



# Shared Equity: Sustainable Solutions for Affordable Housing

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. In exchange, borrowers agree to sell the property only to other income-qualified buyers and at a restricted sales price.



## Mission-focused

Shared equity programs are run by nonprofit 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.

# Types of shared equity programs

## 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.

## Income and resale price restrictions

Resale restrictions can feature a range of limitations, from age to employment. In cases where resale restrictions limit the income of current and future buyers and the sales price of a home, they are considered shared equity programs as they're designed to ensure a lasting supply of affordable housing.

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 Declaration of Affordability Covenants with Refinance and Resale Restriction and Purchase Option (sometimes referred to as the Model Deed Restriction) at [GroundedSolutions.org](https://www.GroundedSolutions.org).

## Limited or shared 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).



Find certified shared equity programs and learn more at:  
[fanniemae.com/SharedEquity](https://fanniemae.com/SharedEquity)