

# Article Summary

*Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations (April 2019)*

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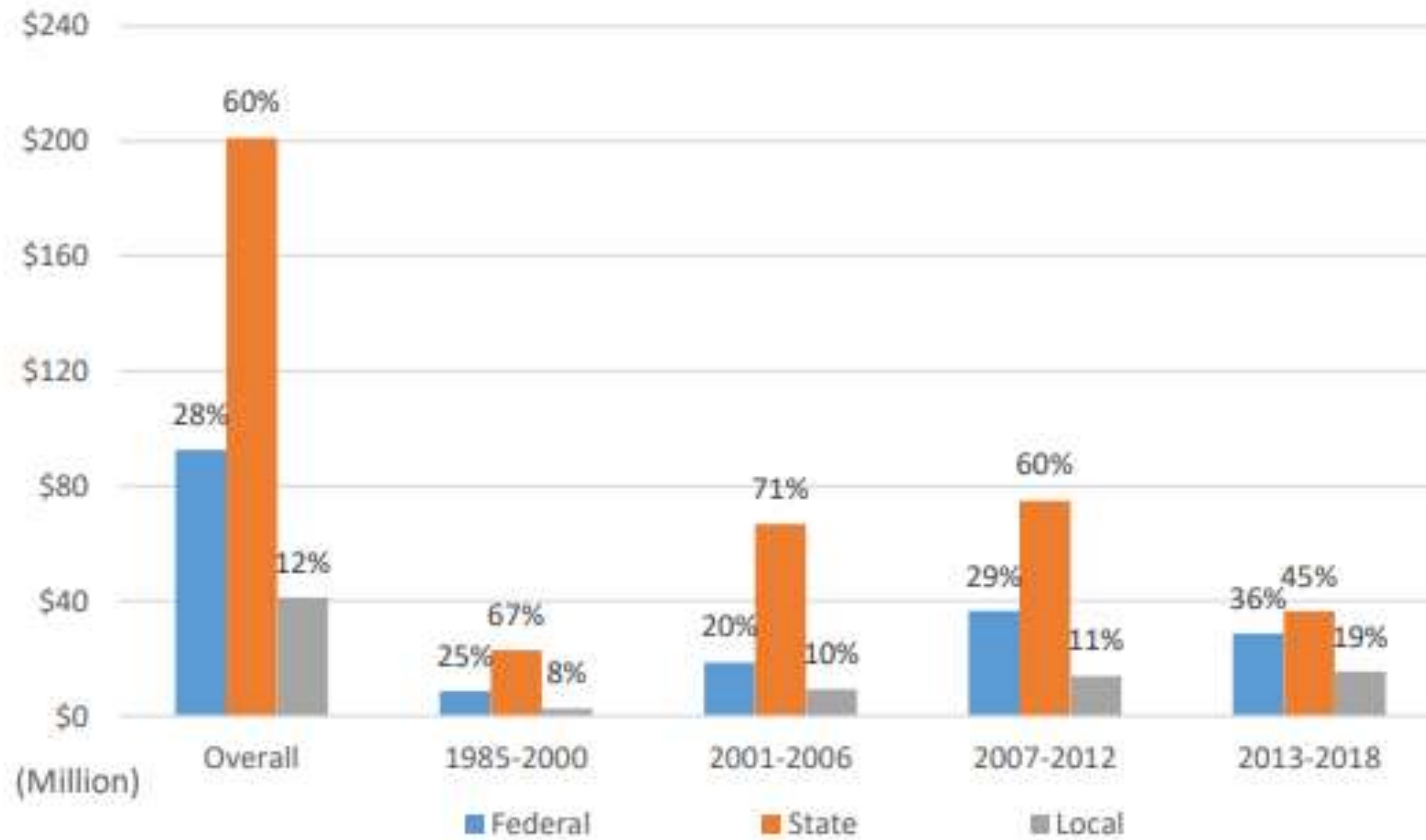
[https://www.lincolnst.edu/sites/default/files/pubfiles/wang\\_wp19rw1\\_rev.pdf](https://www.lincolnst.edu/sites/default/files/pubfiles/wang_wp19rw1_rev.pdf)

- Evaluated 58 shared equity homeownership programs (4,108 total properties) over 30 years to find out who lives in shared equity homes, whether they are truly providing affordable housing options, and whether these programs promote “upward mobility.”
- Included comparisons to comparable renter- and owner-occupied groups in similar neighborhoods and housing of similar age/condition
- Limitation: Most of the data was collected from 40 Community Land Trust organizations, which represent a small fraction of the ~250,000 shared equity homeownership properties in the US.

# Background

- **Shared equity homeownership programs** make homes affordable to lower income families by investing **public resources** to reduce the initial prices, and then they keep the prices affordable to all future homebuyers **through resale restrictions**
  - Community Land Trusts (trust owns land, owners own house) – 12,000 houses, 225 CLTs
  - Deed restricted (covenants) – 50,000+ affordable owner-occupied units
  - Limited-equity cooperatives (homeowners own shares) – 166,000 units, 60% in NYC
- Median buyer subsidy: ~\$57,000 (grants, loans with 5-year grace period, etc.)
- Total subsidy as a percentage of appraised market value: 31% median subsidy depth

**Figure 7: Public Funding Amount (2018 dollars) by Government Level and Housing Market Period (n = 4,102)**



# Who lives in shared equity housing?

- First-time homebuyers – Average 69%
- Smaller-sized families (less than 5) – About 46% with children
- Low-income (51-80% AMI) – Average is 63% AMI at time of purchase
- Female-headed households – Average is 62%, higher than comparable owner- and renter-occupied households
- In their late 30s (average 39) at time of purchase – Much younger than comparable homeowners (59)
- Employed in office, retail, education, social services, or service industries. Fewer professional occupations/trades.
- Ethnic and racial diversity is improving over time, 57% white non-Hispanic in 2013-2018 and 43% families headed by people of color

# Generating Wealth

- Median net worth of homeowners: \$231,000 in 2016 compared to \$5,000 for renters, even after controlling for observable characteristics.
- Households in shared equity programs experienced an increase in wealth of ~\$14,000 median.
- Participants in shared equity programs move less than renters or comparable homeowners, and on average 74% of homeowners in shared equity programs stayed in their houses for 6 years.
- 58% of participants who moved purchased a new home, 28% moved back into the rental market, and 14% moved to “other living conditions”

# Impressions and Takeaways

- Shared equity programs do expand the supply of affordable units for families making below 50% AMI and 50-80% AMI, even accounting for resale and appreciation
- 95% of shared equity homes are affordable (no more than 30% income spent on housing) to families earning 80% AMI or below – both for purchase and resale. Good indication of lasting affordability.
- Programs seem to serve the people they are intending to serve, especially as diversity of participants has improved over time
- Programs seem to be working for participants – people are building wealth, purchasing homes when they move
- Not sure how much subsidy other affordability programs require in comparison – is this a lot or not?
- What kind of shared equity housing do we have in Fort Collins?