

# RURAL LSC



# RAISING THE ROOF

Shared Equity Housing in Rural Communities: Models, Lessons and Best Practices

20 July 2023, 3:00pm EST



Working Together for Strong Communities

# Shared Equity Housing at NeighborWorks America

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# What is Shared Equity Housing?

**Quick Poll:** How familiar are you with shared equity housing models?





# What is Shared Equity Housing?

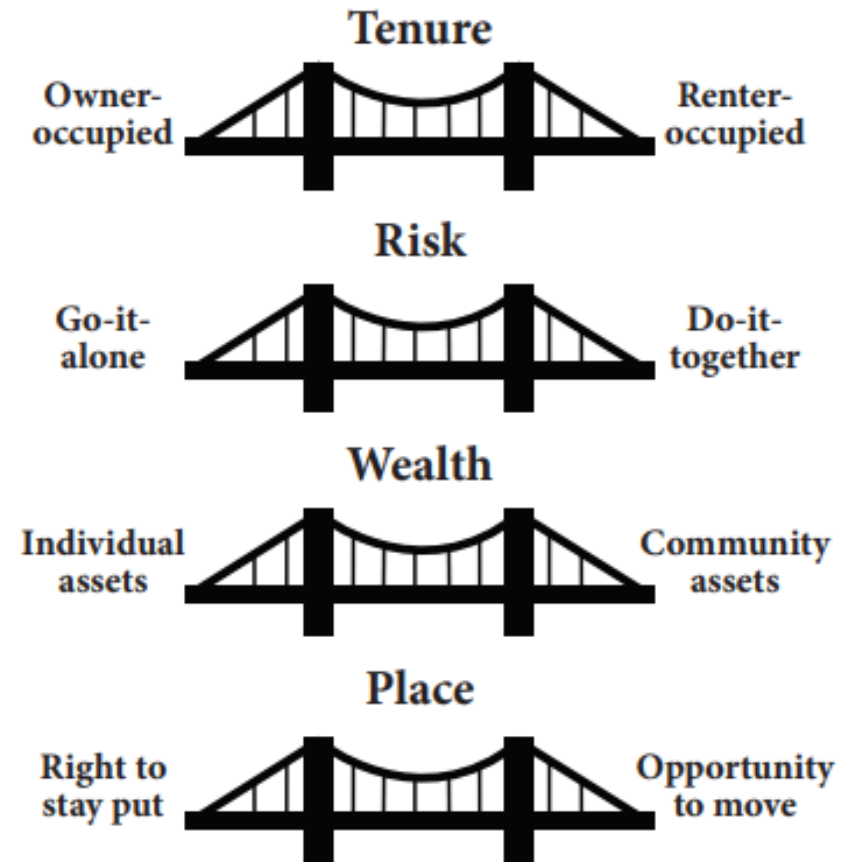
Shared equity housing is an umbrella term for models that balance the benefits of individual ownership with the community benefits of having land and housing that remains affordable to residents over time.



# Shared Equity: It's about Balance

Typical characteristics of Shared Equity models 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/ShelterReport2017.pdf>

# Shared Equity Housing Models

Common models include:

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





# Community Land Trusts & Deed Restricted Programs

- Both: homebuyer agrees to sell at a price affordable to a similar family in the future
- 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
- Deed restricted/shared equity programs are administered by nonprofits and municipalities
- 314 CLT/Shared Equity programs (2022) with 15,000+ shared equity units



Sources: NeighborWorks America SEH Initiative Grantees

# 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 owned by residents
  - 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/>



# Benefits of Shared Equity Housing

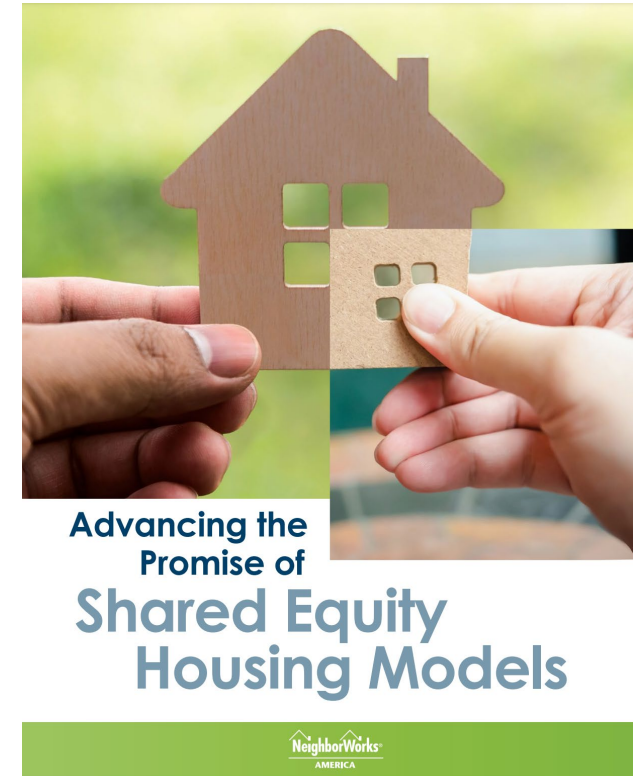


Photo Courtesy of Dwelling Place of Grand Rapids

- 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

# NeighborWorks America's Shared Equity Housing Initiative

- Launched the initiative in 2019 with \$12M in appropriations to date
- Over 75 NeighborWorks network organizations using or exploring shared equity housing models to preserve affordability in their service areas
- 25 grant awards to members of our Rural Initiative – ranging from exploring interest and feasibility to production (capital) awards
- 21 Rural Initiative network organizations reporting more than half of our 5,000 SEH units – mostly ROC and CLT units





# NeighborWorks America's SEH Initiative – Continuum of Capacity: **FY19-21 Outcomes**

## Building Awareness

- Developed new training
- Published [Communication Tools](#) and a [Decision Guide](#)
- Held webinars and a national symposium

## Feasibility, Market and Capacity Assessments

- Feasibility grants
- Place-Based Training awards
- Connecting network organizations with peers and consultants

## Planning / Start-up

- Planning grants
- Connecting network organizations with peers and consultants

## Scale / Innovation

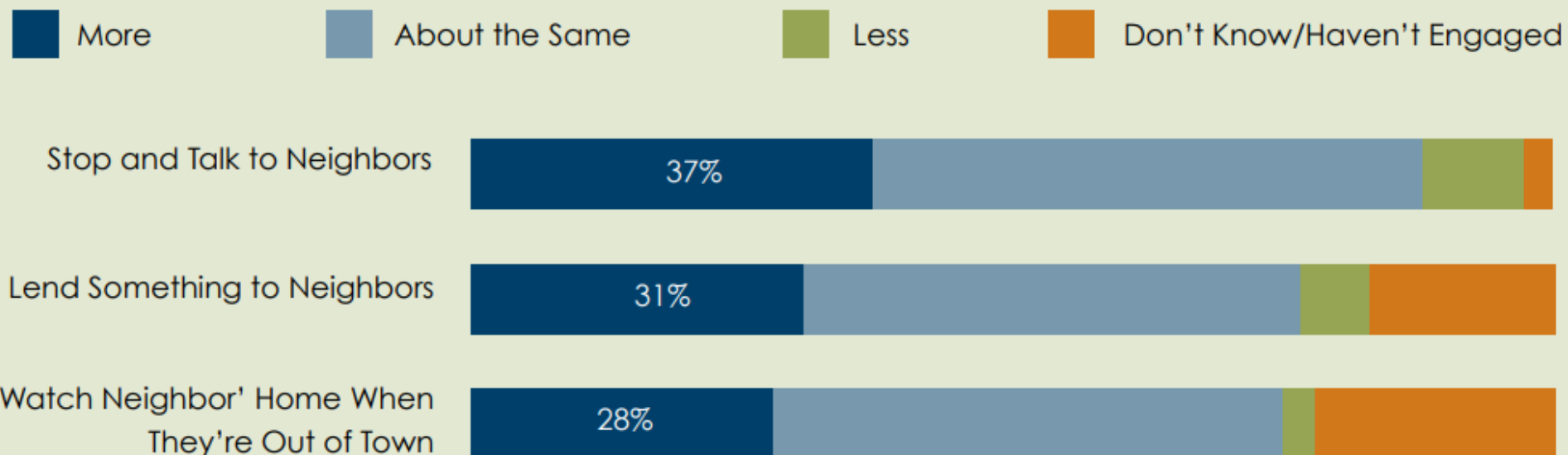
- Innovation grants and learning events
- Connecting network organizations with peers and consultants

## Strengthening the Ecosystem

- Resident outcome evaluation services
- Consultant Mentorship Program
- [Advancing the Promise of Shared Equity Housing Models](#)

# Resident Outcomes in Shared Equity Programs

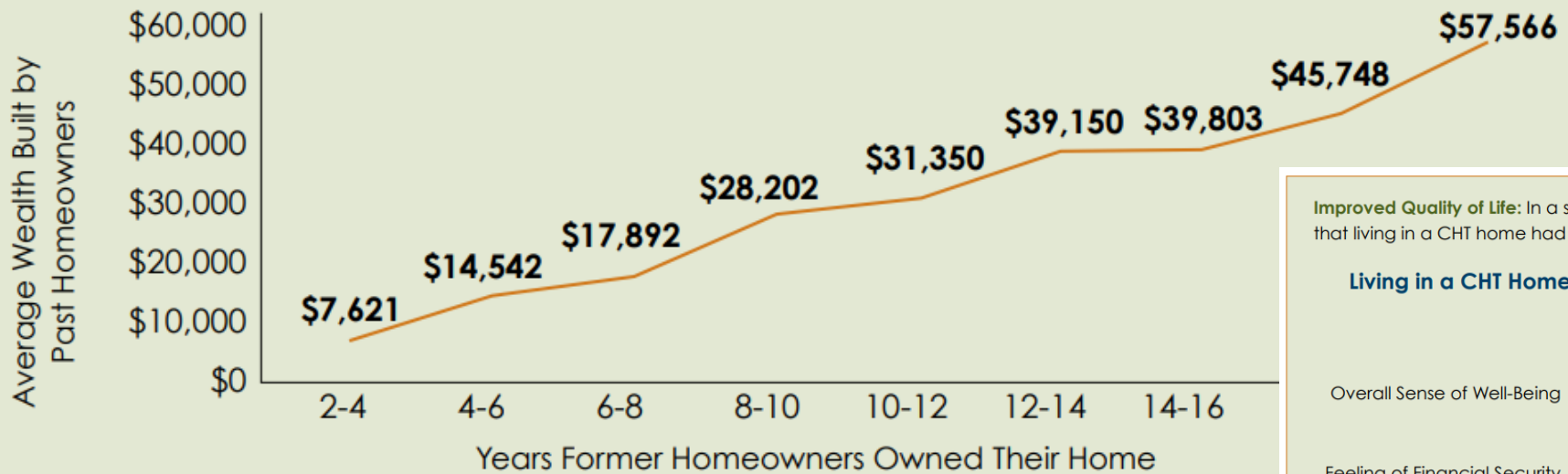
**More Connection to Neighbors and Community:** Many homeowners in resident-owned communities funded by **NeighborWorks Montana** reported interacting more with their neighbors



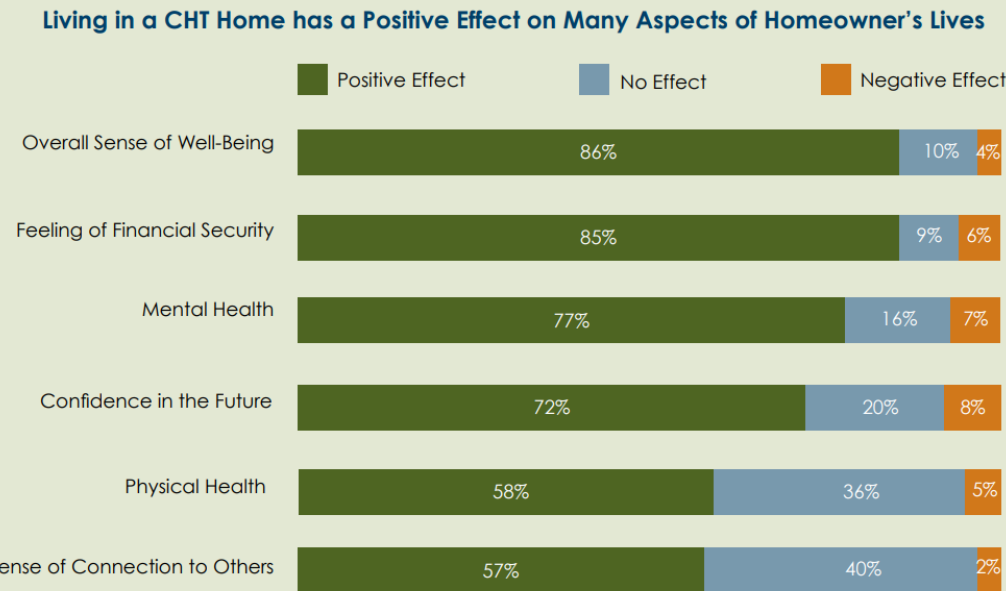


# Resident Outcomes in Shared Equity Programs

**Wealth Creation:** Champlain Housing Trust tracked the wealth that community land trust homeowners built over time using HomeKeeper data. This graph shows how much wealth CHT homeowners of two or more years gained upon selling their homes to a qualified buyer.



**Improved Quality of Life:** In a survey, Champlain Housing Trust's community land trust homeowners reported that living in a CHT home had a positive effect on their lives in many ways.



Source: 2021 CHT Homeowner Survey

# Thank You!

**NeighborWorks<sup>®</sup>**  
**AMERICA**

Working Together for Strong Communities

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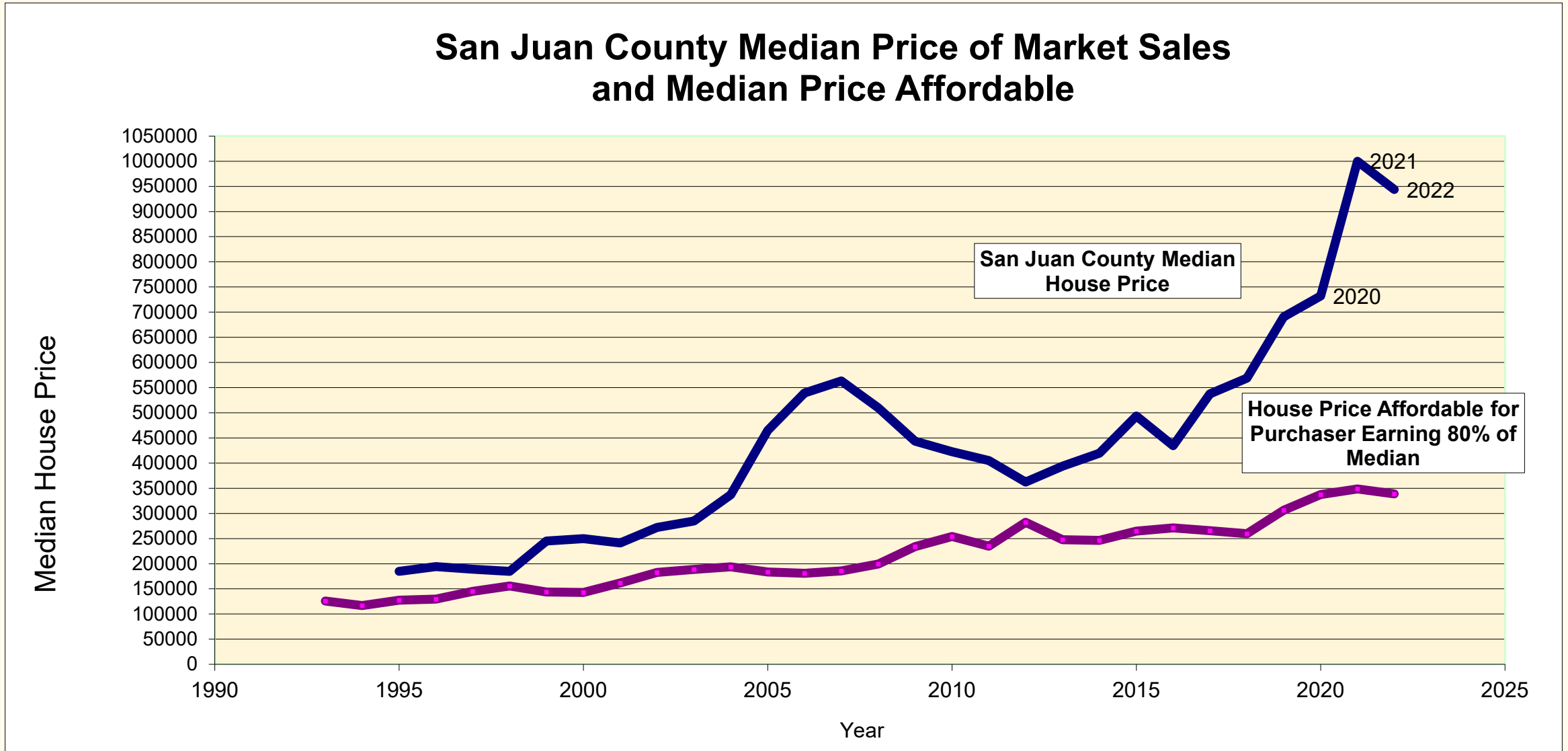


# Of People And Land (OPAL)

## Eastsound, Washington



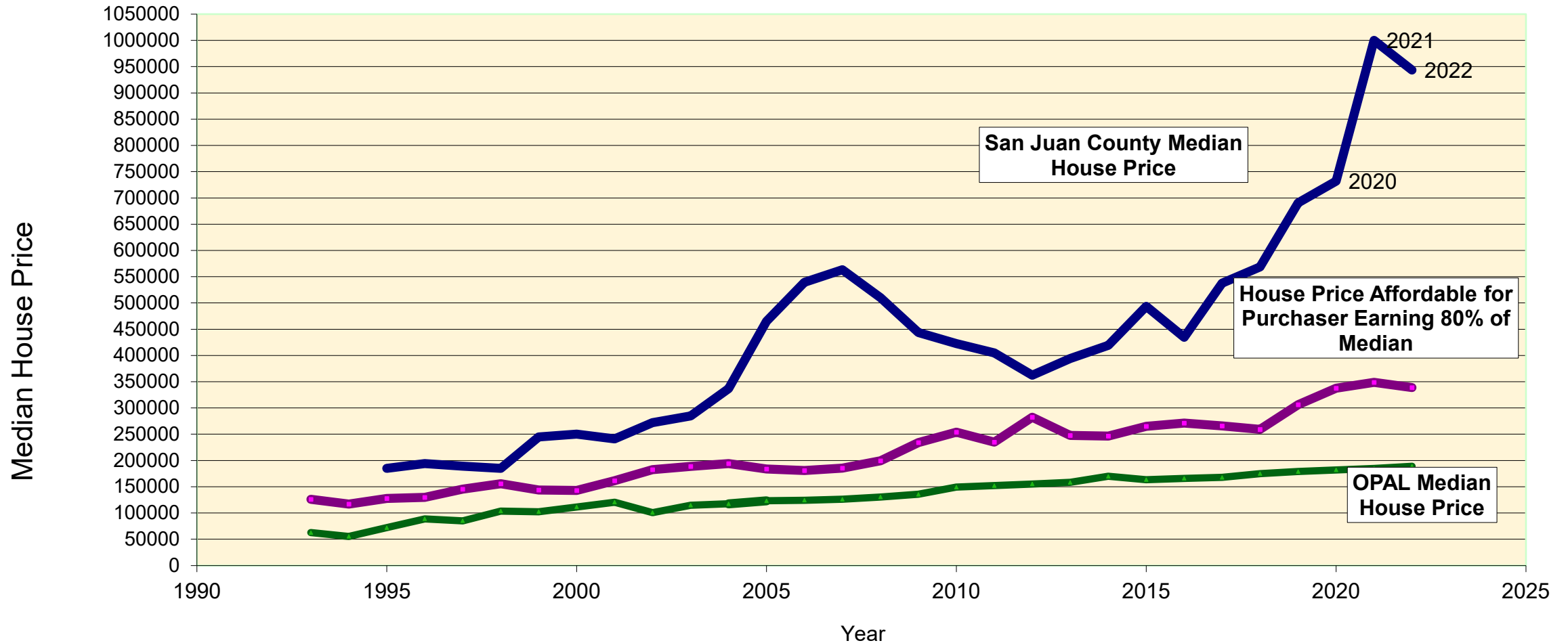
# Why is there a need for housing?





# Community Land Trust = Perpetual Affordability

## San Juan County Median Price of Market Sales and OPAL Resale Restricted Sales



# Stewardship = Perpetual Responsibility

- **Balance:**

- Non-profit owns the land, long-term community needs
- Individual/family owns the home: modest equity gain

- **OPAL's Role:**

- Monitor ground lease/Support homeowners & tenants
- Facilitate each resale
- Homebuyer Education for new purchasers
- Package loans and work with lenders
- Develop new housing





# OPAL Ownership Housing, 110 total homes

## How does OPAL add homes?

- Buy land, develop and build houses
- Buy existing houses and renovate
- Accept donations of existing houses
- Accept donations of and moves houses





# OPAL Rental Housing, 94 total homes

- **Built new:**
  - 7 apartments next to our office, 2004
  - 45 new townhomes in April's Grove, 2020
- **Purchased to preserve affordability:**
  - 22 residences at Lavender Hollow
    - originally built 1990
    - acquired and renovated by OPAL 2011
  - 7 residences on Mt. Baker Rd
    - Built in 1960s, renovated 1980s
    - Acquired by OPAL 2021, to be renovated
  - 12 residences at Northern Heights
    - Built in 1970s
    - Acquired by OPAL 2022 and renovated



# OPAL's Island Loan Fund, 9 active home loans

## Partnership:

- Islanders who want to invest locally = capital
- OPAL provides the technical expertise
- Borrowers buy or repair a home

## Goals:

- Access for folks who can't get bank loan now
- Borrowers go from un-bankable to bankable





# Community

- **Currently living in OPAL homes:**
  - 212 households / 451 people
  - 8% Orcas Island's year-round population
  - 29% of school age population
  - Island pop is 6% Hispanic / OPAL 24%





# Stewardship is Prime Directive

- **OPAL owners & renters**
  - Resales of existing homes
  - Homebuyer Education
  - Financial Counseling
- **Outreach & Communications**
  - Engage Supporters as partners
  - Story-telling:
    - Balance of heart (people) and mind (data)



# Challenges and Trends

- **Challenges:**

- Banks for mortgage financing
- Sources of Subsidy (1,500% increase over 30 yrs)
- Stewardship – funding and staffing

- **Trends:**

- Interest in and acceptance of CLTs
- Increased scale of the demand for housing
- Long-term affordability “lite”





# Shared Equity Housing Manufactured Home Community Co-op Model





# Who is PathStone?

**Mission:** *Build family & individual self-sufficiency by strengthening rural, farmworker & urban communities. PathStone promotes social justice through programs & advocacy.*

- Private not-for-profit organization, founded in 1969
- Provides Housing, Community Development and Human Services
- Developer/owner/manager of over 3,500 units of affordable housing.
- Working in 9 states and Puerto Rico
- Dedicated to preserving affordable housing & promoting homeownership for low & moderate income families
- NeighborWorks Organization since 1994
- Member of the ROC USA Network since its founding in 2008
- Proud member of Rural LISC since its inception!

# Why Manufactured Home Community (MHC) Co-ops?

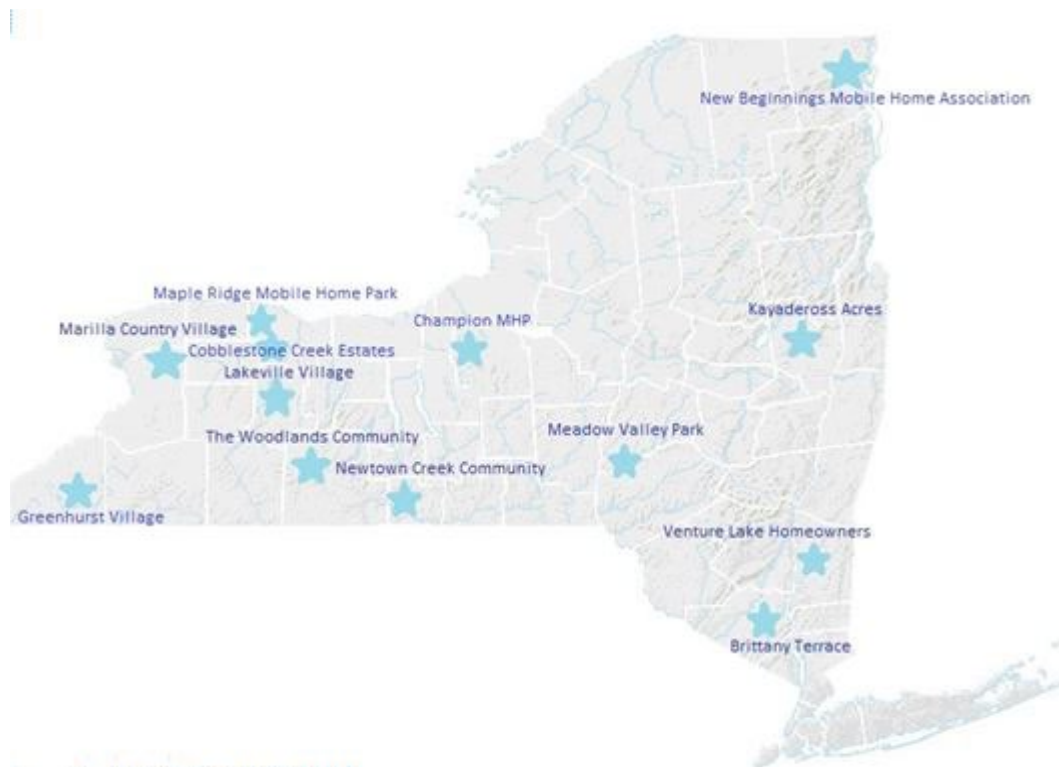
Largest stock of primarily unsubsidized affordable housing in the country

- 1,800 MHCs in New York with about 75,000 homes

Risks for homeowners:

- Lot rent escalation making community progressively less affordable
- Lack of infrastructure improvements – potentially leading to closure
- Sale of the land for redevelopment and total loss of homes

# PathStone Has Helped 13 Communities in NY Convert to Co-op



- Maple Ridge, established 1991  
Brockport, NY | 76 sites
- Cobblestone Creek Estates, established 1996  
Clarkson, NY | 24 sites
- Greenhurst Village, established 2006  
Jamestown, NY | 79 sites
- Champion, established 2008  
Elbridge, NY | 172 sites
- Meadow Valley Park, established 2010  
Unadilla, NY | 54 sites
- Marilla Country Village, established 2011  
Alden, NY | 154 sites
- Venture Lake, established 2014  
Hyde Park, NY | 44 sites
- Lakeville Village, established 2016  
Genesee, NY | 50 sites
- The Woodlands Community, established 2016  
Hornell, NY | 95 sites
- Kayaderos Acres, established 2016  
Milton, NY | 141 sites
- Newtown Creek Community, established 2018  
Horseheads, NY | 69 sites
- New Beginnings, established 2018  
Beekmantown, NY | 50 sites
- Brittany Terrace, established 2019  
Rock Tavern, NY | 87 sites



# Lakeville Estates – Geneseo, NY

**Size:** 50 sites, \$1.84 mil.;  
\$36,800/site

**Bought by:** Lakeville Village, Inc.

**Closed by:** PathStone



# PathStone is a ROC USA Network Certified Technical Assistance Provider

**10 non-profit affiliates working in 19 states**  
**309 ROCs across the country**

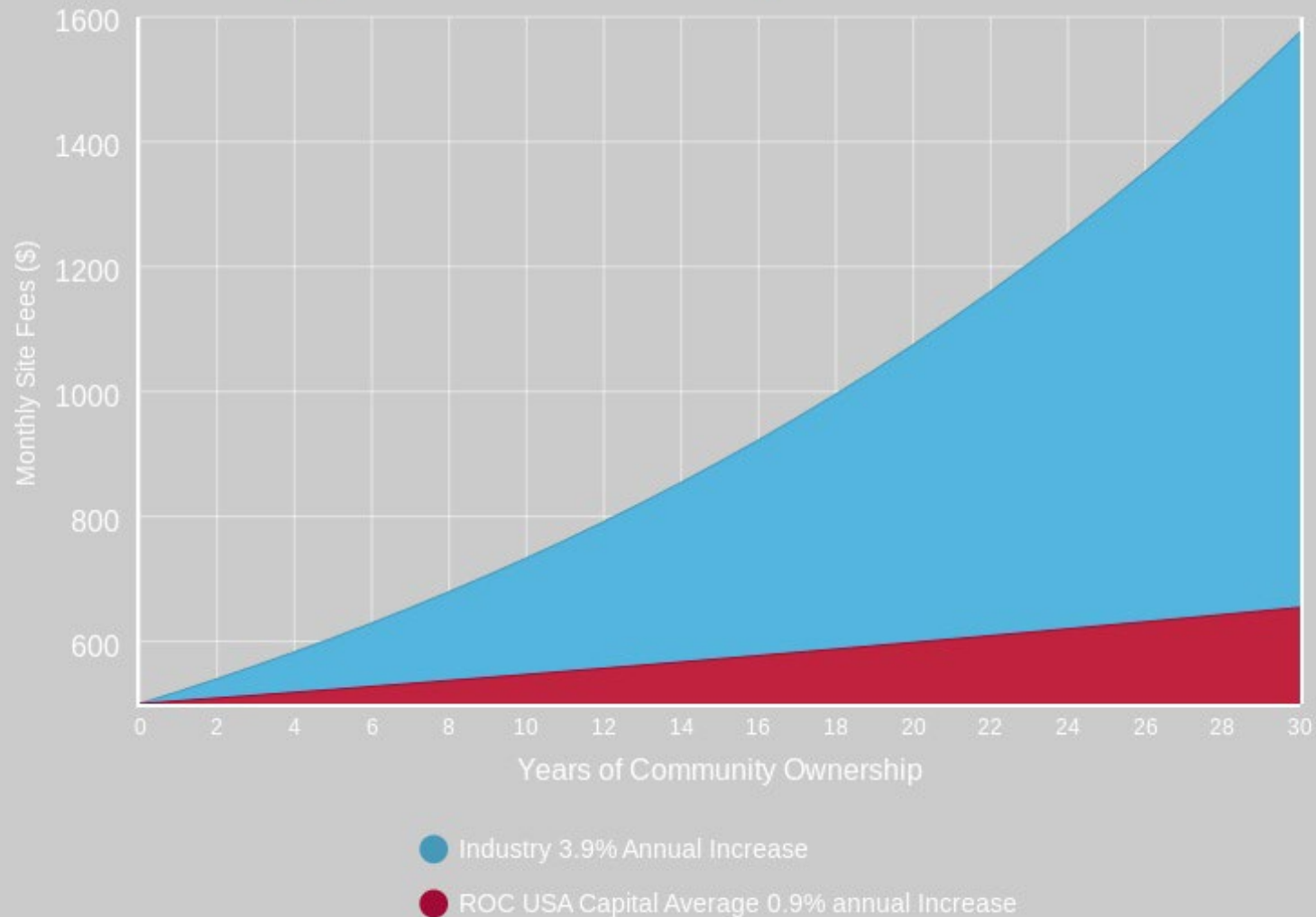


We succeed when our communities succeed.



# ROCs Have Preserved Affordability

Monthly Lot Fee Increase Comparison Over 30 Years



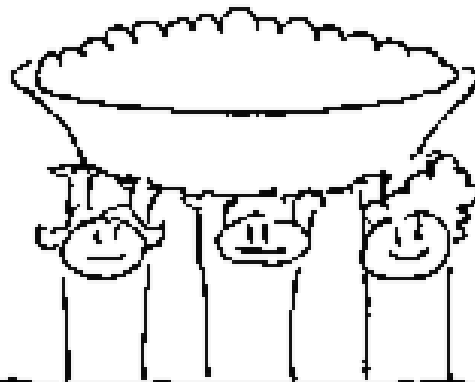


# How is a ROC/Co-op Different?

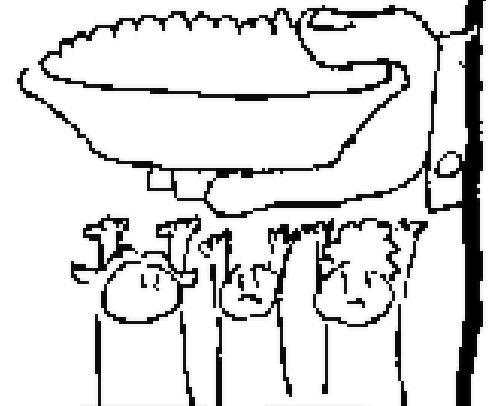
In a condominium association, each individual owns a divided piece of the property



In a housing co-op, all members combined own the property



In a rental apartment, tenants own nothing.



## How It Works

PathStone provides technical assistance and training to the homeowners throughout the entire process and for at least 10 years post-purchase

### Initial Steps:

- Form a limited equity cooperative corporation
- Membership typically costs \$100 per household (one time cost)
- One membership per home
- The co-op borrows all the \$\$\$ needed to buy the community

# How Do ROCs Operate?

Members must be owners of homes in the community  
Members vote on major business decisions

- Each household gets one vote
- Elected Board of Directors makes day-to-day decisions
- A property management company hired by the Board takes care of day-to-day operations





# How It Works

The co-op is responsible for making the mortgage payments

- Lot rents are used to pay the mortgage
- No individual's credit is at risk

Possible lenders:

- New York State Housing Finance Agency
- ROC USA Capital
- Community Preservation Corp.
- Other local or national banks



# How It Works

- Members own and run the community together
- Members do not own the land under their homes - the co-op corporation owns all the land and infrastructure
- Members pay “rent” to the co-op



## How It Works

Co-ops have open membership:

- Fixed membership price (refundable upon leaving)
- Limited equity in terms of membership price but no restrictions on home sales
- Lifetime lease as long as the community rules are followed
- Residents who do not join pay rent to the co-op, just as they would to any other community owner
- However, after ROC purchase, all new home buyers must join as members



# How It Works

- The co-op pays the bills for the community
  - Mortgage payments
  - Property taxes
  - Snow plowing
  - Landscaping
  - Septic
  - Utilities
  - Maintenance, accounting, legal, insurance
  - Property management



# Resident Choice

## Preserving affordability – a couple of options

Non-Profit Ownership

Conversion to Cooperative



## Opportunity to Purchase Legislation

**17 states have some protection for MHC residents**

**Only 3 states have what NCLC considers strong protections**

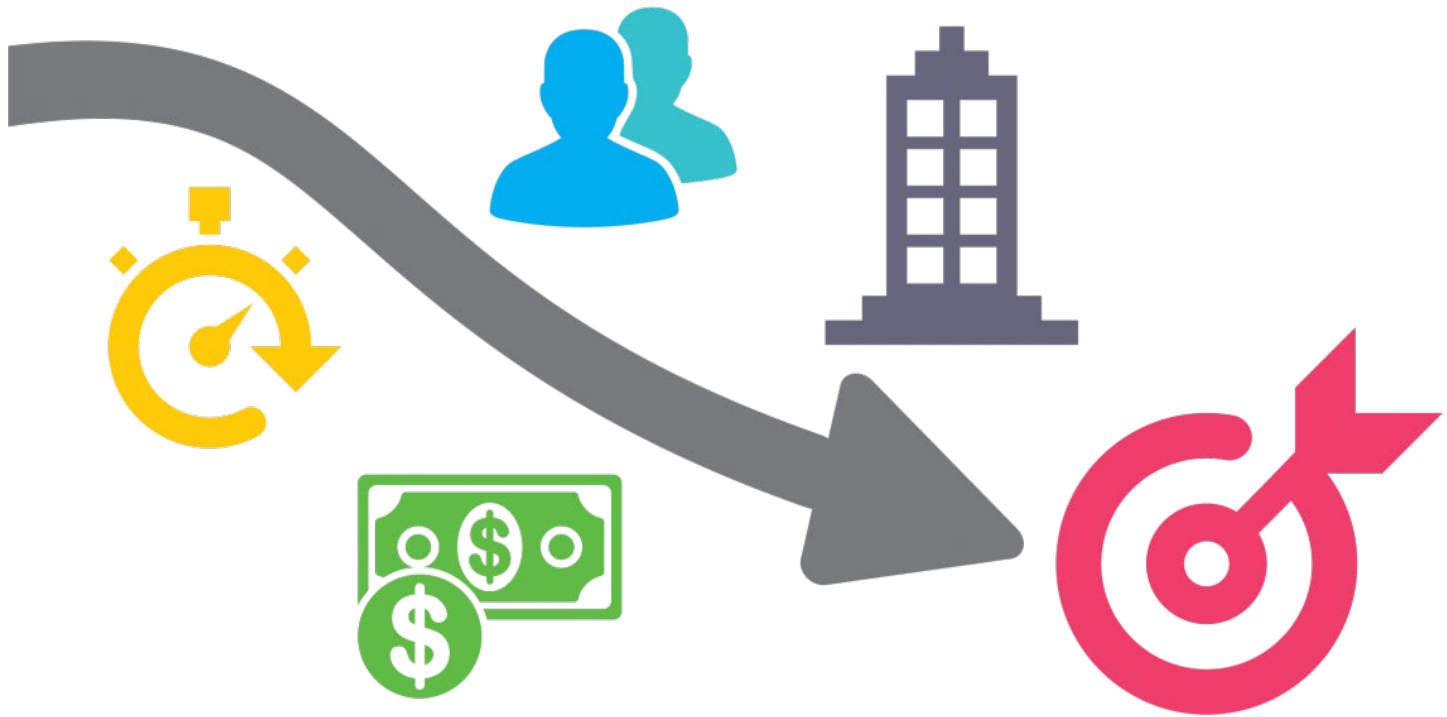
**VT Model – resident choice of co-op or non-profit owner**

- **Notice of sale**
- **OTP only on proposed change of use (NY)**
- **Negotiate in Good Faith requirement (NH, MA, VT)**



# Challenges

Lack of Available Financing and Staffing  
Aligning willing seller and willing buyer  
Responding to for-sale opportunities quickly



# Resources

<https://rocosa.org/>

<https://www.nclc.org/topic/manufactured-housing/>

<https://www.lincolnst.edu/our-work/innovations-in-manufactured-homes-network-im-home>



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*Ideas? Suggestions? Please contact Keegan McChesney at [kmcchesney@lisc.org](mailto:kmcchesney@lisc.org).*