Social Housing at the Local Level

Stephanie Reyes, Grounded Solutions Network
Agenda

- Shared Equity Homeownership
- Inclusionary Housing
- Community Land Trusts
Shared Equity Homeownership
Asset Building & Affordability

A Continuum of Strategies

- Traditional Homeownership
- Forgivable Grant or Loan
- Shared Equity Homeownership
- Regulated Affordable Rental

Modified from Jacobus & Lubell. 2007.
Asset Building & Affordability

A Continuum of Strategies

Speculative Market
- Traditional Homeownership
- Forgivable Grant or Loan

Social Housing
- Regulated Affordable Rental
- Shared Equity Homeownership

Modified from Jacobus & Lubell. 2007.
The Affordability Gap

- **Market Price**: $270,000
- **Affordability Gap**: $89,000
- **What a family at 60% of AMI can afford to pay for a home**: $181,000

*Note: AMI stands for Area Median Income.*
The Shared Equity Model

Equity Shares for Seller and Program at First Resale

<table>
<thead>
<tr>
<th>Initial Purchase</th>
<th>1st Resale @ 7yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Price</td>
<td>Affordability Gap</td>
</tr>
</tbody>
</table>

- **Initial Purchase**
  - Affordable Price: $181k
  - Affordability Gap: $89k
  - Total: $270k

- **1st Resale @ 7yrs**
  - Affordable Price: $223k
  - Affordability Gap: $183k
  - Total: $406k

**Seller’s Share of Equity** $42k

**Program’s Share of Equity** stays with the home

*Assumes 6% annual housing inflation and 3% annual income inflation*
## Types of Shared Equity Programs

<table>
<thead>
<tr>
<th>Type of Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared Equity Cooperatives</td>
</tr>
<tr>
<td>Deed-restricted (e.g. inclusionary housing)</td>
</tr>
<tr>
<td>Limited Equity Resident Owned Communities</td>
</tr>
<tr>
<td>Community Land Trusts</td>
</tr>
<tr>
<td>Program of a nonprofit (e.g. Habitat for Humanity)</td>
</tr>
<tr>
<td>Type of Program</td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td>Shared Equity Cooperatives</td>
</tr>
<tr>
<td>Deed-restricted (e.g. inclusionary housing)</td>
</tr>
<tr>
<td>Limited Equity Resident Owned Communities</td>
</tr>
<tr>
<td>Community Land Trusts</td>
</tr>
<tr>
<td>Program of a nonprofit (e.g. Habitat for Humanity)</td>
</tr>
<tr>
<td><strong>Total Units Produced</strong></td>
</tr>
</tbody>
</table>
Inclusionary Housing
What is Inclusionary Housing?

Traditional Inclusionary Housing
Inclusionary Housing Prevalence

110,000 units and $1.76 billion in fees

Source: inclusionaryhousing.org/map
Inclusionary as Social Housing

For-sale units

For-sale inclusionary units almost always use a shared equity model.

Resale of units is managed by local government or nonprofit.

Units can be transferred into a community land trust.
Rental units

Rental inclusionary units are regulated by deed restriction to be rented at affordable rents to low-income households.

Units are not part of speculative market.

Units are owned and managed by private companies.
Fees collected through inclusionary housing programs can be used to support social housing programs, e.g. shared-equity homeownership programs or affordable rental housing owned and operated by a non-profit.

Fees can also be used for non-social housing programs, like down payment assistance.
Inclusionary in North Carolina

- At least 15 inclusionary housing programs
- Mostly incentive-based, particularly for rental housing

Source: inclusionaryhousing.org/map
Inclusionary in North Carolina

Example: Chapel Hill Inclusionary Zoning

- Adopted 2011
- Mandatory for homeownership projects; voluntary for rental projects
- Has created at least 215 permanently affordable shared equity homeownership units
- Developers of homeownership units encouraged to transfer units to Community Home Trust, the local CLT
Community Land Trusts
Community Land Trusts

Acquire, own and steward land **permanently** for the common good by providing:

- Affordable housing
- Commercial spaces
- Community spaces
- Farming or open land
The CLT Structure

Generally, a non-profit organization with:

- Defined service area
- Membership-based
- Tri-partite board
Tri-Partite Board

- Community Members
- Leaseholders (Homeowners)
- Public Stakeholders
Dual Ownership

- Individual owns improvements (home)
- Community land trust owns land
Dual Ownership

Ground lease ties improvements and land together ...
How are CLTs Funded?

Organizational Funding:
- Philanthropic grants
- Donations
- Membership Dues
- Internally generated fees
- Developer fees
- Contract/Service Fees

Project Funding:
- Federal and state grants
- Housing trust funds
- Public land
- Inclusionary housing
- Donations
- Collaborations

Pipeline of Units:
- Inclusionary housing
Example: Community Home Trust

- Manages 318 permanently affordable homes in Chapel Hill and Carrboro (both for-sale and rental); most for-sale homes came from local inclusionary housing programs

- Use shared equity model for homeownership units