



Affordable  
Housing  
Initiative  
A Project of CDF

# Making the Case for Shared Equity Housing

**T**he racial wealth gap is wide. As of 2023, the wealth of the typical Black family was roughly 15% of the typical white family; and the typical Hispanic family roughly 20% of the typical White family. America's reliance on homeownership for wealth is not helping, as the rate of homeownership for households of color lags white households by 25-30%. This past year, homeowners saw their equity increase by \$1.5 trillion, a gain of 9.6% year-over-year. This increase in value for homeowners, together with decades of discriminatory policies, deepens the intergenerational wealth gap across racial lines.

Shared equity housing (SEH) models—including community land trusts (CLTs), limited equity cooperatives (LECs), and resident owned communities of manufactured homes (ROCs)—are a cost-effective path to permanently affordable housing for low-income households. They combine financial investments made by owners with mechanisms that retain affordability for future buyers and benefit the communities in which they live. Here's how.

## HOUSING THOSE MOST IN NEED

SEH MODELS ARE PARTICULARLY IMPACTFUL AMONG PEOPLE WHO HAVE AND CONTINUE TO EXPERIENCE SYSTEMIC EXPLOITATION AND EXCLUSION.

- CLTs “**disproportionately serve the housing insecure** [...] including households headed by **women and households of color.**”
- “CLT owners are more likely to be **Black and in female-headed households.**”
- In ROCs, 75% of homeowners are **at or below 80% of the area median income.**

## BUILDING INDIVIDUAL AND COMMUNITY WEALTH

SEH MODELS EXPAND OWNERSHIP OPPORTUNITIES AND KEEP IT AFFORDABLE FOR FUTURE GENERATIONS. THIS WEALTH STAYS IN THE COMMUNITY.

- “Shared equity models preserve affordability and **keep homeownership accessible for successive generations** of low-to-moderate income families [...] embedding public investments in SEH is both a more efficient and sustainable means of delivering affordability.”
- SEH models “**protect affordability against market appreciation**, extending the benefits of limited funds past their first use.”
- “SEH takes the equity created by society or contributed by government or individual donors and **turns it into community wealth.**”
- Over time, LECs are more cost-effective to run, allowing homeowners to build wealth. “**LECs' operating costs are as much as one third lower** as a result of members' pooling resources, members' concern for their property, and resident oversight of property affairs.”

## STABILIZING HOUSING AND HOMEOWNERSHIP

SEH MODELS PRESERVE STABILITY FOR INDIVIDUALS AND COMMUNITIES OVER TIME.

- During the foreclosure crisis in 2009, “CLTs were **five times less likely to be seriously delinquent**, and almost **six times less likely than prime loans**. When compared to subprime loans, the numbers are 14 times and 30 times, respectively. [...] CLTs were **simply “outperforming the market”—even the prime market.**”
- CLT owners “report **fewer home moves in the past five years** and describe having **more time and resources** to engage in various activities, such as seeing friends or pursuing hobbies.”
- “Longitudinal studies, capturing periods of economic growth and decline, have shown LECs to have **survival rates of anywhere between 80-97%** over 30+ year periods, while in a similar timeframe, **CLTs were shown to have a 92% survival rate.**”
- In Minneapolis, “**CLTs stabilized property values** in the low income North Minneapolis area, and this was

particularly true during the foreclosure crisis and its property value declines.”

- In data across various SEH models, “**foreclosure rates were below those HUD reported for their surrounding areas** as of 2009.”

## PRESERVING DIVERSE NEIGHBORHOODS AND COMMUNITIES

STABLE, AFFORDABLE HOUSING PRESERVES AND DIVERSIFIES NEIGHBORHOODS, CURBING GENTRIFICATION AND DISPLACEMENT.

- “In gentrifying areas, preserving the availability of low-cost housing **prevents the displacement of low-income people and protects owner occupancy** [...] LECs formed in the Clinton neighborhood of Manhattan have been a “**bulwark against gentrification**” in the area, and have allowed low-income people to both remain in the neighborhood and be owners of their housing.”
- There is “strong support for the ability of CLTs to help **maintain middle-class ratios, education levels, and owner-occupied housing rates**, as well as **increasing affordability** in neighborhoods that were gentrifying.”
- “CLTs **increased racial diversity and stabilized income levels** and housing prices.”

## FOSTERING CIVIC ENGAGEMENT AND COLLECTIVE ACTION

STABLE HOUSING AND HOMEOWNERSHIP FOSTER HEALTHY CIVIC ENGAGEMENT.

- “39.7% [of residents] reported that they had become **more actively involved since moving into their LEC**, compared to 14.5% of renters.”
- “Residents’ **feelings of stability, ownership, and control were stronger than in investor-owned properties.**”
- “Compared to low-income renters, LEC residents **live in their neighborhoods longer, have a greater desire to stay and participate more** in local organizations.”
- SEH models “provide residents with the **political power to determine the futures of the communities they live in** through the organized vehicle of collective resident and/or community ownership.”
- “The retention of tenure through permanent affordability, paired with the political power of **community-led development through collective ownership** that SEH can deliver adds another level to wealth building, moving it beyond simply the confines of single-family homeownership, and **integrating that into the larger fabric of the community.**”

## REFERENCES

The data and statistics cited here come from “**Trends in Shared Equity Housing**,” a working paper commissioned by CDF from The Bloustein School of Planning and Public Policy at Rutgers University.

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