



What is Shared Equity Housing?

Shared equity housing (SEH) models fall between homeownership and renting. They are a cost-effective path to permanently affordable housing for low-income households.

These models involve entities or properties in which residents and community members lead in both governance and ownership. Features typically include:

- **Structure:** Typically structured with community as lessor or owner-occupancy of residential property.
- **Community Control:** Equity is shared among members of the community and/or owners of the property.
- **Affordability Preservation:** Resale restrictions limit the owners' gain in value appreciation while ensuring affordability is enjoyed by successive generations.
- **Stewardship:** An entity shares responsibility as a steward and representative of the broader community's interests.

SHARED EQUITY MODELS

COMMUNITY LAND TRUST (CLT)

Structure: Nonprofit CLTs acquire and retain land for the long-term benefit of the community, leasing it to low-income households who purchase a home on the property.

Community Control: The CLT provides a vehicle through which the community can control the land and maintain affordability.

Affordability Preservation: A formula controls prices and equity distribution with the option for first right of refusal in unit resales.

Stewardship: CLTs support homeowners and maintain affordability through oversight of sales and transfers with a vested interest in the property.

LIMITED EQUITY HOUSING COOPERATIVE (LEHC OR LEC)

Structure: Residents in multi-unit buildings own shares in a cooperative that owns the property, with individual

occupancy of their homes through a proprietary lease agreement.

Community Control: Residents govern their building by actively exercising voting rights to elect the board and make major decisions.

Affordability Preservation: Resale of shares follows a formula to maintain affordability while contractual restrictions secure the cooperative's first option on resale and limit the equity homeowners can claim when selling their share.

Stewardship: The board enforces restrictions and offers technical assistance empowering residents as effective stewards.

RESIDENT-OWNED COMMUNITIES (ROCS)

Structure: Residents individually own single-family manufactured homes and a share in the cooperative that owns the land underneath their homes.

Community Control: Residents govern the cooperative by exercising voting rights to elect the board and make major decisions.

Affordability Preservation: Share affordability is maintained through resale restrictions, while home resales are generally unrestricted.

Stewardship: Resident-owned communities are self-governed through resident-elected boards as well as engagement in decision-making on quality of life, infrastructure, and maintenance matters.

WHY SHARED EQUITY?

Residents and communities benefit from permanently affordable housing that enables intergenerational wealth-building and other opportunities for economic well-being.

Benefits include long-term affordability, subsidy retention, asset building and wealth creation, improved stability, social capital through involvement, and community control.

LONG-TERM AFFORDABILITY

By maintaining community or resident ownership of land or property, SEH models prevent the risk of speculation, displacement, or conversion of affordable units into higher-priced housing.

SUBSIDY RETENTION

SEH models help retain housing subsidies by structuring ownership and financing in a way that ensures those subsidies remain tied to the property over time, thus curbing private gain or privatization.

ASSET BUILDING AND WEALTH CREATION

Residents can build assets, improve their financial stability, and take advantage of opportunities rental housing may not offer.

IMPROVED STABILITY

In gentrifying areas, SEH prevents displacement of residents with limited incomes and protects owner-occupancy. SEH redevelops and rehabilitates low-quality rental units, preserving and expanding community ownership. These models distribute risk (repair and maintenance) through a resident community that increases collective stability. This fosters diverse and inclusive communities, social cohesion, and economic integration.

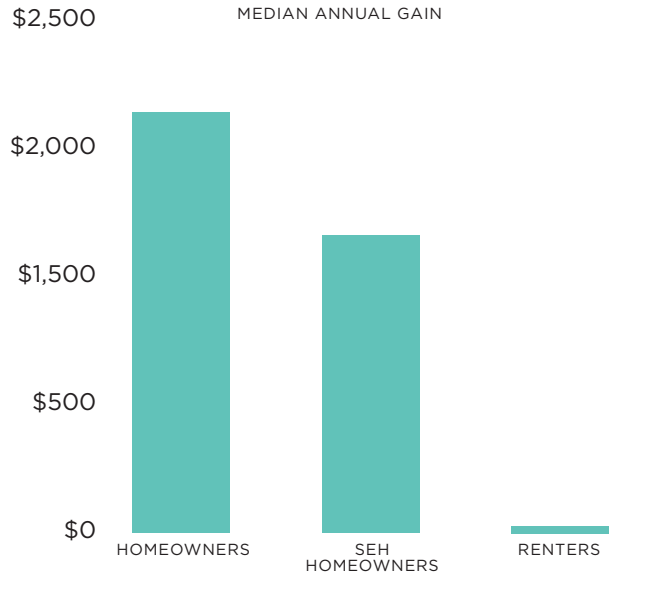
SOCIAL CAPITAL THROUGH INVOLVEMENT

Active participation in leadership, management, and maintenance of the community’s assets or individual properties cultivates collective responsibility and action.

COMMUNITY CONTROL

SEH models empower place-based community development in which residents make decisions and advocate for enhanced quality of life. Community control ensures that the needs and priorities of residents, particularly those facing housing insecurity, are considered and addressed.

**HOUSING WEALTH ACCUMULATION
1997-2017**



With respect to housing wealth accumulation, recent research found that median SEH owners accumulated ~\$1,700 in housing wealth annually. This is significantly more than the mere \$16 in annual gain experienced by renters.

Source: Acolin et al, 2021

OUR PARTNERS



groundedsolutions.org



rocusa.org



coophousing.org

National Association of Housing Cooperatives



uhab.org

Primary support for CDF’s Affordable Housing Initiative is provided by the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation. Additional resources are provided by the Cooperative Development Fund and the Do Well to Do Good funds honoring cooperative hero Chuck Snyder.



1775 I Street NW | 8th Floor | Washington, DC 20006

cdf.coop | (202) 383-5440 | info@cdf.coop