



*Is it Time for
Permanently
Affordable Housing
Strategies in Middle
Neighborhoods?*

The National Middle Neighborhoods Community of Practice

Middle Neighborhoods Initiative

A **National Initiative** focused on mobilizing attention to reverse the disappearance of middle neighborhoods through decline or gentrification. The initiative does this through

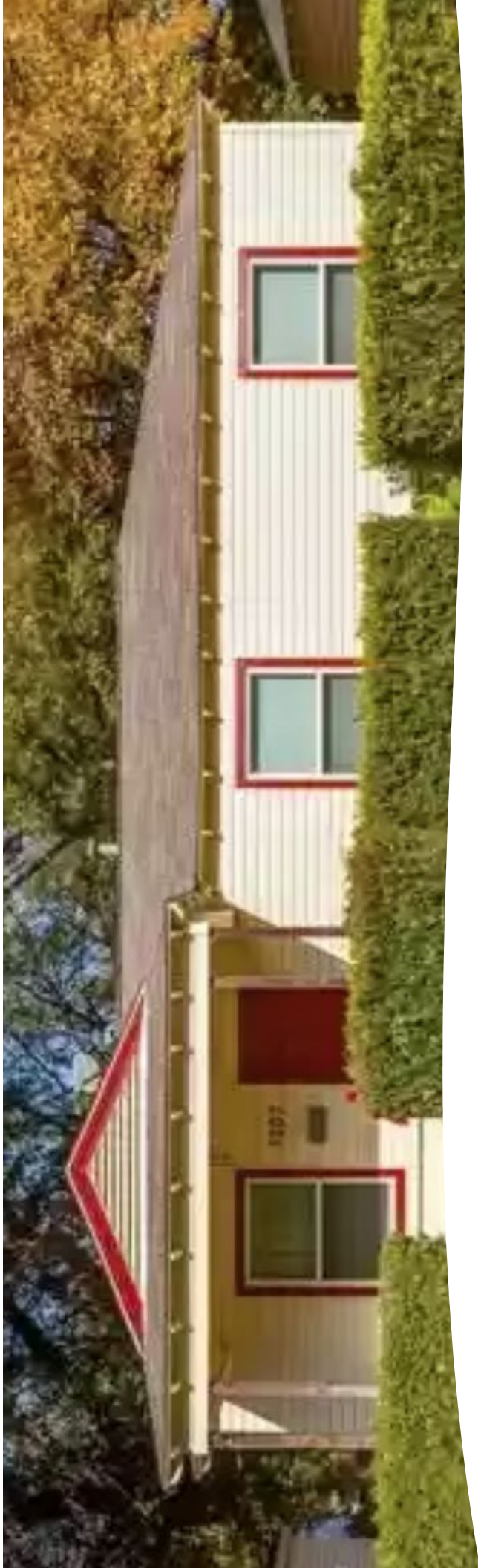
- A **Community of Practice** that facilitates peer-to-peer learning among middle neighborhood practitioners. The CoP connects more than 400 practitioners, policymakers and researchers to each other through webinars, events, case studies, newsletters, and virtual site visits.
- **Research** into topics relevant to middle neighborhood practitioners and policymakers.
- **Policy analysis and advocacy** around housing, lending and other community development issues.
- **Communications** strategies to advance awareness and technical knowledge among a wide variety of audiences.

The initiative is coordinated by the **National Community Stabilization Trust** and **NeighborWorks America** and is advised by a **Steering Committee** of 20 prominent researchers, practitioners, and policy makers.



**MIDDLE
NEIGHBORHOODS**





Characteristics of Middle Neighborhoods

- Mostly single-family homes built for families with children.
- Still well more than 50% owner-occupied, but slowly eroding.
- Housing stock is aging, still in generally acceptable condition, but often lacks features and updates to compete well for today's homebuyers.
- More racially, ethnically and economically diverse.



Many Middle Neighborhoods Are Faltering In Their Sustainability

- Ability to **reliably attract replacement owner occupants** and other neighborhood-friendly buyers
- Ability to **generate home values that support quality maintenance**, repairs and updates without appraisal gaps
- Ability to **repel irresponsible investors**
- Ability to **maintain engaged residents taking stewardship** of the neighborhood
- Ability to **deliver home equity to owners and revenue to municipal government**

Some Middle Neighborhoods Are Facing Gentrification and Displacement

- Regions with strong economies and/or housing supply shortages
- Loss of affordable housing
- Risk displacement of lower-income renters, homeowners, and commercial tenants.
- A critical opportunity to:
 - Ensure that existing residents and businesses share in the community's growing prosperity.
 - Preserve affordable housing before it is lost.



<http://middleneighborhoods.reomatch.com/>

Click [here](#) to learn more about defining Middle Neighborhoods

Choose a 2014-2018 layer to display

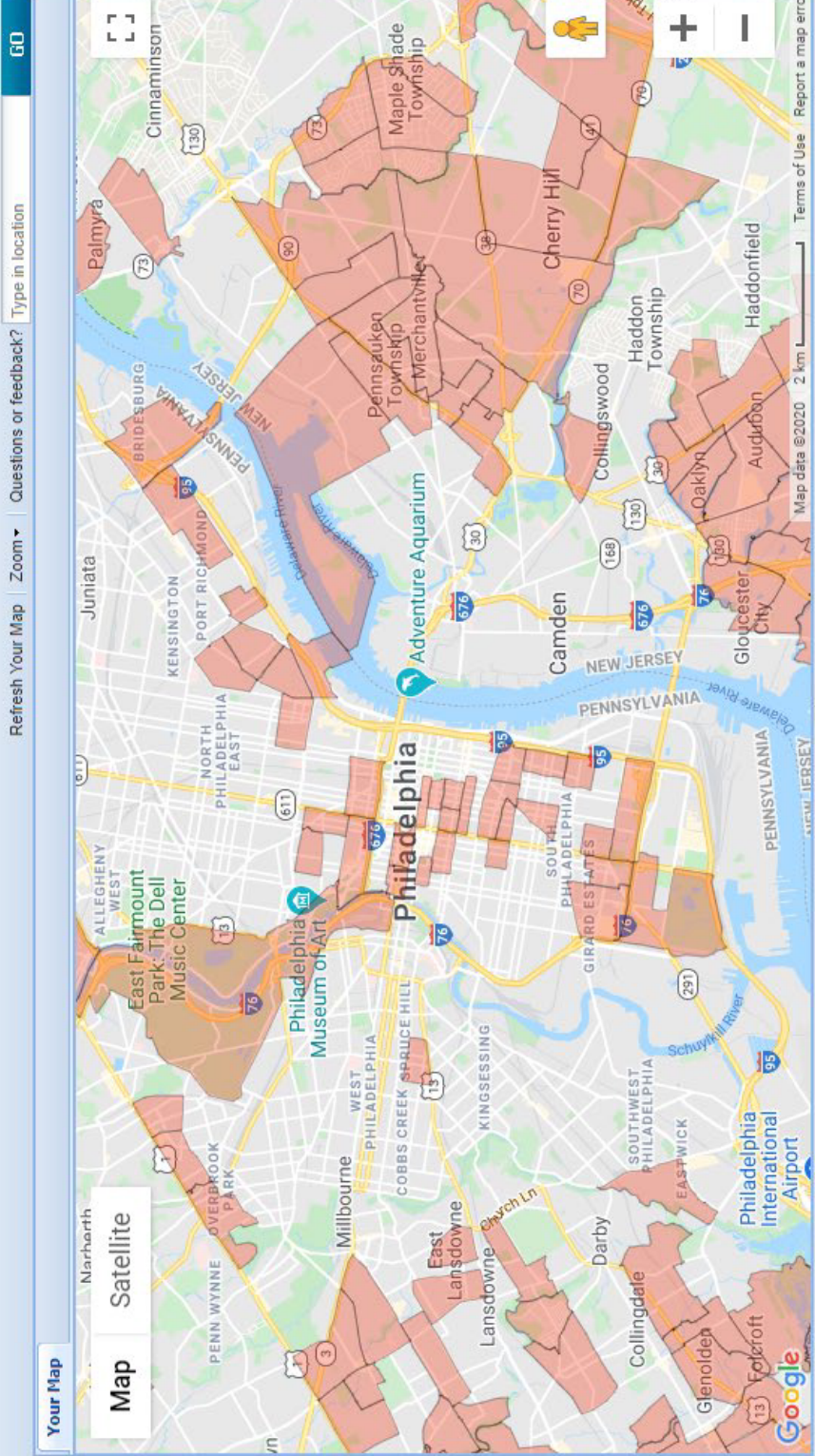
- 2018 City Test 1: 60-100% CMI
- 2018 City Test 2: 80-120% CMI
- 2018 National Test 1: 60-100% NMI
- 2018 National Test 2: 80-120% NMI
- 2018 Regional Test 1: 60-100% AMI
- 2018 Regional Test 2: 80-120% AMI
- 2018 Regional Test 3: 100-160% AMI

Choose a 2006-2010 layer to display

- 2010 City Test 1: 60-100% CMI
- 2010 City Test 2: 80-120% CMI
- 2010 National Test 1: 60-100% NMI
- 2010 National Test 2: 80-120% NMI
- 2010 Regional Test 1: 60-100% AMI
- 2010 Regional Test 2: 80-120% AMI
- 2010 Regional Test 3: 100-160% AMI

MSAs

- Panama City, FL Metro Area
- Parkersburg-Vienna, WV Metro Area
- Pensacola-Ferry Pass-Brent, FL Metro Area
- Peoria, IL Metro Area
- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area
- Phoenix-Mesa-Scottsdale, AZ Metro Area
- Pine Bluff, AR Metro Area
- Pittsburgh, PA Metro Area
- Pittsfield, MA Metro Area



Displaying census tracts with median household incomes between 80 and 120 percent of regional/MSA median (\$69,465), or \$55,572 - \$83,358

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Panelists

Shared Equity Housing Overview

January 12, 2023



AMERICA

Working Together for Strong Communities

@NeighborWorks





What is Shared Equity Housing?

Shared equity housing is an umbrella term for models that balance the benefits of individual ownership with the community benefits of having land and housing that remains affordable to residents over time.

Shared Equity Housing Models

Common models include:

- Community Land Trusts (CLTs)
- Resident-Owned Communities (ROCs)
- Deed-Restricted Units (sometimes called Below Market Rate, Permanently or Long-term Affordable Homes, etc.)
- Limited Equity Housing Cooperatives (LEHCs or LECs)

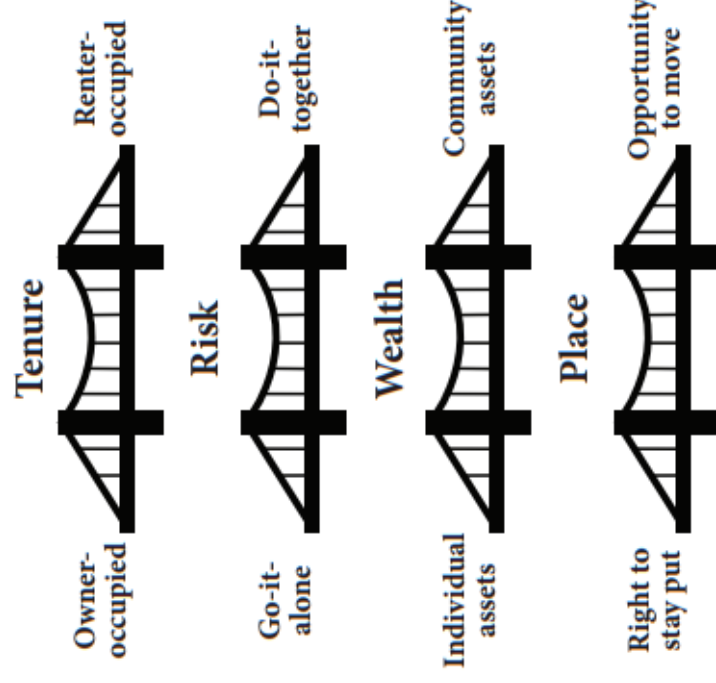


**POLL: How familiar
are you with shared
equity models?**

Characteristics of Shared Equity

Typical characteristics of Shared Equity strategies include:

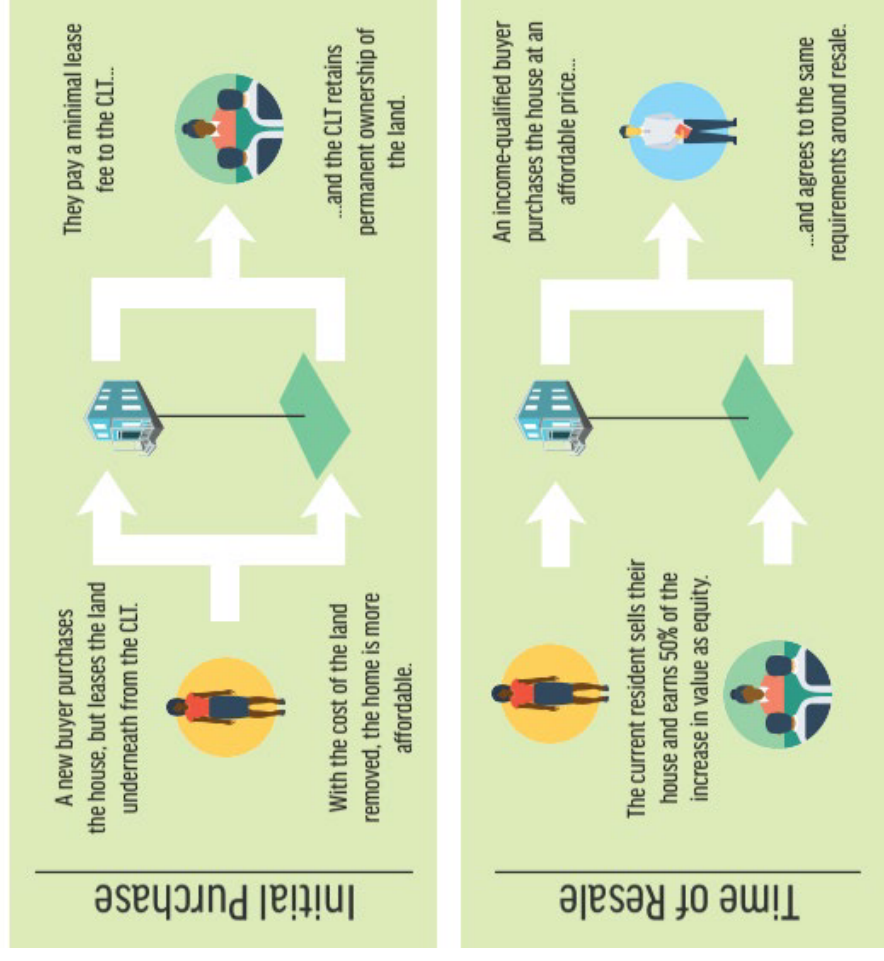
- Resale Restrictions to Keep Homes Affordable
- Sharing of Risks and Rewards of Homeownership
- Ongoing Stewardship
- Strong Community Role



Source: Affordable for Good: Building inclusive communities through homes that last
<https://www.habitat.org/sites/default/files/ShareReport2017.pdf>

Community Land Trusts

- CLTs acquire land and steward it permanently to meet community needs
- U.S. roots of the CLT trace back to the 1960s civil rights movement
- 289 Community Land Trusts with around 12,000 homes in the US (2021)
- Homeownership: split ownership between a family/buyer and the CLT



Limited-Equity Cooperatives & Resident-Owned Communities

- Self-governing group of residents own shares of the cooperative
- **LECs:** Shares are sold at an affordable price, typically to an income-eligible buyer
 - Around 300,000 nationwide
- **ROCs:** Manufactured home communities where residents own the property
 - 304 ROC communities with 20,000+ owners in 21 states



Sources: Shelterforce <https://shelterforce.org/2017/04/25/will-limited-equity-co-ops-make-comeback/> and ROC USA <https://rocusa.org/>

2021 Model Declaration of Affordability Covenants with Refinance and Resale Restriction and Purchase Option

Shared equity homeownership programs can use a declaration of covenants (also known as a deed restriction or deed covenant) as their legal agreement with a homeowner. This model declaration of covenants also includes the companion 2021 Model Subordinate Program Mortgage.



August 2021 | 903-493-1000 | groundedsolutions.org

Deed-Restricted Homes

- Make a home affordable upfront to income-qualified buyer
- Include stipulations in the deed of the home to ensure the home is sold at an affordable price upon resale, typically to another income-eligible buyer
- Used by nonprofits and municipalities

<https://groundedsolutions.org/tools-for-success/resource-library/2021-model-deed-restriction>

Benefits of Shared Equity Housing



Photo Courtesy of Dwelling Place of Grand Rapids

- Creates wealth building opportunities for those who wouldn't otherwise have access to ownership and can play a role in closing the racial wealth gap
- Keeps housing affordable for future generations
- Stabilizes neighborhoods by preserving access to affordable land and housing over time
- Empowers residents to have a say in the way land is used in their communities

Shared Equity Initiative: Key Activities

- Launched the initiative in 2019 and have received \$12M to date to support the program nationwide
- Over 60 network organizations using or actively exploring shared equity housing models to preserve affordability in their service areas

Grants	Technical Assistance	Training	Tools & Templates	Evaluation
<ul style="list-style-type: none">• 4 types of capacity building grants• Production grants	<ul style="list-style-type: none">• One-on-one support from a team of consultants• Peer and network learning	<ul style="list-style-type: none">• New courses• Place-based trainings & Symposium• Scholarships	<ul style="list-style-type: none">• <u>Communication Tools</u>• <u>Decision Guide</u>• <u>Advancing the Promise of Shared Equity Housing Models</u>	<ul style="list-style-type: none">• Resident outcome evaluation supports

Shared
Equity
Trainings

Feasibility
Grants

Peer
Learning
Grants

Planning
Grants

Evaluation
Support

Capital
Grants

Innovation
Grants

**Learning &
Exploring**

**Understanding
Feasibility/Market &
Capacity**

Planning/Start-up

**Strengthening
and Scaling**

**Building
Innovation**

Keys to Success:

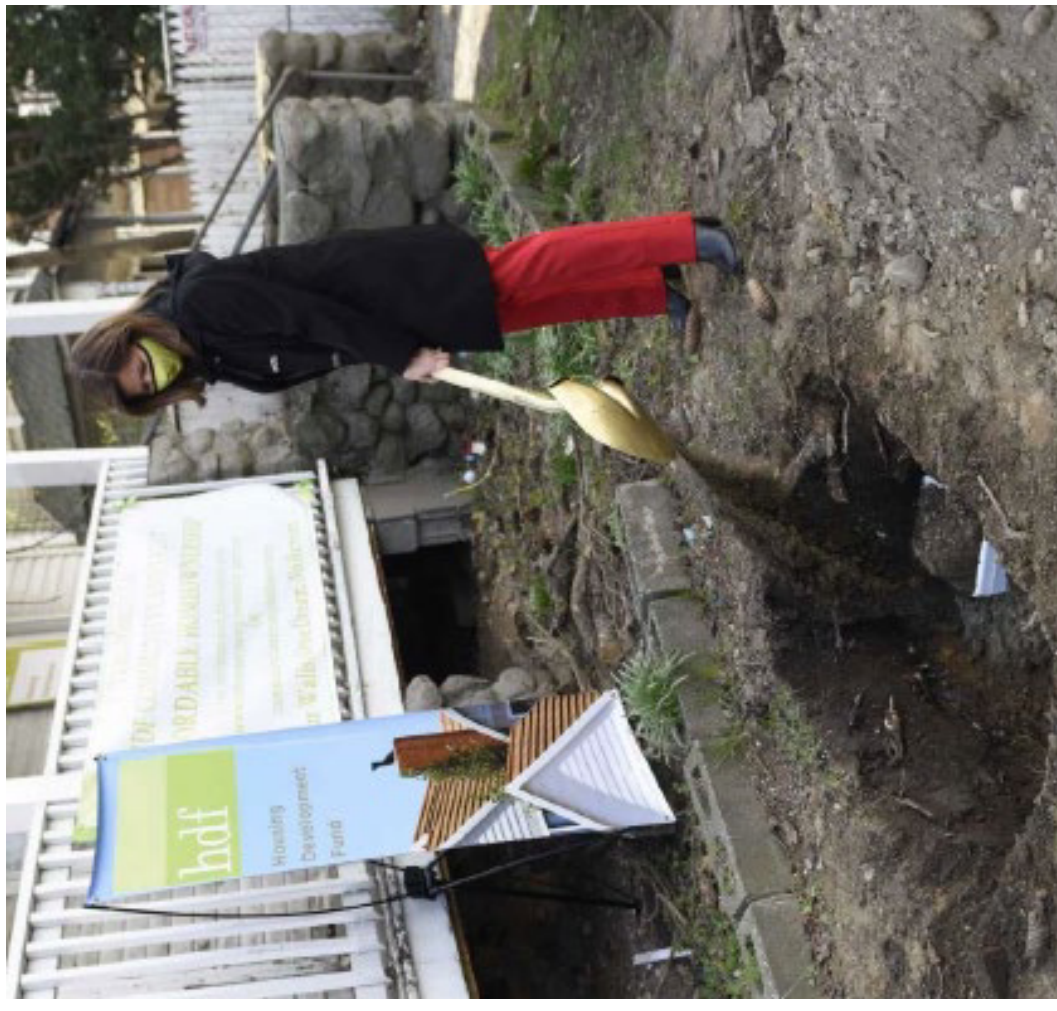
- Knowing the time is right for your community to consider SEH models
- Planning for success: Stewarding your homeowners and partnerships



Image Credit: Bonnie Acker 2014
<http://cltroots.org/the-guide/many-gardens-model-becomes-clt-movement>

Reasons to Consider Shared Equity Models

- The subsidy needed to make homeownership accessible is increasing (or very high)
- The neighborhood you work in is facing or anticipating gentrification or displacement pressures
- Resident ownership and/or community control aligns with your mission and values



Stewardship is Essential

- Legal agreements alone do not guarantee ongoing affordability
- Plan for ongoing education – for potential buyers, current homeowners, AND partners
- Be strategic – which role(s) are right for you



Thank You!

 NeighborWorks[®]

AMERICA

Working Together for Strong Communities

Jenee Gaynor

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@NeighborWorks



Community Housing Trust

Roots in affordable homeownership



The History

Rehabilitating and reselling affordable homes since 1976



The Problem

The math no longer works...



Yuck!



Financial challenges

Development cost > selling price

Resale = loss of affordability



The Big Questions

How to use subsidies well?

How to create lasting affordability?



The structures we used

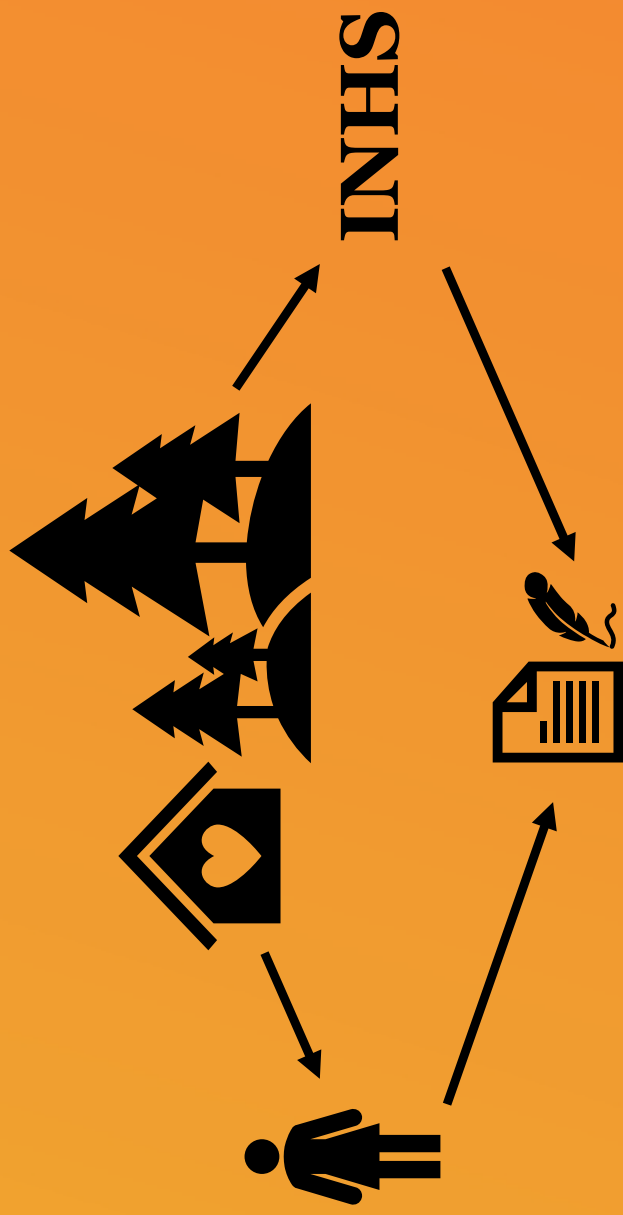
< 2009: Deed restrictions

>2009: Ground-lease shared equity



Our Community Housing Trust

Eureka!



How does it work?

Homeowner benefits:

- **Below-market purchase price**
- **Reduced property taxes**
- **Energy-efficient, high-quality home**

How does it work?

Trade-off for homeowners:

- **Restricted resale value**



Local conditions

- **HO vacancy rate: 1.5-2%**
- **Median price: \$295,000**
- **80% AMI: \$64,160 (2 pers HH)**



Essential components

Three keys:

- **Financing assistance**
- **Reduced tax assessment**
- **Annual appreciation cap**

CHT today

Snapshot:

- 64 homes
- + 6 just-completed, under contract
- + 17 in development



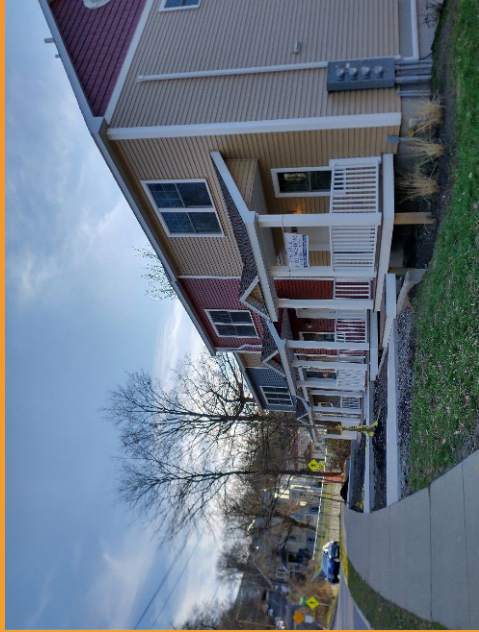
Goals:

- **Financial sustainability**
- **Strategic development**
- **Modest growth**
- **New models**

A few more thoughts

- **Future funding**
- **Evolving priorities**
- **Economic and social justice**

Some recent projects



Thanks!

Contact me:

Leslie Ackerman
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SOUTHERN COLORADO

New Middle Neighborhood

from scratch

Ashleigh Winans

CEO

What Changed?



HOUSING MARKET



PRICES RISING FASTER
THAN INCOMES



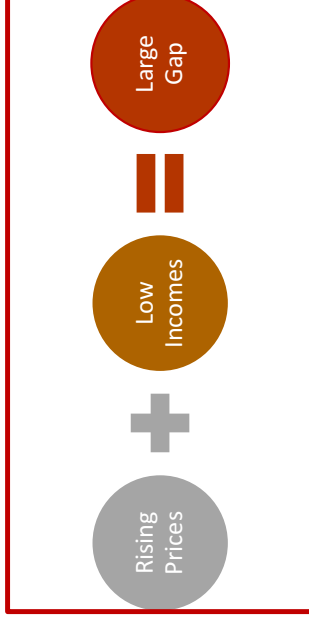
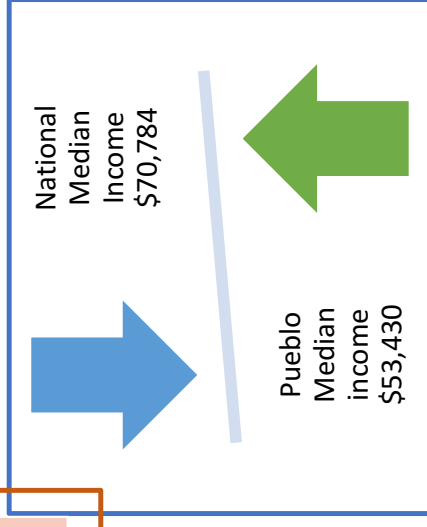
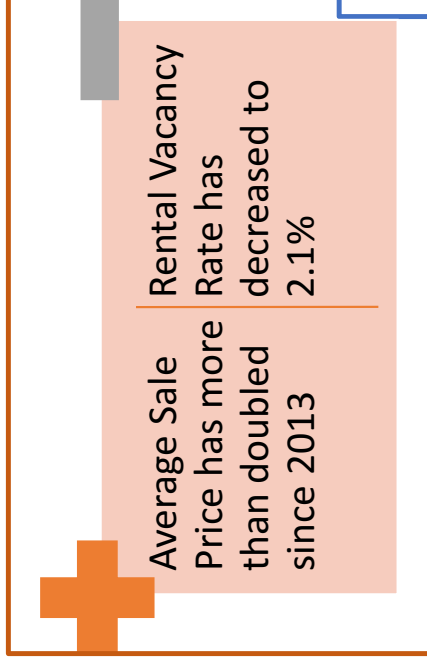
CREATES A LARGER GAP
IN AFFORDABILITY

What The Numbers Show

*For Pueblo, CO

The 2023 HUD-Published fair market rent for a 3-bedroom home was \$1,471.

This figure, coupled with a critically low 2.1% rental vacancy rate, makes the need for affordable homeownership options even more vital.



What Now?

Who?

- Who is in the greatest need?
- 80% AMI, BIPOC population, Disadvantaged community

Where?

- Where is the opportunity?
- Somewhere there is land, a need, and can make the greatest impact

What?

- What do we need to provide?
- Connectivity, Public Transportation, Access to critical services and a Variety of affordable housing solutions

When?

- When is this needed?
- NOW!

How?

- How do we create a safe, healthy, affordable community that provides wealth building opportunities and where do we get funding to do it?

Finding the Right Solution

The Location

- Lies within an Opportunity Zone
- Is a Food Desert
- 67.4% Identify as BIPOC
- 24.4% of people live with a disability
- 32% live below poverty level vs. 18.4% of the Pueblo area
- 44.5% homeownership rate vs. 64.7% of the Pueblo area
- 33.1% cost burdened homeowners vs. 23% of the Pueblo area
- 64.2% cost-burdened renters vs. 51% of the Pueblo area
- 2.8% utilize public transit vs. 0.7% of the Pueblo area

Affordability

- Shared Equity (Deed Restriction)
- Allows families to generate wealth
- Assists in shrinking the wealth gap

Funding Sources

- Colorado Health Foundation
- U.S. Dept of Housing and Urban Development (HUD)
- Department of Local Affairs (DOLA)
- Federal Home Loan Bank
- Metro District
- City of Pueblo



Pikes Peak Park

Pikes Peak Park will serve as the catalyst for investment and connectivity for the west side of Pueblo. It will be a healthy, walkable neighborhood while bringing public transportation, retail space, community buildings, provide access to childcare, healthcare services, food access, and create affordable homeownership opportunities through Shared Equity

Mixed-Use, Mixed-Income

600+ units

Variety of Housing Types

- Condos
- Townhomes
- Single-Family
- Multi-Family

Amenities

Healthy, 10-Minute Neighborhood

- 10 Commercial units
- Two Community Spaces
- 15+ Acres of Public Parks and Green Space
- Urban Gardens and Fruiting Orchards
- Connection to local regional trail system



Breaking Ground in March 2023!

Benefits

Homebuyers

- Wealth Building
- Enhanced Emotional Wellbeing
- Improvement of Children's education

Community

- Create Jobs
- Workforce Development
- Economic Growth

Organization

- Self-sustainability
- Earned Income Revenue
- Increased Balance Sheet

Thank you!

Ashleigh Winans

NeighborWorks Southern Colorado, CEO

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JOIN US!
The Middle Neighborhoods
Community of Practice
(CoP)

The Middle Neighborhoods CoP is an informal, facilitated network of practitioners, researchers and policymakers engaged in revitalizing middle neighborhoods. CoP members share learnings through topical webinars, referrals, site visits, phone calls, and occasional larger group events.

There are currently more than 400 people in the CoP. Please join us!

middleneighborhoods.org



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Center for Community Progress

Check out: The Cornerstone Webinar Series



Thank you for
joining us!

Please email us if you have ideas for webinars, case studies, news stories, etc.

Tell us about your experience today!

