

What is Shared Equity Homeownership?



**GROUND
SOLUTIONS
NETWORK**

strong communities
from the ground up



Shared equity homeownership programs create affordable homeownership opportunities that can serve generations of buyers. Shared equity homeownership is an umbrella term that encompasses a variety of municipal and nonprofit programs, like a community land trust, that are designed to create ownership units' lasting affordability.

How Shared Equity Homeownership Stays Affordable

First, shared equity programs build or buy homes using one-time public or private investments. Next, the program sells the home to a low- or moderate-income buyer who qualifies for a mortgage. In return for being able to buy a home at a discounted price, the homeowners agree to pay it forward and sell to another income-qualified family at a price they can afford. The shared equity program manages the homebuying process, ensuring that each homebuyer builds some wealth from a predetermined, limited amount of the sales proceeds.

Shared equity programs typically use a deed restriction or a ground lease to detail the homeowner and program's rights and responsibilities, balancing the individual, community and public policy interests at play. There are national model deed restrictions and ground leases that provide important best practices and ensures that homeowners can access conventional financing products.



The Impact of Shared Equity Homeownership

In a shared equity homeownership program, a one-time investment in a home makes lasting affordability a reality.

Shared equity programs can stabilize communities by preserving and protecting housing for long-term residents; helping to build stronger, safer and higher quality diverse neighborhoods; and, contributing to greater educational attainment, employment opportunities and health outcomes. There are over 250,000 shared equity homeownership units across the country.

The median shared equity household accumulates
\$14,000
in earned equity.
(compared to a median initial investment of \$1,875)

6 out of **10**
shared equity homeowners
use their earned equity
to eventually purchase a
traditional market rate home.

over **99%**
of shared equity homes
avoid foreclosure
proceedings.

For more information, visit www.GroundedSolutions.org. If your organization provides homeownership units, you may be able to increase your buyers' access to conventional financing if your program meets the Duty to Serve definition of shared equity homeownership through our partnership with Fannie Mae, find out more at www.GroundedSolutions.org/dts-opportunity

Fannie Mae works with stakeholders and partners to drive positive change in the mortgage financing system and fulfill their affordable housing mission. They're investing in affordable, sustainable homeownership, including initiatives supporting shared equity programs.

