations' program-related investments.

As a network member, NeighborWorks America has been a steady but small source of operating funding. Other funders tend to be project based; some project-based funding includes operating allocations. DCLT has a partnership with the Conservation Fund to support its environmental work, and Volunteers of America National Services partners with DCLT for a veterans' project.

Historically, DCLT has leveraged key partnerships, including with Duke University and other stakeholders, to secure low-cost, long-term capital for affordable housing projects in Durham.

Historically, DCLT has leveraged key partnerships, including with Duke University and other stakeholders, to secure low-cost, long-term capital for affordable housing projects in Durham. As an anchor institution, Duke has invested heavily in the housing ecosystem and infrastructure around the campus and beyond.

One of DCLT's long-time partners is Self-Help Credit Union, a nonprofit community development financial institution founded in Durham in 1980 that has collaborated with DCLT for decades. Self-Help is involved in Durham's land banking for affordable housing and other uses, and DCLT has been one of the main partners for this work. In 2017, the land bank shifted to bigger projects, including developing a co-op grocery store on properties that had previously been vacant, especially as affordable single-family lots became less available. More recently, Self-Help has provided lower-cost debt financing for DCLT's rental properties, as DCLT has shifted its focus from affordable single-family homeownership to multifamily properties due to subsidy limitations.

For potential buyers, four lenders currently lend on land-trust homes, including three mortgage companies and one commercial bank. Each has mortgage officers who are well-versed in the nuances of land trusts and the down payment assistance available to land-trust buyers.

Grounded Solutions Network
National

Model: National Intermediary
Goals: Anti-displacement, lasting affordability, racial equity, community ownership, economic security at the field level

Background

A broad, national nonprofit membership organization for the shared equity homeownership community, Grounded Solutions Network was formed in 2016 by the merger of two national organizations facilitated by a mutual funder, the Ford Foundation. Grounded Solutions Network's aim is to advance permanently affordable housing solutions and cultivate equitable, inclusive, and opportunity-abundant communities. Grounded Solutions Network does so by connecting organizations and people to the networks and resources they need to find solutions to preserve affordability and assets in their communities.

Grounded Solutions Network has just over 200 diverse members in 46 states. The membership list includes local and national nonprofits, graduate students, legal firms, consultants, financial advisors, and municipal government agencies. Together, Grounded Solutions Network and members create an ecosystem to capitalize on opportunities, address challenges, and coalesce around advocacy needs.

Although community land trusts are rooted in the Civil Rights Movement and have successfully served low-income families of color, there was limited awareness about shared equity homeownership models in the early years of Grounded Solutions Network. Over the last five or so years, through original research and other strategies, Grounded Solutions Network has elevated awareness and understanding that shared equity homeownership is desirable as an equitable and sustainable homeownership strategy.

Grounded Solutions Network's research includes assessment of the performance of shared equity homeownership models over time. These models help households with lower incomes not only gain access to homeownership but also amass wealth over the typical occupancy period of five to seven years, when they usually transition to unsubsidized homeownership. When the household moves, another income-qualifying household buys the home with the same initial subsidy, keeping the home affordable, and so on.

Other research areas include the exploration of racial equity across shared equity homeownership models and a census of the field.

Shared Equity Homeownership Model: National Intermediary

With a focus on creating and supporting housing that has lasting affordability, Grounded Solutions Network advances models like community land trusts, resident-owned communities, municipal deed restriction, cooperatives, and emerging models like Mixed Income Neighborhood Trusts (MINTs) for multifamily rentals.

As a convener, facilitator, and educator, Grounded Solutions Network offers tools and networks for organizations on the ground seeking to create permanently affordable housing solutions. The tools help participating programs balance independent decision-making at the community level with standardized templates to expedite planning and implementation. The tools available include a resource library and help desk for topics like community involvement, legal documentation, financial sustainability, and best practices. This past year, Grounded Solutions Network added an online learning management system to facilitate self-directed learning.

To help organizations customize legal documents and increase access to mortgage financing, Grounded Solutions Network has developed model deed restriction, ground lease, and other legal documents and certifications that are approved by the secondary market. Grounded Solutions Network also supports policy changes that create a more enabling environment for shared equity homeownership. Policy work includes legal frameworks that support communal ownership of land, as well as accompanying shifts in narratives and cultural perspectives.

Grounded Solutions Network has a board-approved racial equity and inclusion policy, along with a set of racial equity metrics based on homeowners served and leadership of member organizations to ensure impact for people of color. These metrics are reported to the board quarterly. In parallel, Grounded Solutions Network has modeled staff diversification.

Over the next ten years, Grounded Solutions Network aims to produce one million homes with lasting affordability by focusing on policy changes and strategic growth, such as through the creation of more deed-restricted homes and federal incentives to support innovative affordable housing models.

Grounded Solutions Network is creating a more coordinated federal, state, and local policy agenda to support its ten-year goal. The organization is also trying to unlock access to financing, particularly social impact financing, to scale out its impact.

Philanthropy Engagement

Members pay dues on a sliding scale based mostly on organizational budget. Beyond that, Grounded Solutions Network relies on grants and fee-for-service contracts with nonprofits or government agencies in local communities. Over the last year, Grounded Solutions Network has performed contract work in Fort Worth, Texas; Louisville, Kentucky; and Washington State.

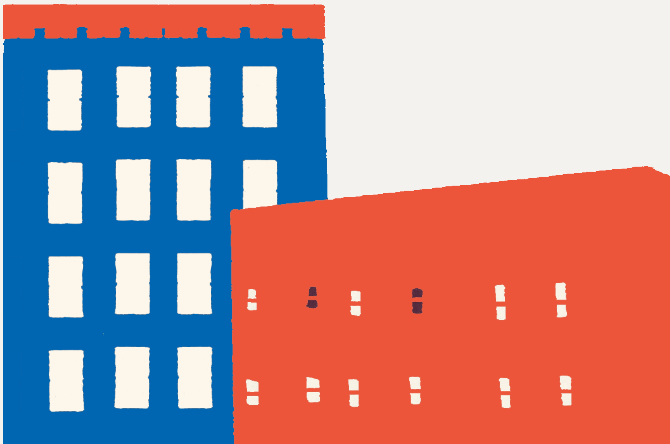
Philanthropic support is currently provided by Citi, JPMorgan Chase, Kresge Foundation, Meyer Memorial Trust, Robert Wood Johnson Foundation, Wells Fargo, and The Prudential Foundation. As often happens, philanthropy has become a convener of stakeholders looking for alternative housing approaches. For instance, the Robert Wood Johnson Foundation has an interest in health outcomes related to housing. That interest has inspired Grounded Solutions Network to be part of conversations with healthcare providers and other entities concerned about social determinants of health and anxious to understand the connection between health and housing. Another funder, Melville Charitable Trust, is focused on dealing with the root causes of homelessness and saw that investing in creating quality, permanently affordable housing prevents housing instability and reduces homelessness. Grounded Solutions Network sees the potential in making the connections with stable housing for other funders, such as those focused on education or employment.

In addition to operating grants, philanthropy has provided working capital for innovative financing and intermediary functions. Because of interest in Grounded Solutions Network's work and partnership with the National Housing Trust, Amazon made a $40 million commitment to create more shared equity homes in Washington, DC; Nashville, Tennessee; and Seattle, Washington.

Grounded Solutions has been modeling approaches to creating portfolios of single-family homes to distribute to local member organizations on the ground.

Grounded Solutions has been modeling approaches to creating portfolios of single-family homes to distribute to local member organizations on the ground. Winning the Breakthrough Challenge Competition with Wells Fargo and Enterprise last year provided capital that Grounded Solutions Network can put towards this approach.

McKenzie Scott has made a grant, some of which Grounded Solutions Network is putting towards innovative financing efforts that will ultimately benefit community-led member organizations. As Grounded Solutions Network expands on its innovative finance work, the organization is looking for initial philanthropic investors to provide grants and low-cost, patient capital that can be leveraged with other investors and passed through to network members.



CALL TO ACTION FOR PHILANTHROPY

Despite the benefits of shared equity homeownership and its potential to address a variety of community needs, shared equity homeownership units represent a relatively small share of the housing stock and broader economic justice movements. As a response to persistent homeownership gaps, philanthropy and financial institutions can expand on proven and innovative shared equity homeownership models, ensuring that they exist in their regions and emphasize the values of equity and justice and shared power and prosperity.

Financial institutions and philanthropy, especially local, state, and regional foundations, have historically invested in local shared equity homeownership programs. Such support has been growing over the last five years, partially responding to growing financial insecurity, increased demands for racial equity, and reduced public funding.[60] To have equitable impacts across communities, philanthropy can adapt and increase what and how it invests in shared equity homeownership in interconnected ways.

Of course, programs will be tailored and culturally responsive to local contexts, following the community's leadership. Responsiveness to people and place requires flexibility from philanthropy and financial institutions around models, structures, and impact measurement. Coming together and taking actions can take time, moving at an unfamiliar but needed pace.[61] Measuring impact goes beyond the number of homes or homebuyers created; it includes community ownership, economic security for households and communities, and racial homeownership equity. Notwithstanding the need to be responsive to local contexts and community, philanthropy can apply some broad principles to place-based strategies to directly support models, create an enabling environment, and reinvent systems.

Shared equity homeownership programs need resources and conditions to succeed. Direct support includes grants and capital to communities and community-based organizations as implementation entities. Direct support can also include other kinds of support, such as convening, building capacity, and incubating leaders. It can be difficult for programs to succeed without an enabling environment that improves access to land and capital, authorizes laws for community ownership, changes perspectives on housing and ownership, and reduces other barriers. To that end, philanthropy can support policy advocacy, narrative change and national intermediaries. Philanthropy can facilitate system change by investing in policy advocacy, racial equity approaches, and local ecosystem building.

Directly Support Shared Equity Homeownership Models

Philanthropy can provide the resources shared equity homeownership programs need to succeed. Such support includes multiyear operating grants and capital to run organizations and implement programs.

Multiyear operating grants

Directly, philanthropy can invest in local shared equity homeownership programs by pairing multiyear operating grants and working capital. Recognizing the need for ongoing support, philanthropy can effectively partner with local organizations via multiyear operating grants to build and sustain organizational capacity and working capital and help programs develop the financing and subsidies to acquire, develop, and steward land and housing over time. Programs often rely on private and public funding until they can reach their long-term goal of becoming self-sustaining. Practitioners specifically note the importance of start-up funding from philanthropy for community engagement, legal and filing fees, and initial hiring. Practitioners also appreciate support beyond funding, including technical assistance, social capital, capacity building, community organizing, and leadership cultivation. Philanthropy, especially local and regional funders, can play a catalytic role in the creation or launch of a new model by funding research and community input to inform the process.

Capital

The availability of sufficient capital at various stages is one of the biggest barriers to greater expansion of shared equity homeownership programs, especially with less public funding and competition from other affordable housing developers.[62] Significant capital is needed not only for subsidies but also for land acquisition and property development. Property acquisition requires large amounts of up-front liquid capital, for (re)development and maintenance until the land can be put to income-generating use, as well as for purchase. Few sources of capital exist to advance community ownership models such as shared equity homeownership, frequently requiring development efforts to raise significant funds from philanthropy.

The Chicago Community Trust provided a $100,000 grant to the Here to Stay Community Land Trust, which creates affordable homes and the opportunity to build wealth through homeownership to community members at risk of displacement by acquiring and rehabilitating homes in Chicago's rapidly gentrifying northwest side. This grant funded part of a subsidy layer to reduce sale prices to target affordability to allow families at 80% of the AMI to remain in the community.

Philanthropy can provide capital that is patient, flexible, risk-taking, long term, and low cost directly to programs and in diverse ways. Philanthropic organizations could provide grants to support pre-development and development. Or they can use impact investing alongside grantmaking through a combination of mission-related investments (MRIs) and program-related investments (PRIs), along with other strategies that generate social benefits and financial gains. MRIs are designed to achieve market-rate return while aligning with mission and values. PRIs prioritize social outcomes over profits and provide returns below the market rate.

An experienced social investor to improve equitable outcomes, Kresge Foundation has taken a three-legged stool approach to shared ownership strategies: the models, the markets, and the capital sources. After conducting initial research and creating an impact investment blueprint, Kresge committed its first social investment in shared ownership in 2022.[63]

In partnership with the community, philanthropy can help expand access to financing and other capital sources for communities and programs, especially funds that are non-extractive, like those available through Seed Commons. A funder in community ownership models like REITs and MINTs, Schmidt Futures noted the critical role of philanthropy in investing in and de-risking early-stage, innovative models to lay the groundwork to attract other private capital.[64] Philanthropy can also help create and capitalize a public–private acquisition fund that flexibly strengthens community-controlled land and housing and establishes racial equity benchmarks. To expand models, new capital sources and mechanisms are needed, including vehicles for shared ownership that communities can create and control.

Directly addressing racial disparities in asset ownership by offering investment pathways for multiple real estate asset classes, the East Bay Permanent Real Estate Cooperative combines community crowdfunding with philanthropic support from national (e.g., Surdna Foundation and the Ford Foundation) and local (e.g., San Francisco Foundation and Chan Zuckerberg Initiative) funders.

The $50 million Metro Denver Impact Fund, which was assembled by the Urban Land Conservancy, a CLT in Denver, combined philanthropic, public, and conventional financing streams into a low-interest capital debt facility to support strategic acquisition of land for CLT stewardship and perpetual affordability for community facilities and homes, while creating jobs and bringing needed services to communities. The Impact Fund is structured through a 10-year revolving credit agreement with philanthropic foundations lending to the facility via PRIs providing loans, and the quasi-public Colorado Housing Finance Agency, at 0.5% to 2%.[¶] *Investors include FirstBank, Colorado Health Foundation, Gates Family Foundation, Colorado Trust, and Gary Community Ventures. As of 2023, MDIF had funded 40% of ULC's properties for an investment of $81 million, which was combined with other innovative financing funds.*

Access to financing for buyers

Relatedly, philanthropy, in collaboration with the community, can help increase access to safe, affordable, and more racially just financing for shared equity homebuyers. Specific opportunities include investing in financial products; low-interest loan pools; loan loss reserves; and nonprofit financial institutions like credit unions and community development financial institutions (CDFIs) making responsive products. Funders can also partner with municipalities and businesses to develop targeted down payment and closing cost assistance and advocate for mortgage products that advance racial equity, such as special purpose credit programs (SPCP), as well as mortgages and a secondary market that truly work for shared equity homeownership. Possible channels for these developments might be strengthening Fannie Mae and Freddie Mac's Duty to Serve or expanding CDFIs intermediary Inclusiv's capacity to purchase shared equity homeownership mortgages.

In 2021, the Greater Washington Community Foundation and Flock, a family of real estate management companies, partnered and launched the birdSEED Fund, a housing justice program that offers down payment grants ranging from $5,000 to $15,0000 to qualifying people of color who are first-time homebuyers in DC and Philadelphia through a simple application process.

With a multiyear grant from the New England Federal Credit Union, Champlain Housing Trust (CHT) created the Homeownership Equity Program, an SPCP designed to increase access to permanently affordable shared equity homes across Vermont through forgivable down payment loans. CHT, which was founded in 2021, recently expanded the program significantly with funding from philanthropist MacKenzie Scott.

¶ The quasi-public Colorado Housing Finance Agency has lent $5 million to the Metro Denver Impact Fund at 1% interest, and philanthropy has invested in the facility as well: Colorado Health Foundation lent $4 million at 1%; the Colorado Trust lent $2.5 million at 1.5%; Gary Community Investments lent $2 million at 1.5%; Gates Community Foundation lent $1.25 million at 1.5%; Northern Trust lent $6 million at 0.5%; Denver Foundation lent $250,000 at 2%; and other philanthropic organizations lent $4 million.

Create an Enabling Environment

The real estate market is complex, and shared equity homeownership can make it even more complex. Beyond the costs of property, programs must navigate policies and practices related to land, capital, financing, appraisals, real estate transactions, risk assessment, and more. Philanthropy can help make the environment more enabling by investing in policy advocacy efforts and narrative change. Philanthropy also could support the field with capacity building and connection through national intermediaries. With an intentional commitment to racial equity, philanthropy can contribute to system change.

Advance efforts that strengthen and improve shared equity homeownership through policy advocacy and organizing at local, state, and federal levels.

Investing in these efforts has the potential to build residents' capacity, increase or preserve housing quality, leverage public funding, improve access to surplus land and housing, and reduce costs. Most of the policy advocacy work will be done at the local level with the goals of reform and passage of new laws to provide ongoing support and resources. Creating lasting affordability requires intentional policy creation, strategic alignment, and long-term planning.[65]

Reforms could involve making zoning laws inclusionary or allowing higher density; creating regulatory restrictions; moderating or eliminating fees associated with acquisition, development, and entitlement; and reworking the process of selling tax-foreclosed properties to prioritize entities focused on lasting affordability (both shared equity homeownership programs and residents) for first look and discounts. State, county, or municipal budget advocacy might be called for to incorporate shared equity homeownership into the general fund or to pass voter-approved housing bonds for land acquisition or rehabilitation activities that center racial equity;[66] provide for resource allocation through locally generated funds or federal land acquisition and housing development programs that are administered locally (e.g., HOME or CDBG); or allow for donated or low-cost municipal-owned land. As with land disposition, advocacy could help prioritize allocations for shared equity homeownership projects through direct requirements imposed on all funding allocations, point-based incentives, or special set-asides.[67]

In some cases, communities and programs will need new legislation to accomplish their goals. Locally, a bill that enables shared equity homeownership programs to access tax credits, such as in New York City, would be helpful.[68] Or opportunity-to-purchase laws (e.g., TOPA or COPA) could give residents priority to purchase when an owner decides to sell, as could other types of anti-displacement policy (e.g., regulating renting practices, bolstering tenant rights, or providing financial and legal assistance to tenants) or housing trust funds that require lasting affordability to ensure funding goes toward shared equity homeownership.

At the state level, enabling land bank legislation to obtain vacant land, especially in weaker markets, would support shared equity homeownership. At the federal level, philanthropy could support the reform of policies and regulations to ensure that CDFIs and other nonprofit lenders have the resources they need to support local shared equity homeownership efforts.

For the San Francisco Foundation, preserving already affordable housing is a core strategy in its mission to address the Bay Area's housing crisis and ensure that everyone has an affordable home. To support its partners—Enterprise Community Partners, Housing California, and Public Advocates—who cosponsored legislation to establish the Community Anti-Displacement and Preservation Program (CAPP) in 2023, the foundation used its social capital and wrote a letter of support. Introduced to the California state legislature in 2023, CAPP's aim is to provide funding for the acquisition and rehabilitation of unrestricted housing units to which long-term affordability restrictions will be attached to prevent the displacement of current residents.

Elevate narrative change related to shared equity homeownership to create broad-based buy-in.

There is a lot to unpack with the term shared equity homeownership and its perceived risks and benefits, including the meaning of community, homeownership, wealth, and risk. Often, the approach is not well understood. Investing in people and places historically excluded from traditional investment support can appear risky. Consequently, philanthropy and other stakeholders sometimes view shared equity homeownership as much more risky, difficult, or long term than the community perceives.

New narratives can help reframe risk and center the community—what residents desire and what is at stake for them, and why, with the discussion grounded in root causes.[69] A more expansive definition of wealth is also called for, one that moves away from an exclusive focus on individual material results to emphasize instead economic security and well-being for communities and individuals on the community's terms. For communities, wealth could mean food security, cultural preservation, or environmental remediation.[70] Other needed narrative shifts include seeing housing as more than a commodity, but an essential asset connected to other areas of opportunity, such as health, education, and transportation.

In Denver, Elevation's Community Land Trust emphasized the inherent link between stable housing and health, securing $7 million from the Colorado Health Foundation for a total of nearly $25 million in funding from various donors.

Invest in capacity building and research through national and regional intermediaries to support local programs.

Shared equity homeownership programs can be technical and expensive to structure and execute. A recent survey documented common obstacles for models: lack of capital, leadership burnout and turnover; underdeveloped local ecosystems; and insufficient resources for continuous organizing.[71] Intermediaries such as Grounded Solutions Network (for shared equity homeownership), the New Economy Coalition (for solidarity economies), and the Center for Community Investment (for collective ownership) provide a range of functions to iterate and innovate in the field to address those obstacles. Investing in intermediaries allows those organizations to assist by creating model legal documents, policies, and procedures; securing capital; offering ongoing support for community governance and stewardship; providing technical training; and supporting data collection and research. Intermediaries also foster community, knowledge sharing, and collaboration. Intermediaries create field infrastructure, making models easier to implement while honoring community input and decision-making.

Reinvent Systems

Narrative change and policy advocacy efforts can help fuel system change, but system change also requires its own intention and attention to undo four centuries of embedded systemic racism though new practices, policies, and narratives. System change means deliberately accounting for and reversing the legacy of health and wealth inequities. It means dismantling systems that have obstructed people and communities of color from building intergenerational wealth. It includes longer time horizons for investments and intentional impacts to advance racial equity.

The same systemic issues that create the need for shared equity homeownership models also get in the way of their creation, sustainability, and achievement of equitable outcomes. The ingredients of a successful effort—capital, real estate and legal expertise, and property assets—are generally not controlled by (or often even available to) communities of color.[72] Values like cooperation, democratic governance, and community wealth are not the norm in these spaces.

Truly advancing racial equity and redistributing power and resources is a holistic, long-game endeavor that requires imagining a new system and being willing to take on reasonable risk to make it real. What is possible is often limited by our existing systems, beliefs, and norms, including racial capitalism and the commodification of housing.

Philanthropy can continue to build on the critical support it has already provided for economic security and mobility as it moves toward investing in a more equitable economic system. This effort is about holistically supporting shared equity homeownership programs while committing to building the power of communities to have a say over their futures and disrupting processes that reinforce inequity.

How

How philanthropy invests is equally if not more important than what it invests in. The how is essentially a trust-based, economic justice approach incorporating interrelated practices and values that advance equity and shift power; center the needs and dreams of the community; and approach programs from a place of trust, collaboration, and mutual accountability.[73] In an anti-racist approach, economic justice builds economic security and wealth for people of color. The approach includes actively eliminating racial bias in who and how grantmakers fund and advancing racial equity in grantmaking and operations (e.g., increasing transparency, self-reflection, and accountability). A noteworthy practice, especially for shared equity homeownership, is reframing risk and making decisions based on what is at stake for the community.

As this brief has illustrated, shared equity homeownership is nurtured by intentional, mission-aligned, and multisector collaboration with communities. While specifics vary from place to place, partners could include businesses; policymakers and public-sector agencies; real estate professionals; advocacy organizations; financial institutions; anchor institutions like hospitals, universities, and school systems; and employers. Philanthropy can convene and support the local ecosystem to focus on the well-being of the community, fostering a common understanding of the goals and conditions, practice of deep democracy, and learning across the ecosystem.

CONCLUSION

How we think about and support homeownership matters. A home is essential for survival and well-being. Yet, homeownership is increasingly unaffordable for working households in the face of rising house prices, limited affordable housing stock, lagging incomes, and expensive and inflexible financing. The lack of access to affordable homeownership is amplified for Black, Latinx, Indigneous, Asian and Pacific Islander, Southwest Asian, and North African people and immigrants to the United States, groups burdened by widening wealth inequality and a long history of exclusion from economic security across multiple systems.

Having a safe and stable place to call home is the foundation for economic and overall well-being for individuals, communities, and future generations. Shared equity homeownership is an avenue to increasing the accessibility of quality and stable housing for families of all races, ethnicities, and income levels by providing lasting affordability. And it can connect to so much more—community ownership, community wealth building, racial equity, and system change.

Shared equity homeownership is a small but mighty movement, and far more work remains to create more pathways to economic opportunities, belonging, and shared prosperity. Philanthropy can join the movement to support community-led models and re-create enduring systems, holding in mind that the choices we make today will either help hinder or facilitate racial equity and shared well-being. Let's bend toward justice—changing people's lives and communities' economic futures through shared equity homeownership.

"To control your destiny, you've got to control your dirt."

Ramiro Gonzales, former CEO of Prosper West, a nonprofit community economic development organization and member of the 40-organization coalition ESTAR West, whose community-based wealth-building strategy combines business development and support, neighborhood preservation, housing development, and cultural work in San Antonio's Westside, funded by the San Antonio Area Foundation, Methodist Healthcare Ministries, and others.[74]

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