

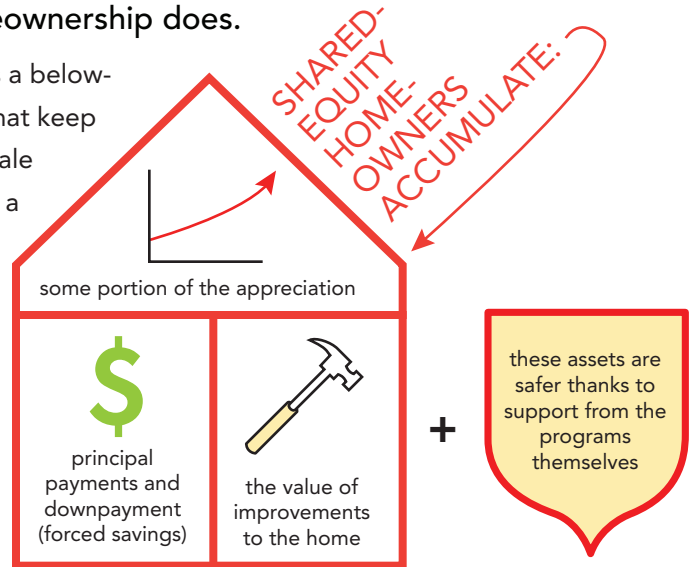
The Answer

SHELTERFORCE

Q: Does shared-equity homeownership build assets?

A: **Yes.** And keeps them safer than traditional homeownership does.

In shared-equity homeownership, an incoming homeowner gets a below-market price and in return agrees to certain resale restrictions that keep the unit affordable for all future owners of that home. These resale restrictions prevent a lucky few from making a windfall profit on a publicly-subsidized home, but they are structured to also allow for substantial asset-building.

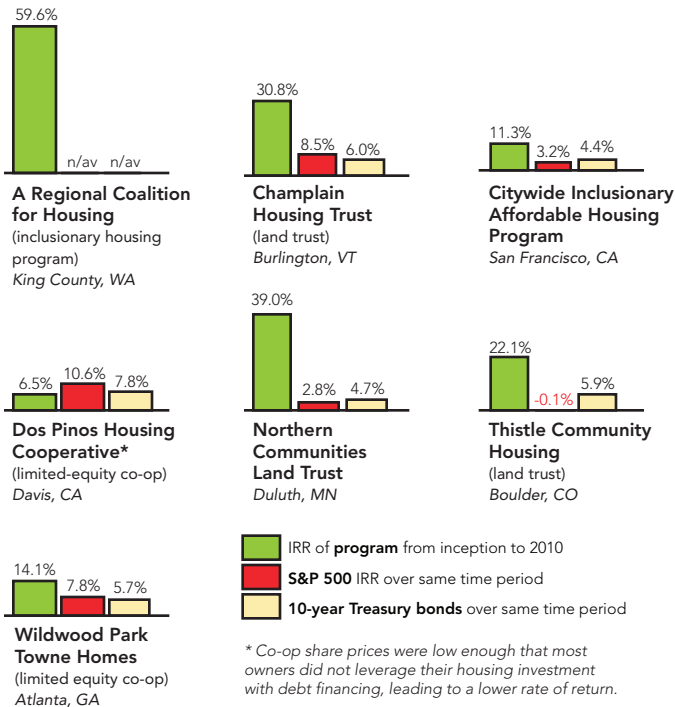


BUILDING ASSETS . . .

Every shared-equity program has its own formula for balancing affordability, security, and asset-building in ways that make sense in its local context. However, even within this variety, participants consistently build assets—frequently more than they would have built by investing their downpayments in either Treasury bonds or the S&P 500. And unlike with those financial instruments, they also get a home.

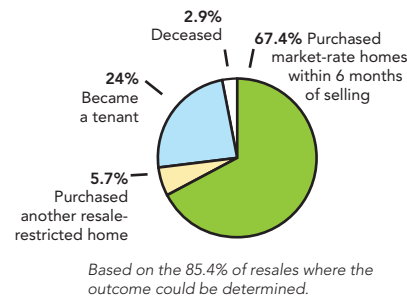
SUBSTANTIAL RETURNS, OFTEN OUTPERFORMING STANDARD INVESTMENTS

Average internal rates of return (IRRs) for seven shared-equity homeownership programs, representing the three main forms (inclusionary housing, limited-equity co-op, and community land trust). Rates were calculated from all resales from program inception through 2010, and compared to the respective rates of return for S&P 500 and 10-year Treasury bonds for the same time periods. Source: Urban Institute, 2010, www.nhi.org/go/HTT



. . . AND KEEPING THEM

A BRIDGE TO MARKET-RATE HOMEOWNERSHIP



More than two-thirds of owners selling resale-price-restricted homes in the Champlain Housing Trust between 1998 and 2008 had accumulated enough assets to purchase a market-rate home without any additional subsidy.

Source: Davis and Stokes, Champlain Housing Trust, 2009, www.nhi.org/go/CHTresale

ONE TENTH THE FORECLOSURE RATE, DESPITE LOWER INCOMES

Thanks to a combination of better and more affordable loans and extensive post-purchase support and stewardship, far fewer community land trust homeowners lost the assets they had been building to foreclosure during the housing crisis.

Foreclosure and serious delinquency rates as of the end of 2010 for community land trusts (one form of shared-equity homeownership), compared with the rates for all loans, as tracked by the Mortgage Bankers Association.

Source: Thaden, National Community Land Trust Network, 2011, www.nhi.org/go/Thaden.

