With home prices growing at twice the rate of wages, there is a shortage of affordable homes for low- to moderate-income borrowers. While many solutions aim to make homes more affordable through loan options that assist with down payment or closing costs, shared equity takes a different approach to affordable access to homeownership, allowing borrowers to purchase homes at below-market prices.

**Mission focused**
Shared equity programs are run by non-profit or government organizations with the specific goal of maintaining affordable housing.

**Affordable for the long term**
Many programs require homeowners to sell to buyers that meet designated income requirements, ensuring future buyers aren’t priced out of the market.

**Mitigates risk**
In many cases, approval is required for decisions like refinancing or obtaining a HELOC, ensuring that homeowners do not place themselves in situations that threaten their ability to be successful.
Community Land Trusts (CLTs)

In a CLT, a homeowner purchases the housing unit through the CLT, which retains ownership of the underlying land and leases it to the borrower at an affordable rate. By selling only the home to the borrower, CLT properties can offer purchase prices significantly below those available elsewhere in the market.

Limited Equity Cooperatives

In a limited equity cooperative, residents own shares in a cooperative housing corporation that can be resold at prices that ensure continued affordability and allow for modest equity growth. Homes in these communities may be eligible for Fannie Mae financing following approval of the project via our Project Eligibility Review Service (PERS).

Deed Restricted and Below Market Rate Homeownership Programs

Whether through subsidies directly from a local government or discounted pricing by a developer through inclusionary housing ordinances, homes are offered to eligible homebuyers at a price below the market price.

Similar to other shared equity programs, a deed restriction on the property limits the resale price of the home and, in the case of affordable housing initiatives, also provides income restrictions for resale of the property. These restrictions ensure the long-term affordability of the housing unit without requiring further subsidy.

Grounded Solutions Network, which previously created the CLT Network Model Ground Lease, has released a model deed restriction that incorporates many shared equity best practices for income-restricted properties and may be useful to your shared equity partners. Learn more about the Model Deed Restriction at GroundedSolutions.org.