# Permanent Affordability Nuts and Bolts

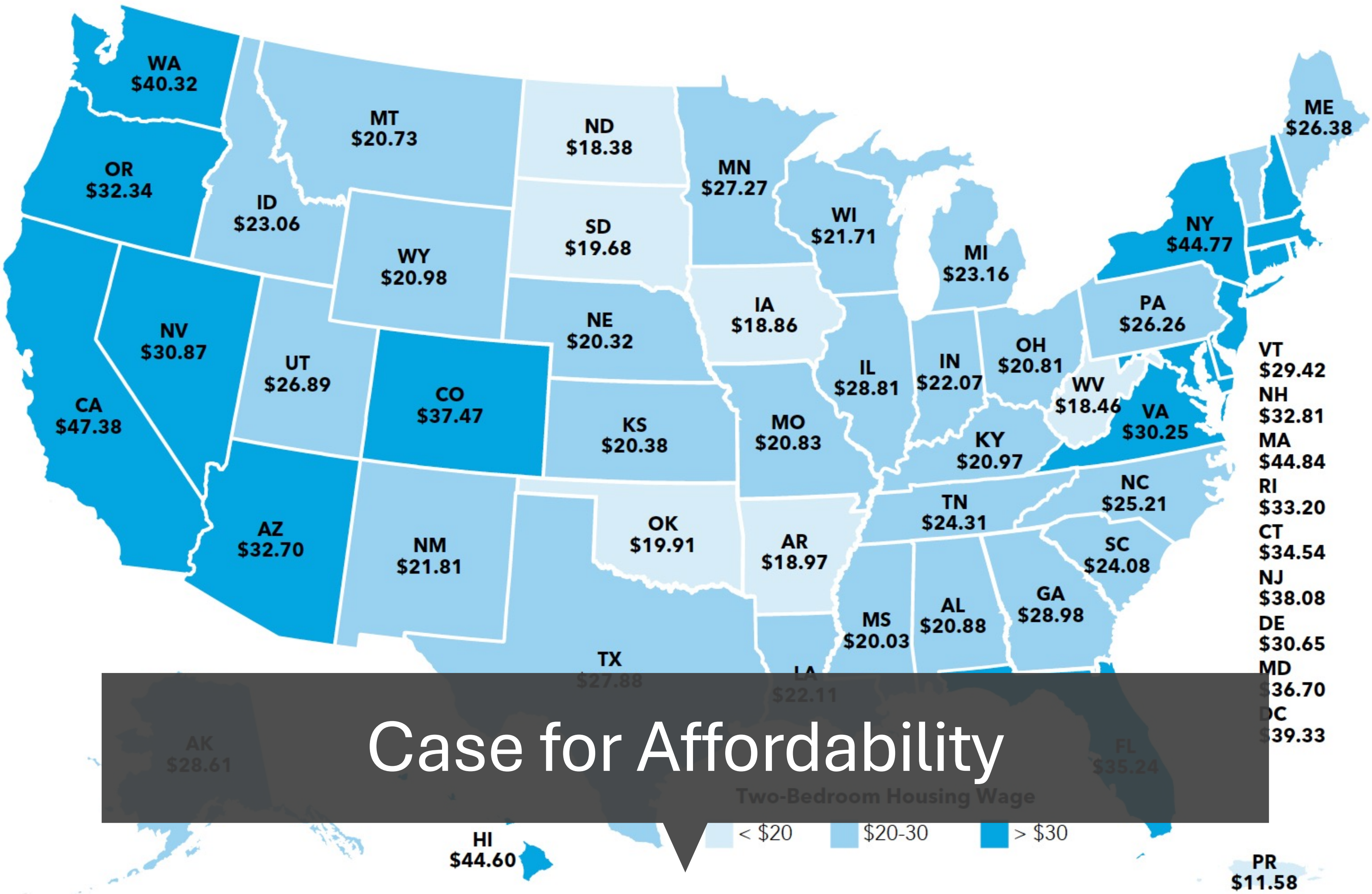
April 28, 2 – 3:15 I Julie Brunner

# Agenda

- Introductions
- The Affordability Crisis
- Permanent Affordability Basics
- LIFT Funding in OR
- What We Build
- Vocabulary
- Questions

# The Problem

# 2024 TWO-BEDROOM RENTAL HOUSING WAGES

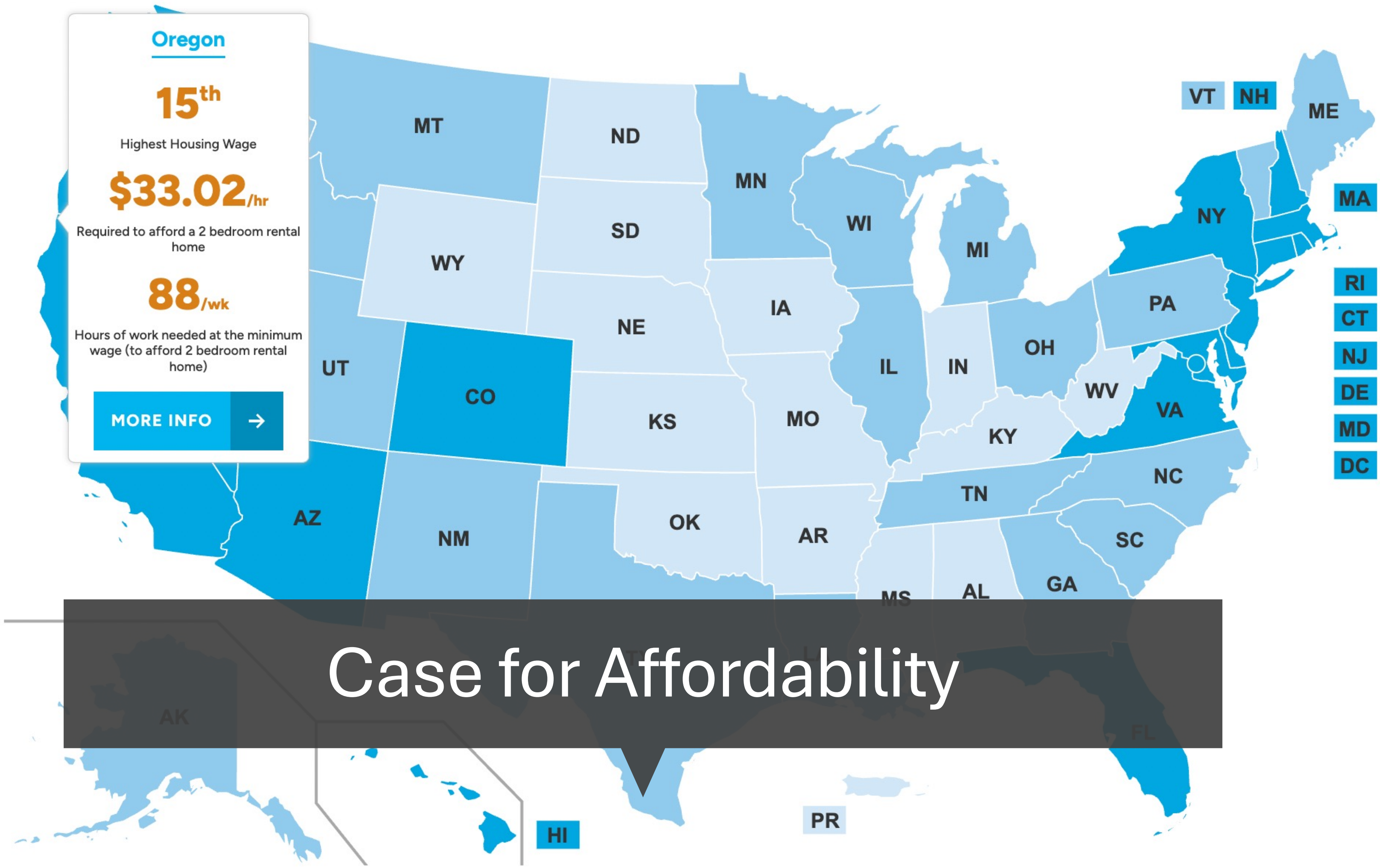



Case for Affordability

# How Much Do You Need to Earn to Afford a Modest Apartment in Your State?

*Hourly wage required to afford a two-bedroom rental home by state.*

Below $22.50 · $22.50 - $30.00 · Above $30.00

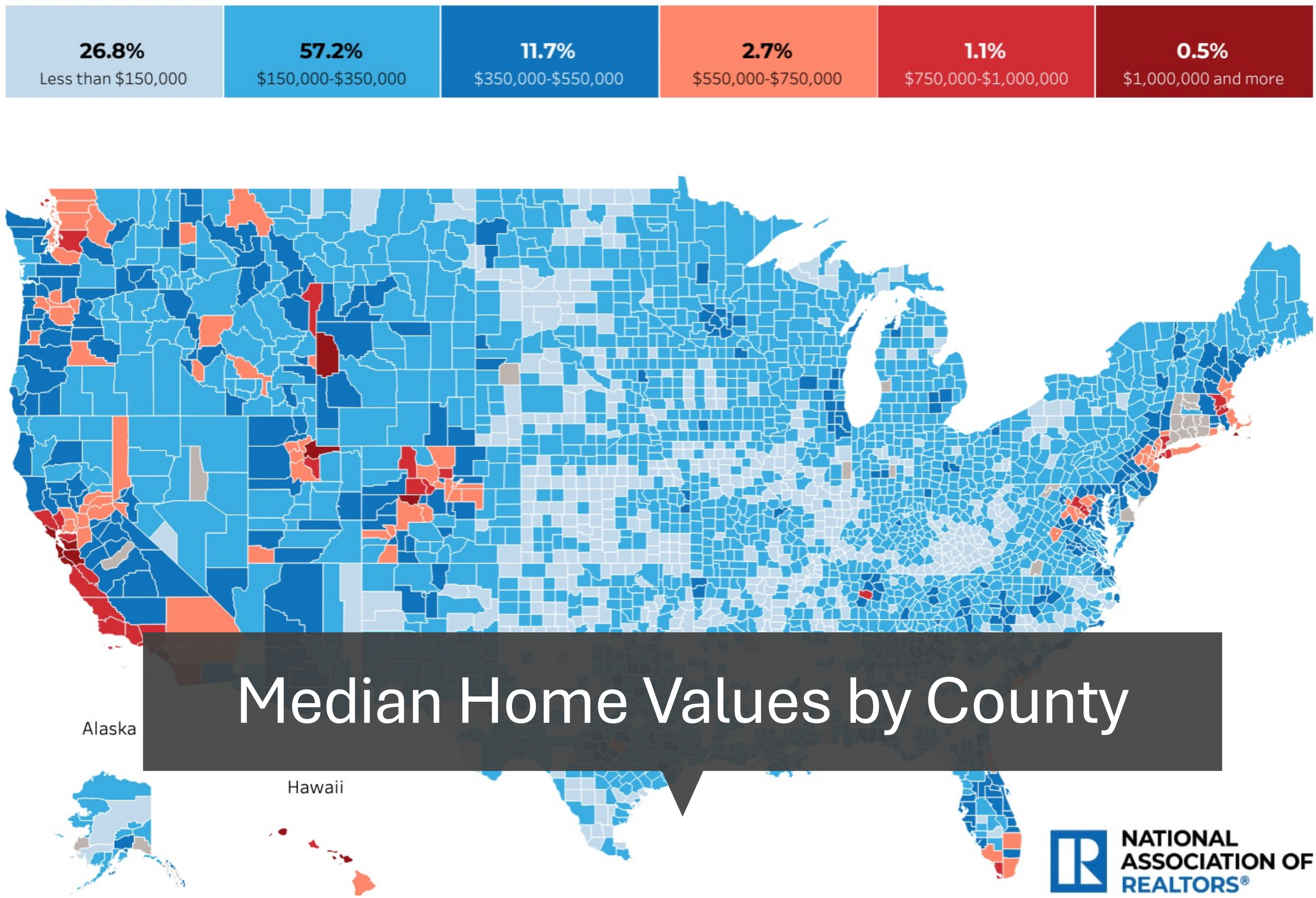



Case for Affordability

# County Median Home Prices

## Q2 2025

**Hover** over the bar to highlight. **Click** to filter. Press **ESC** to clear selection



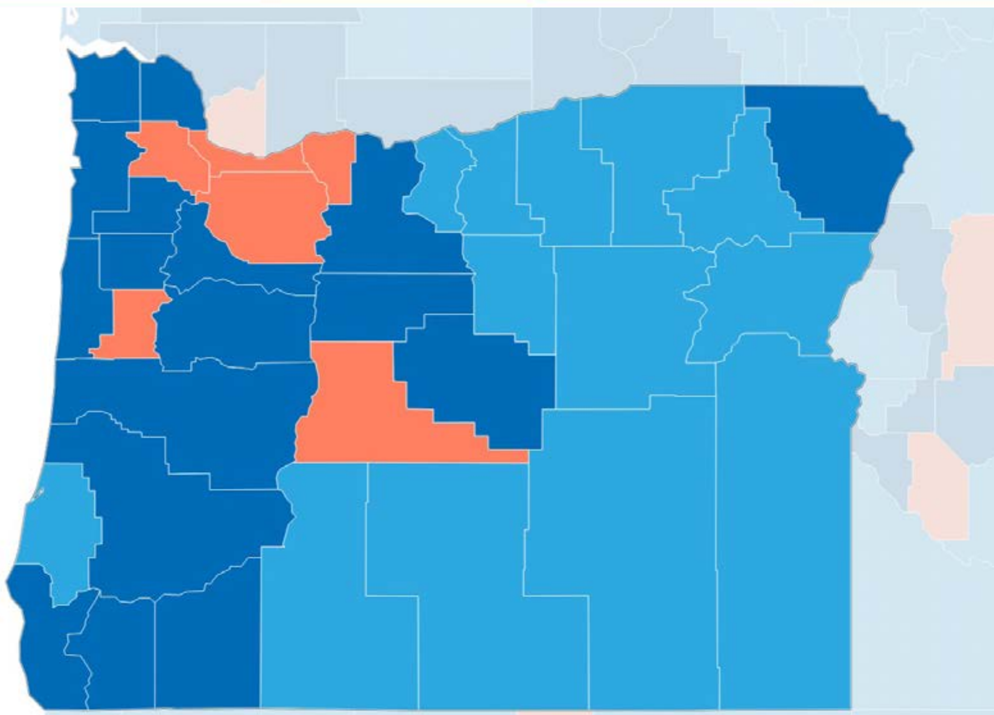
# Median Home Values by County - OR

## County Median Home Prices

### Q2 2025

**Hover** over the bar to highlight. **Click** to filter. Press **ESC** to clear selection

| | | | | | |
|---|---|---|---|---|---|
| **26.8%** Less than $150,000 | **57.2%** $150,000-$350,000 | **11.7%** $350,000-$550,000 | **2.7%** $550,000-$750,000 | **1.1%** $750,000-$1,000,000 | **0.5%** $1,000,000 and more |



**1. State**

Oregon ▾

**2. County**

Multnomah County, Oregon ▾

## Multnomah County, Oregon

**Monthly mortgage payment**

*for a median-priced home with a value of*

***$562,754***

| now | a year earlier |
| --- | --- |
| **$3,298** | **$3,308** |

# Affordability + Interest Rates

**1. State**

Oregon

**2. County**

Multnomah County, Oregon

## Multnomah County, Oregon

**Monthly mortgage payment**

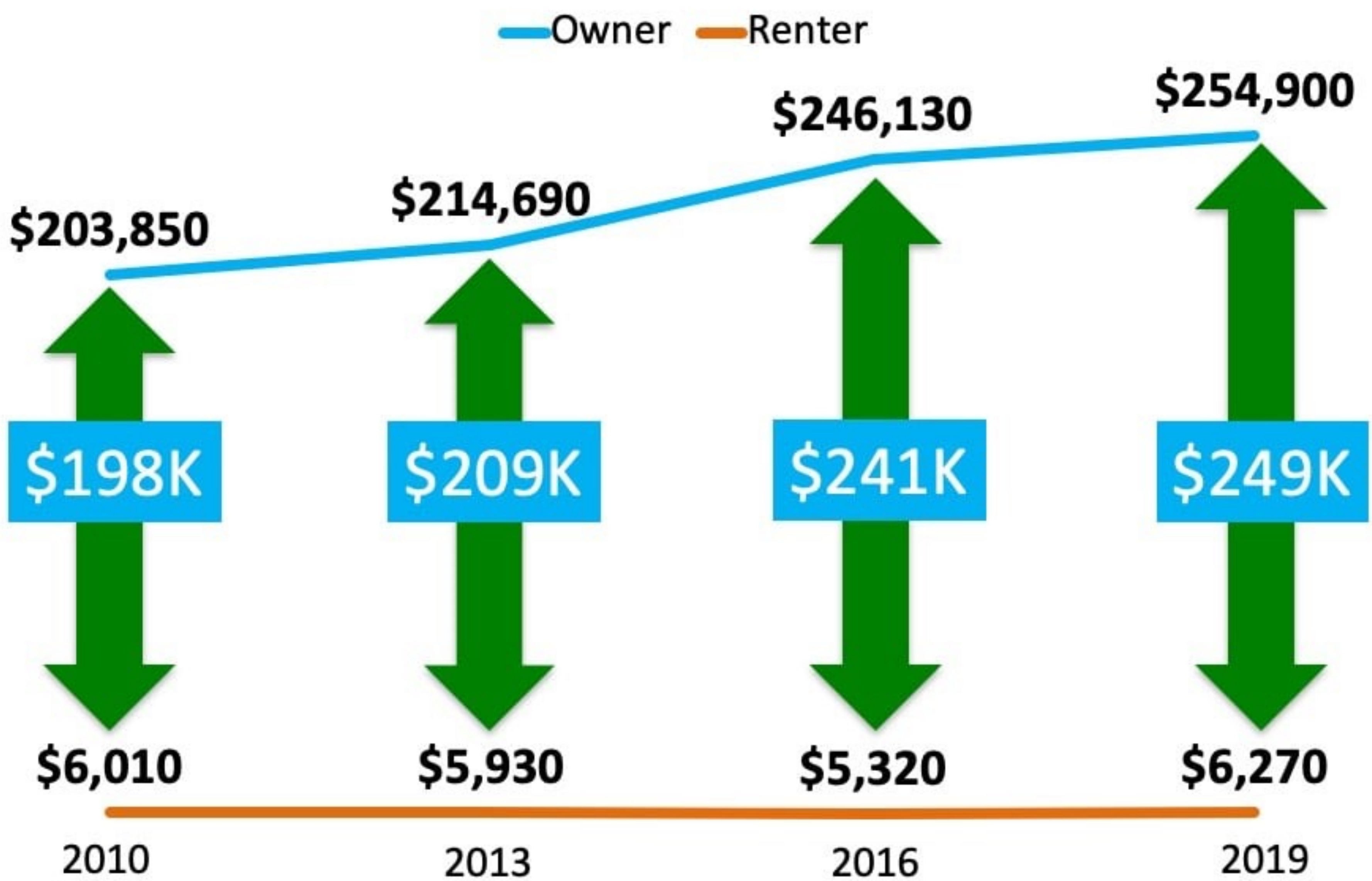
*for a median-priced home with a value of*

***$562,754***

| Now | 2022 Interest |
|---|---|
| $4,150 | $3,000 |

# Affordability + Interest Rates

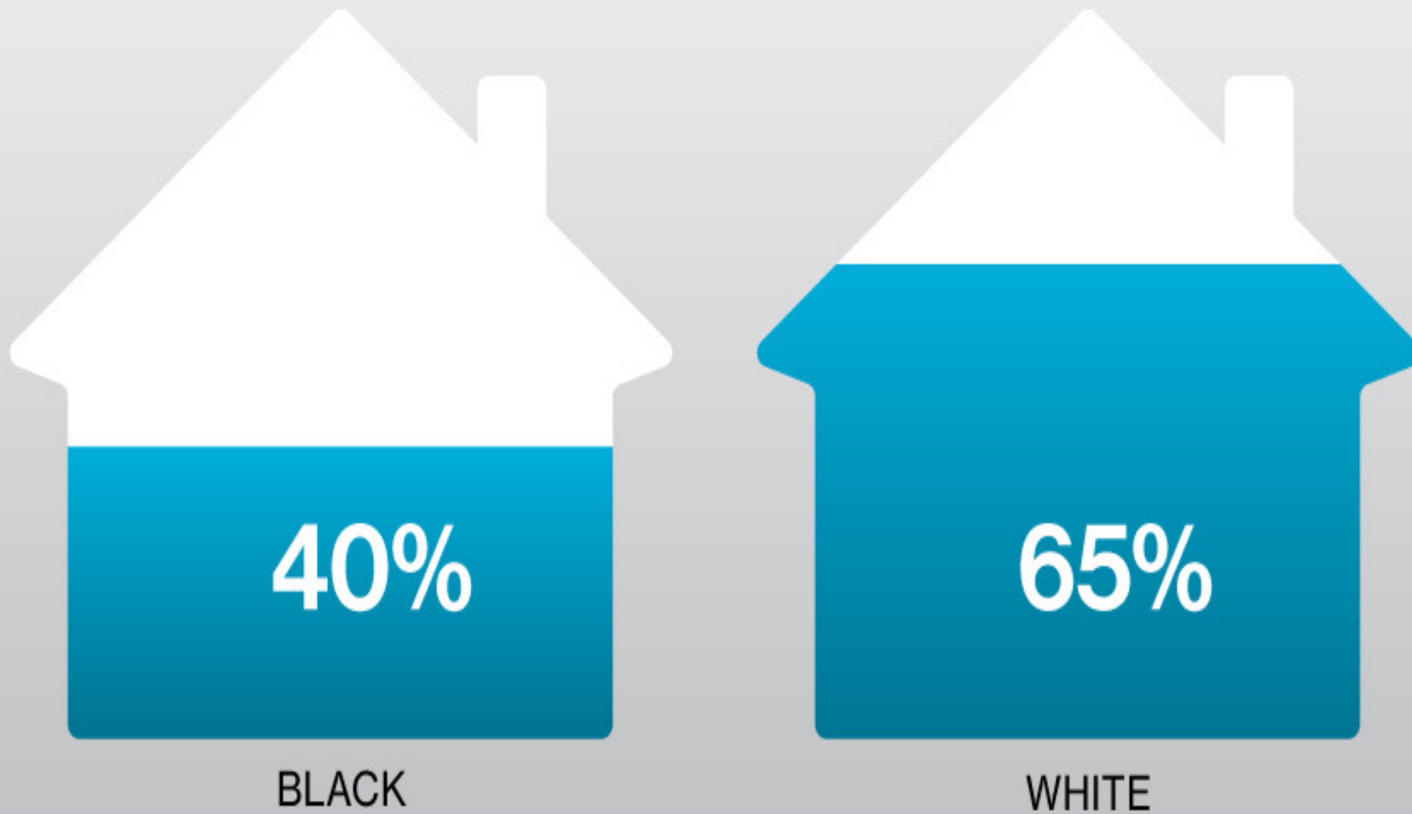
# Increasing Gap in Family Wealth




Federal Reserve

# White vs. Black Homeownership Rates in the Portland Metro Area

SOURCE: 2021 U.S. CENSUS FIGURES



# Displacement

# So – affordable homeownership IS the answer…

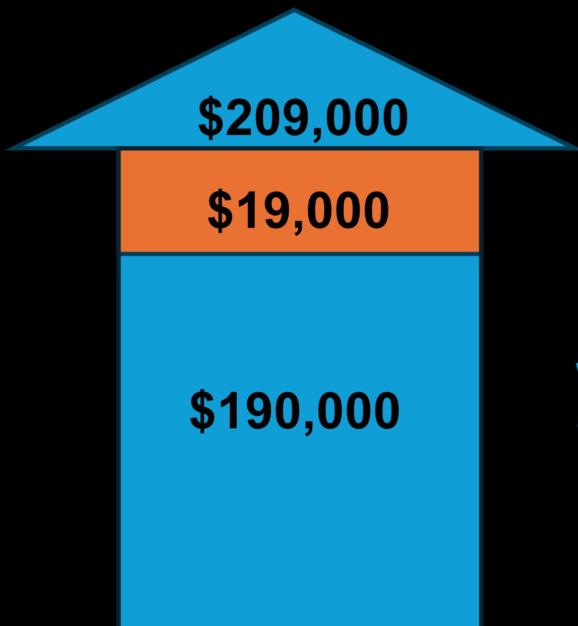

down payment
assistance
nmp

Biz TIPS

# AFFORDABLE HOUSING: FINANCING GAP OPTIONS

SVA | Certified Public Accountants
Tax, Audit and Business Strategy

# Affordability Gap - 2005

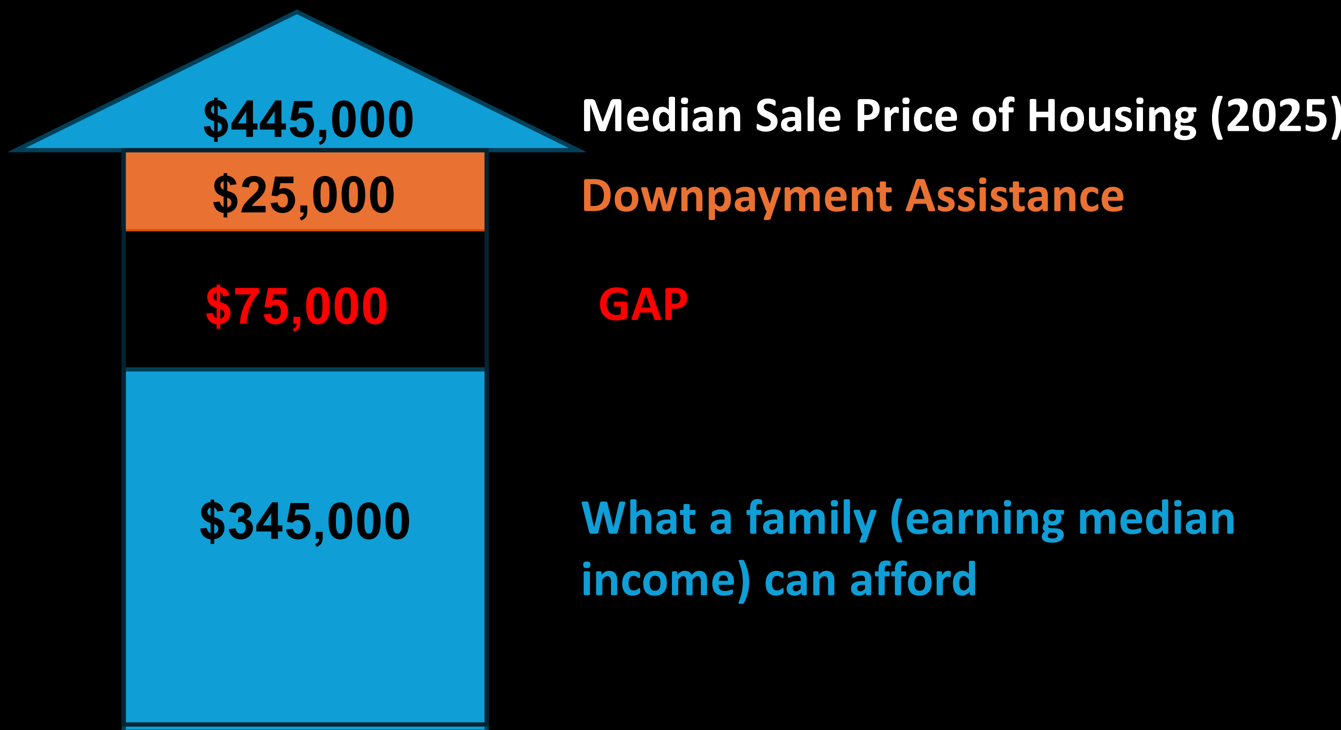


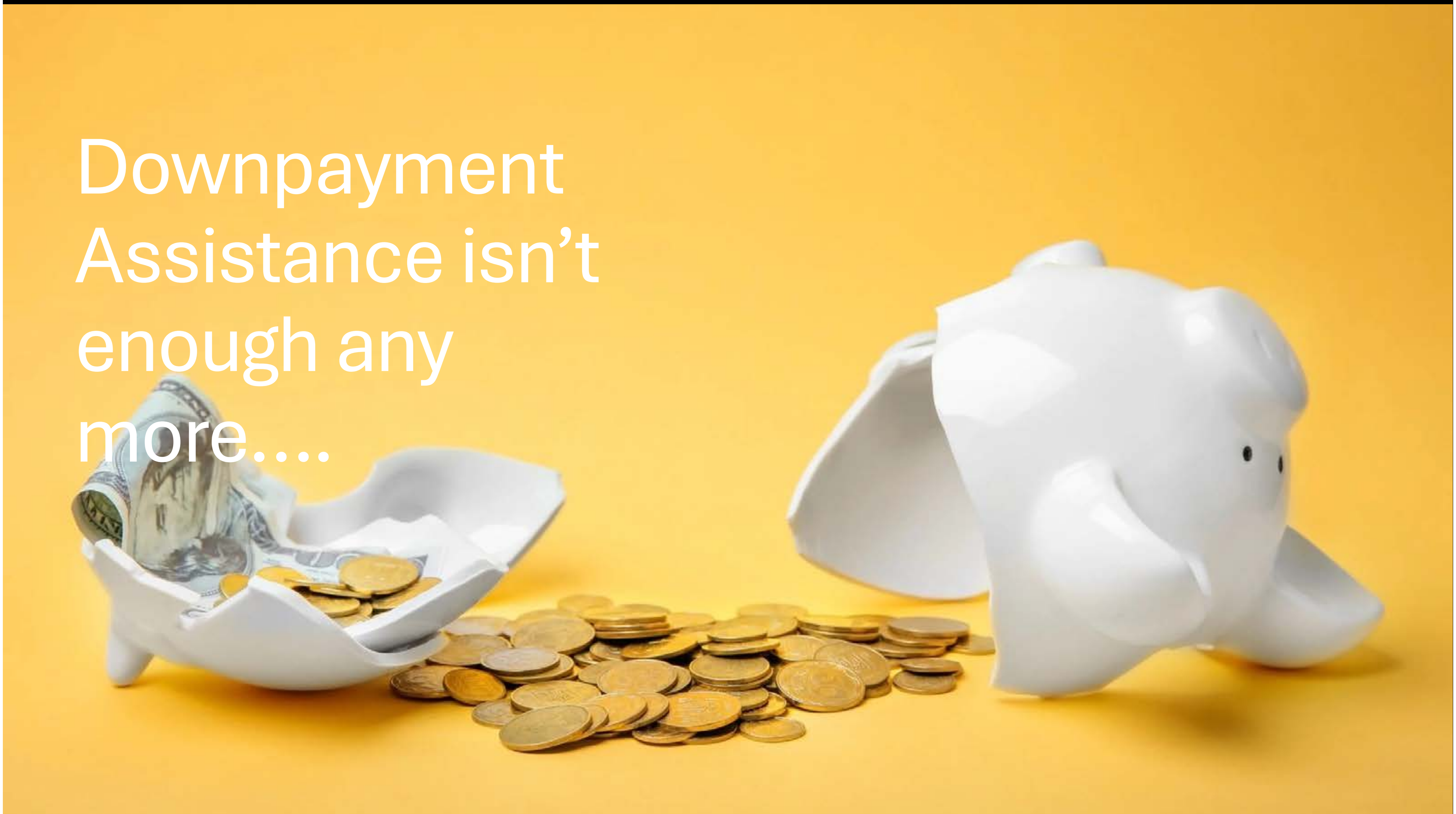

Median Sale Price of Housing (2005)

Downpayment Assistance

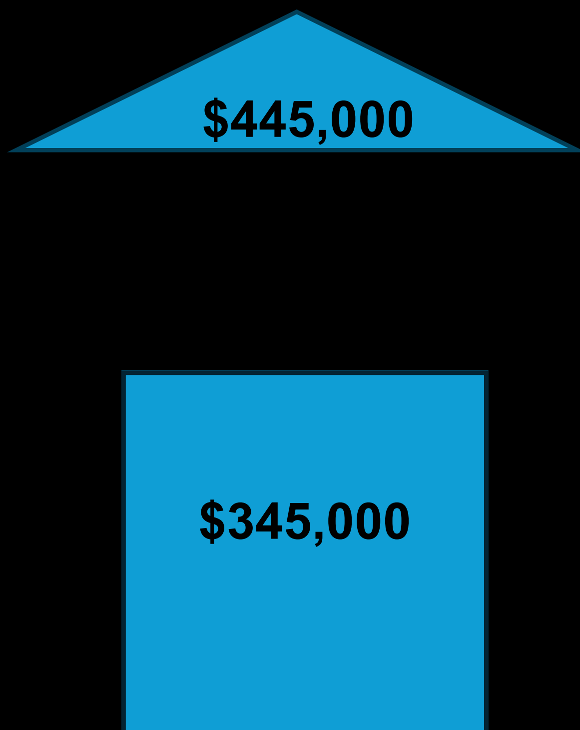
What a family (earning median income) can afford

# Affordability Gap - 2025




Downpayment
Assistance isn't
enough any
more....

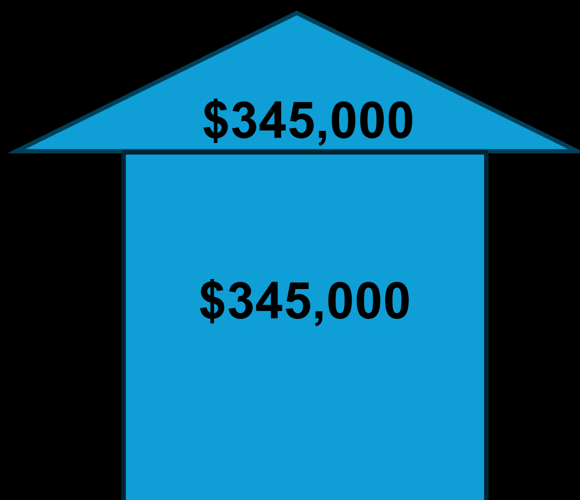
# So how do we fill the gap?




**Median Sale Price of Housing**

**What a family (earning median income) can afford**

# What if we lowered the PRICE?

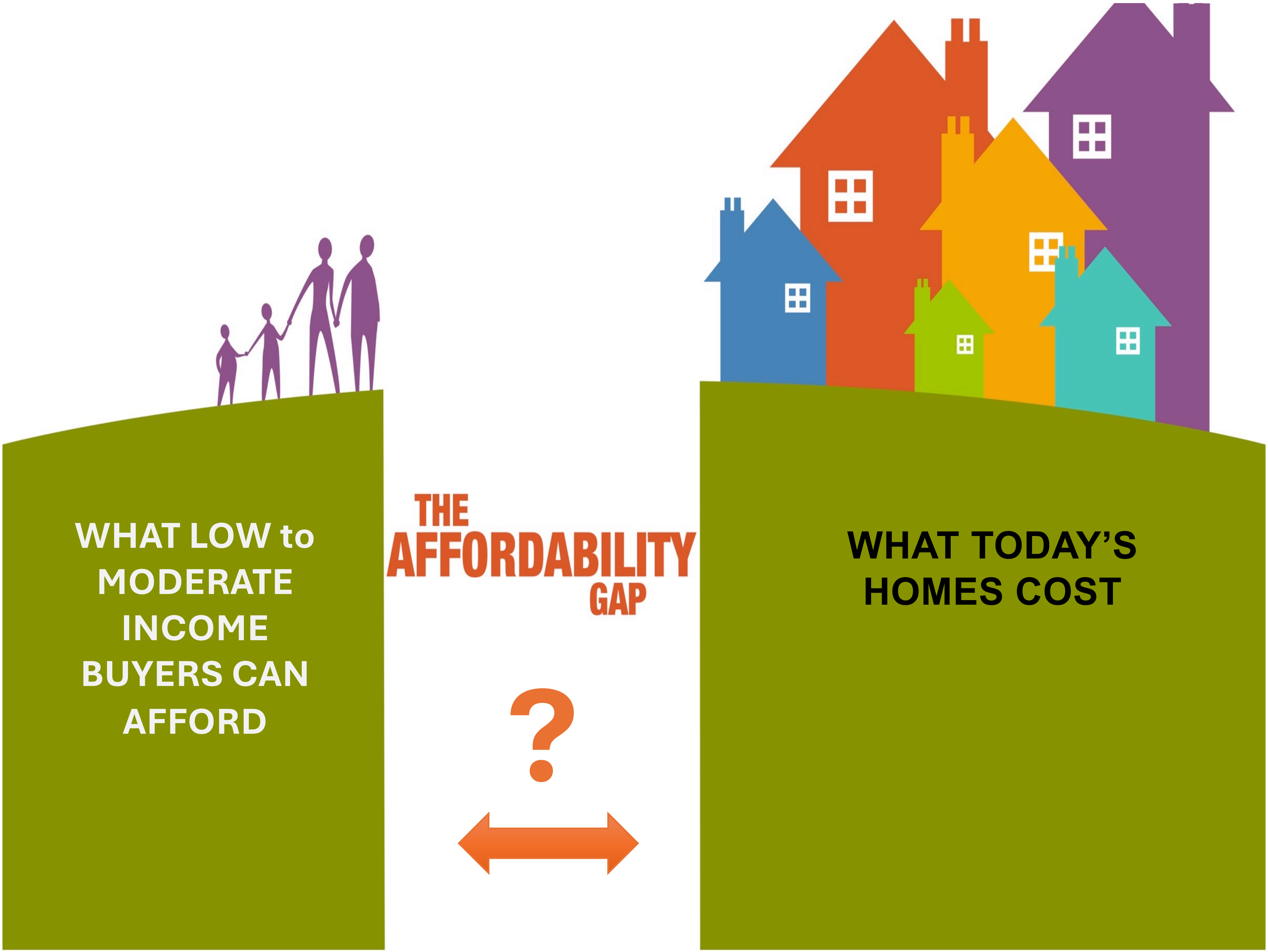



**Affordable Sale Price of Housing**

**What a family (earning median income) can afford**


Land
Cost
Vs.
Value?


Land
Cost
Value?


WHAT LOW to MODERATE INCOME BUYERS CAN AFFORD
THE AFFORDABILITY GAP
?
WHAT TODAY'S HOMES COST

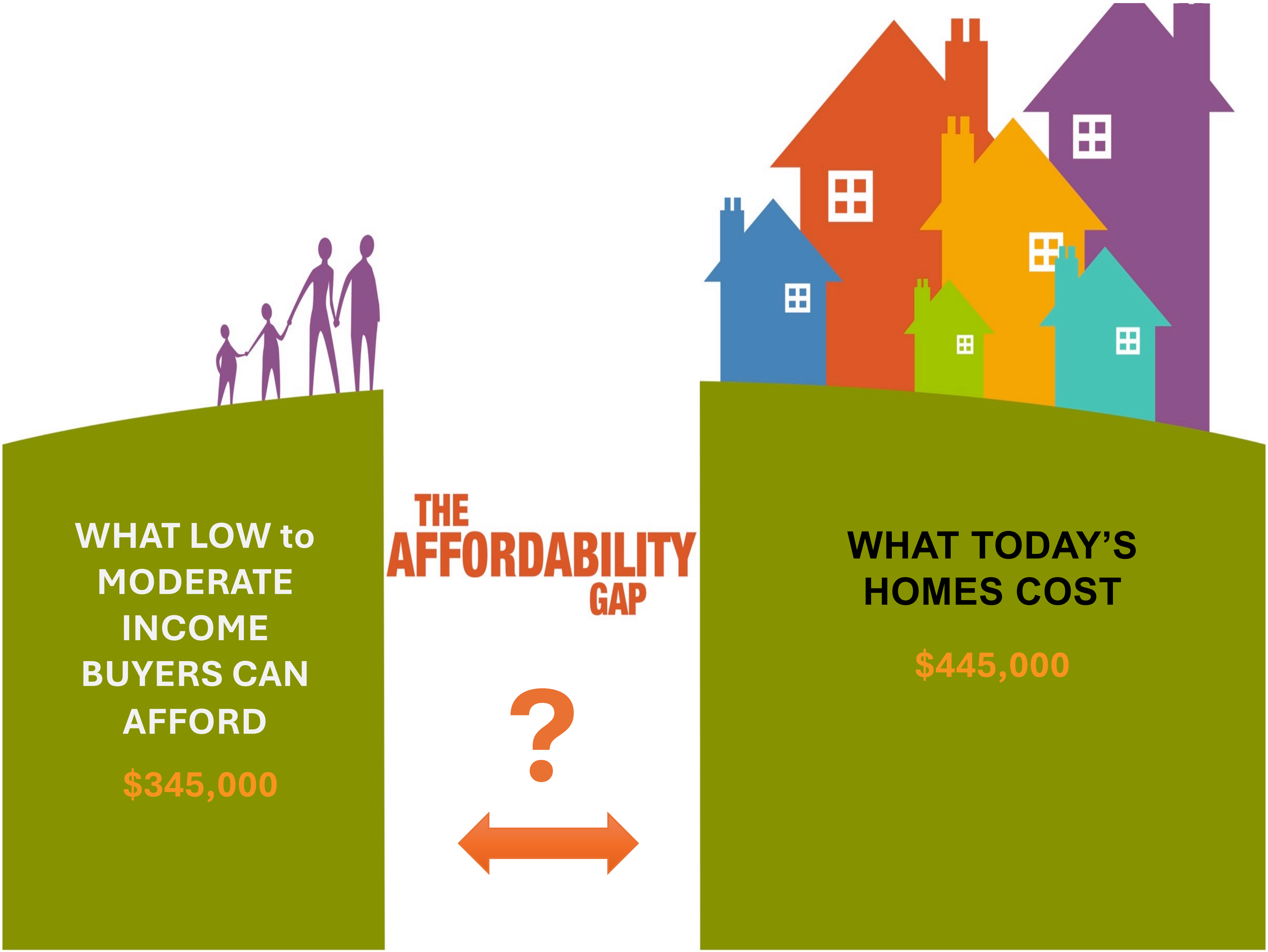
# THE AFFORDABILITY GAP

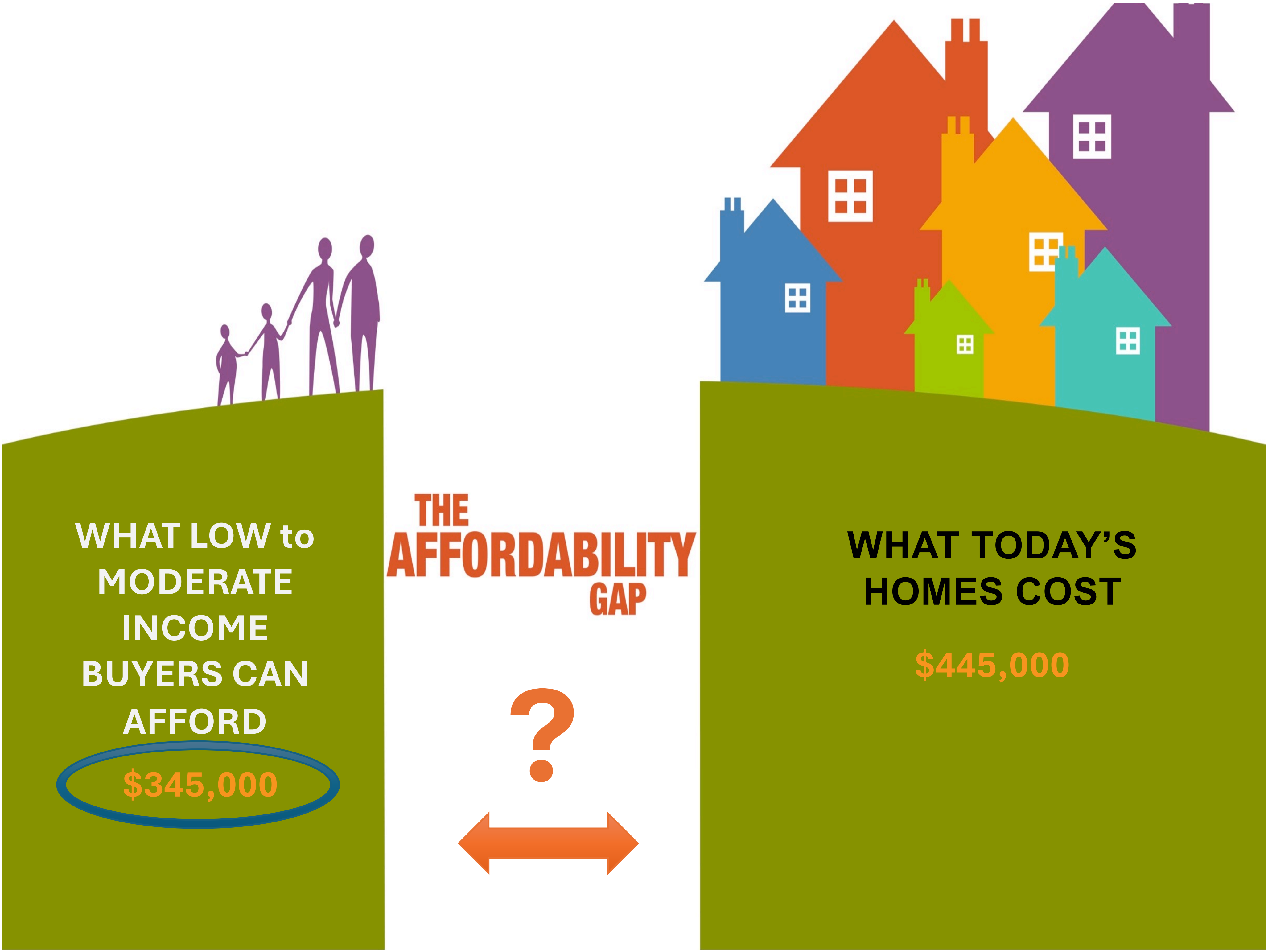
**WHAT LOW to MODERATE INCOME BUYERS CAN AFFORD**

**$345,000**

**?**

**WHAT TODAY'S HOMES COST**


THE AFFORDABILITY GAP
WHAT LOW to MODERATE INCOME BUYERS CAN AFFORD
$345,000
?
WHAT TODAY'S HOMES COST
$445,000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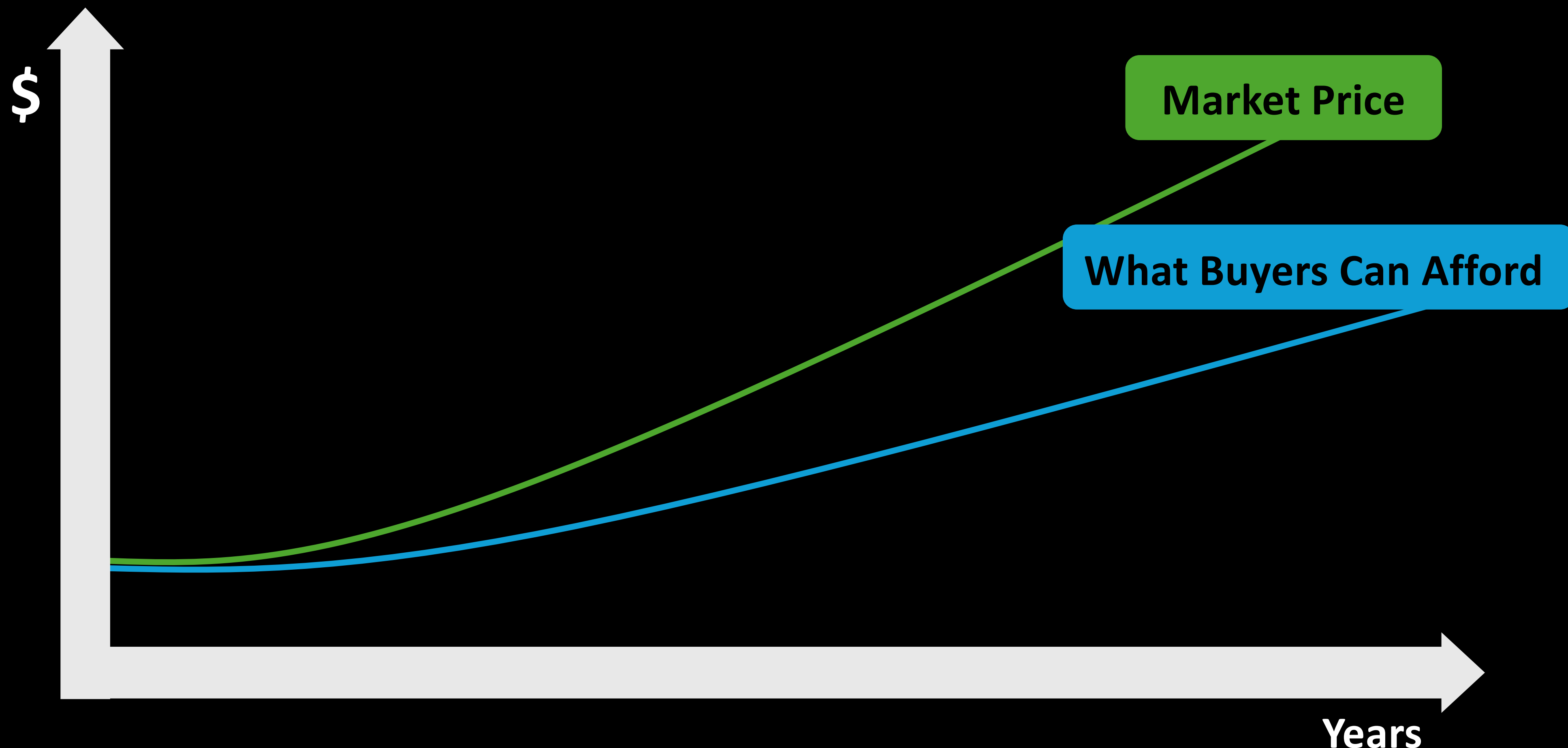
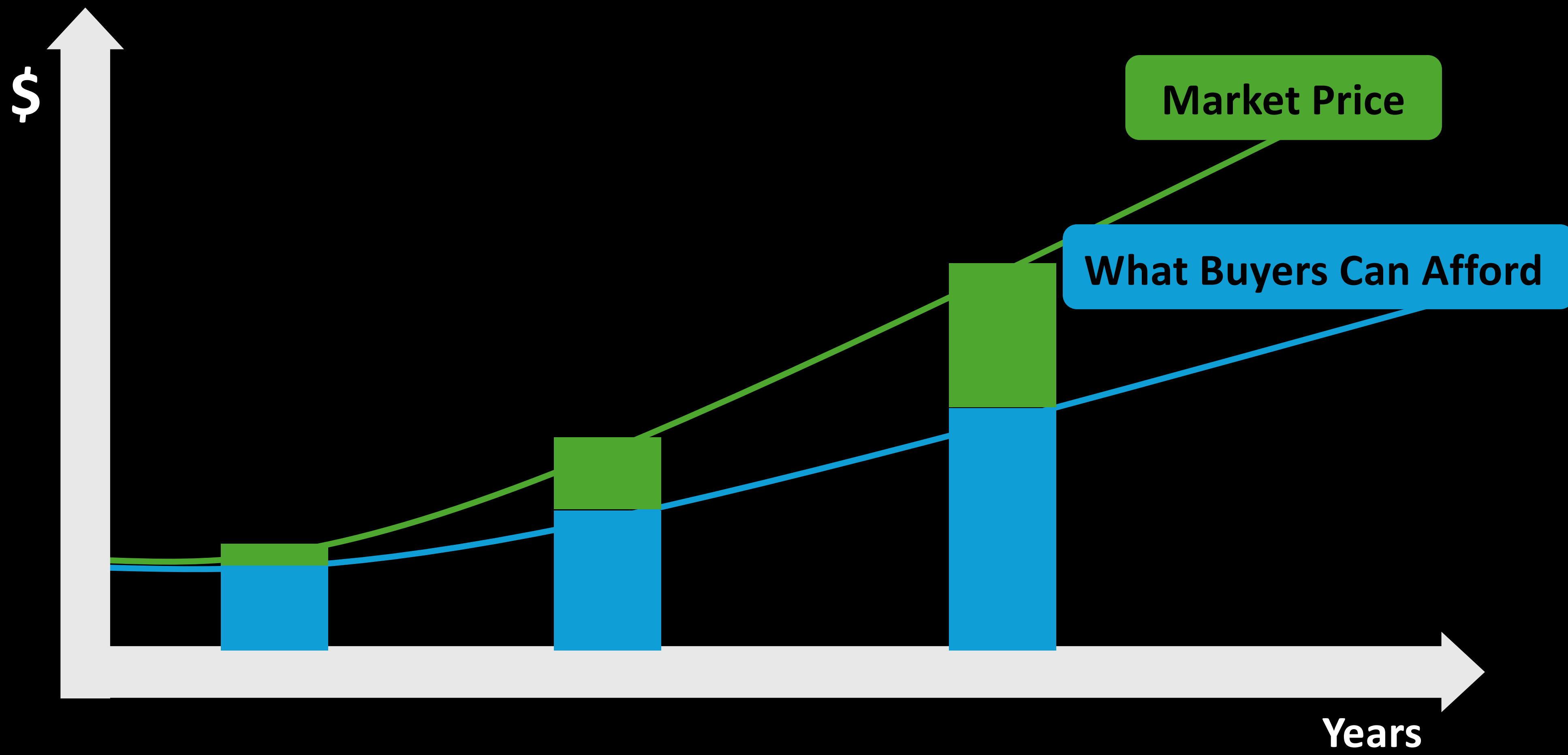
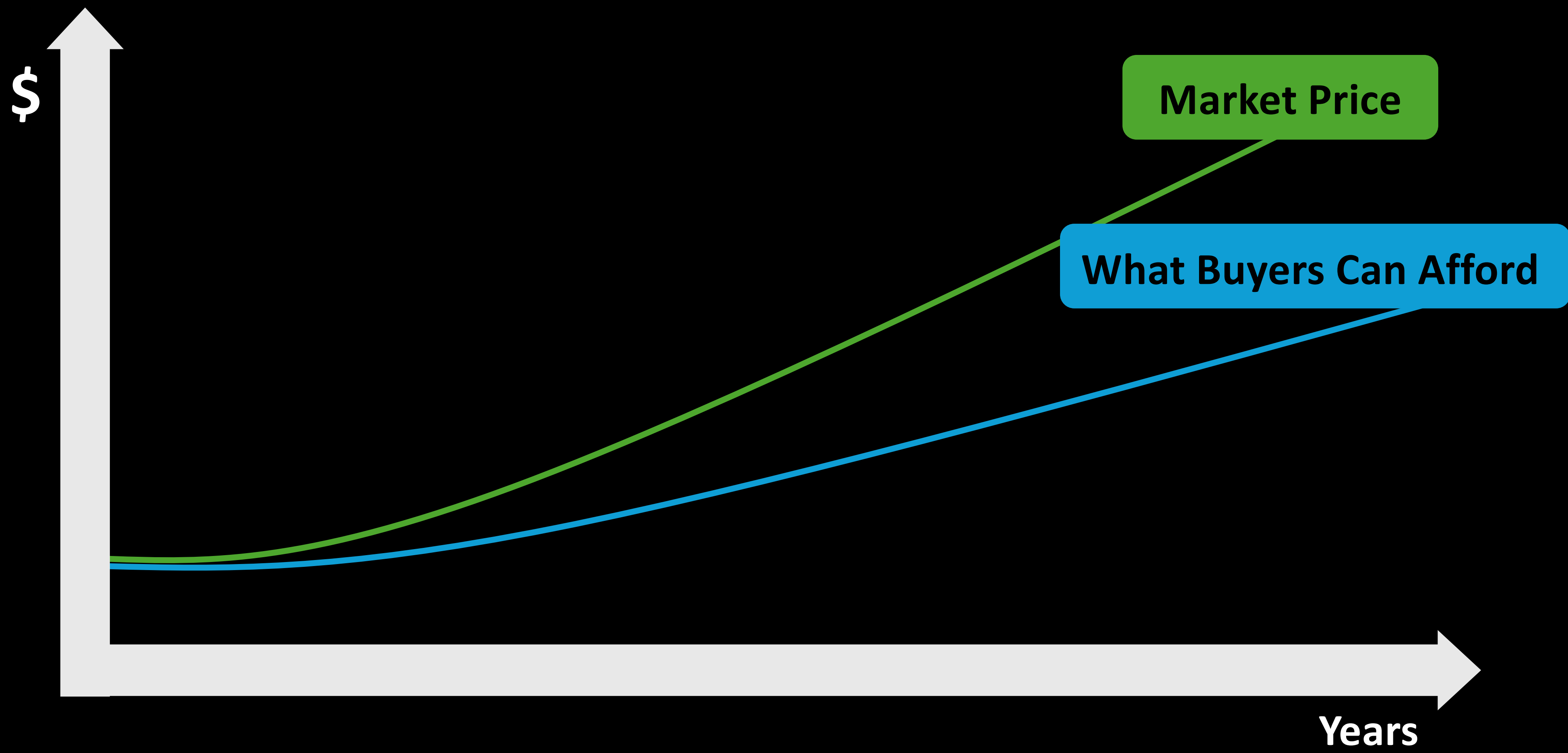
# The Growing Affordability Gap



# Downpayment Assistance (Recapture)



# Permanent Affordability (Resale)



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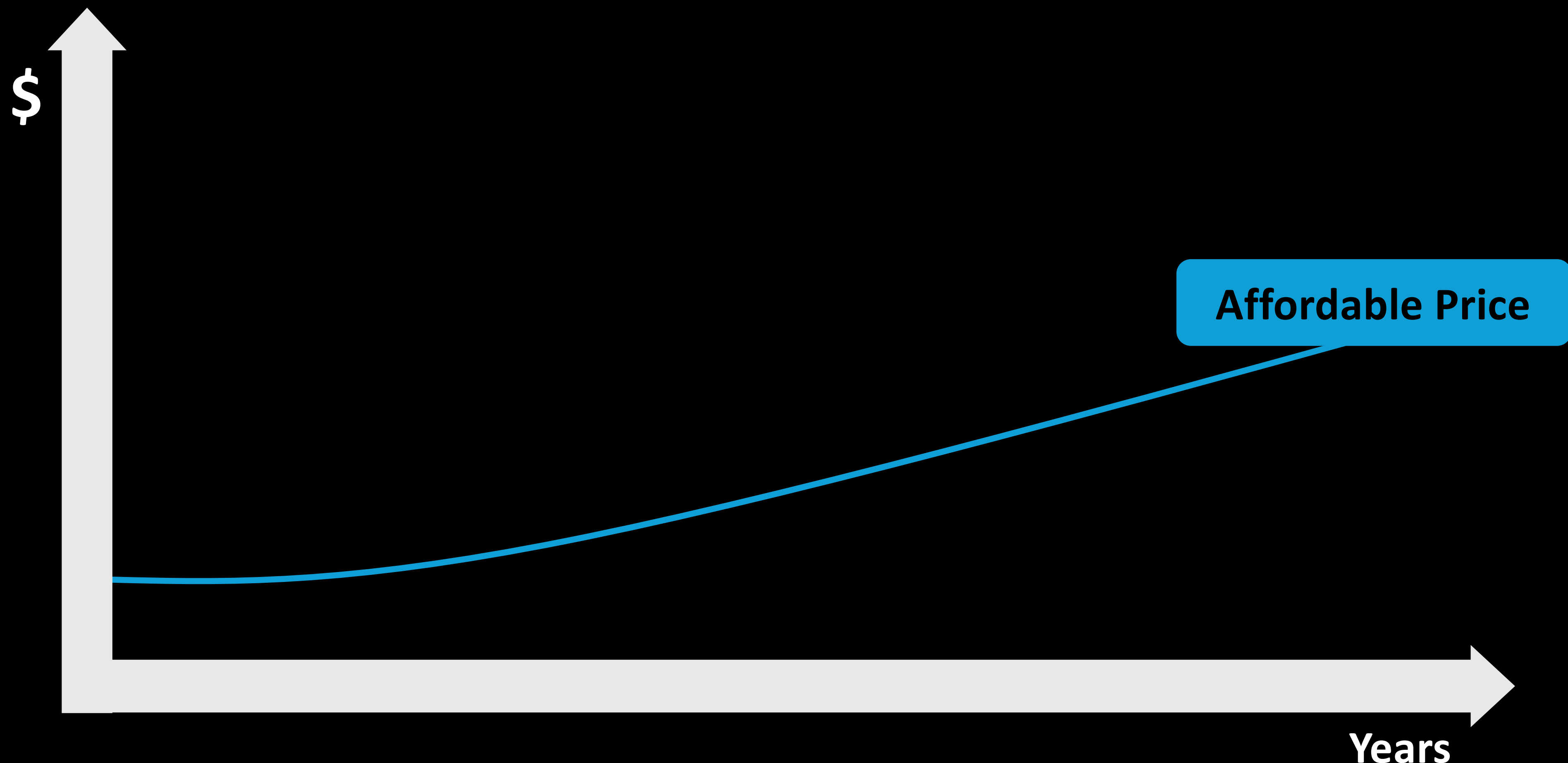
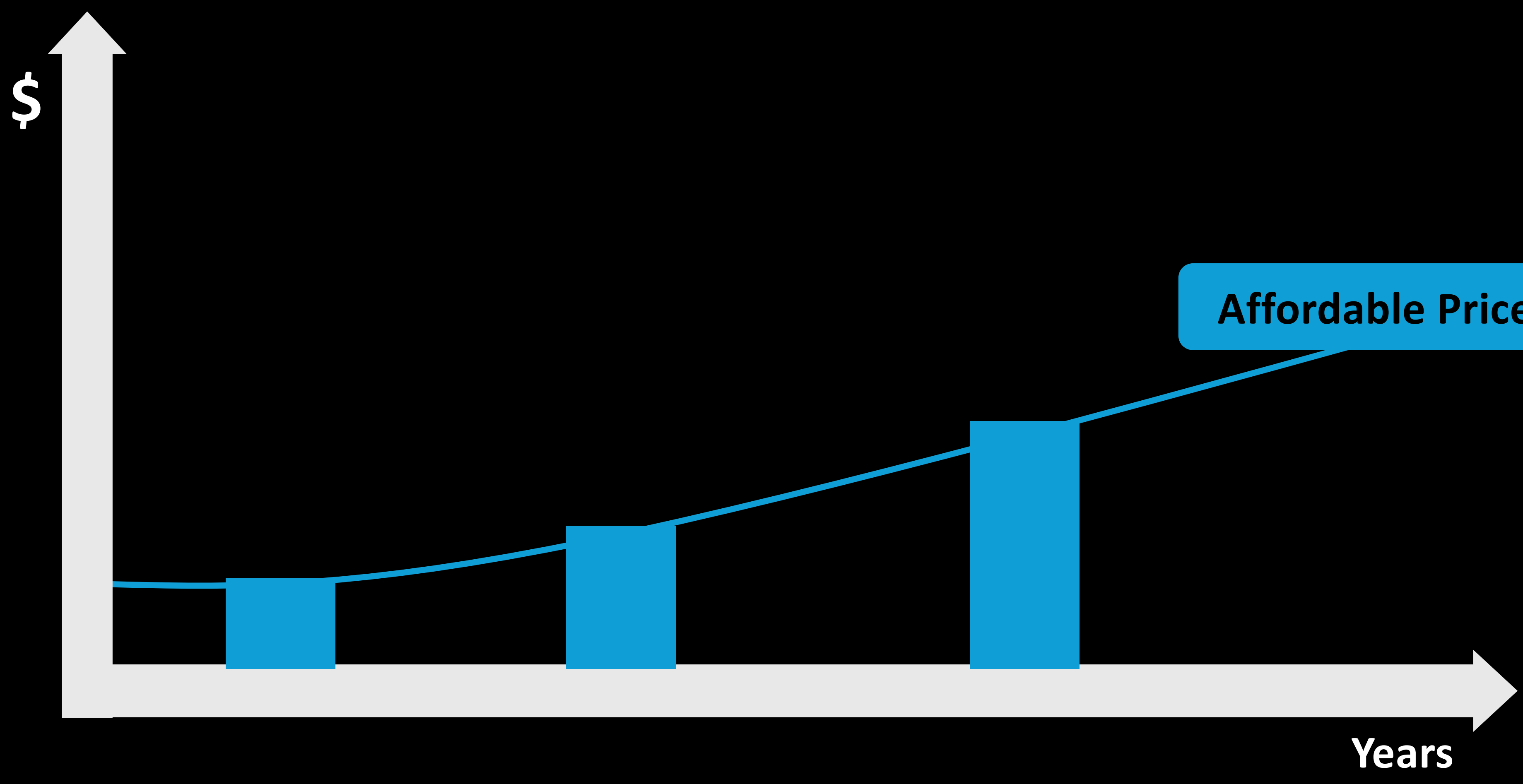


# Permanent Affordability (Resale)



# Shared Equity = Permanent Affordability

Lower price initially

Lower price at resale

Again, again and again

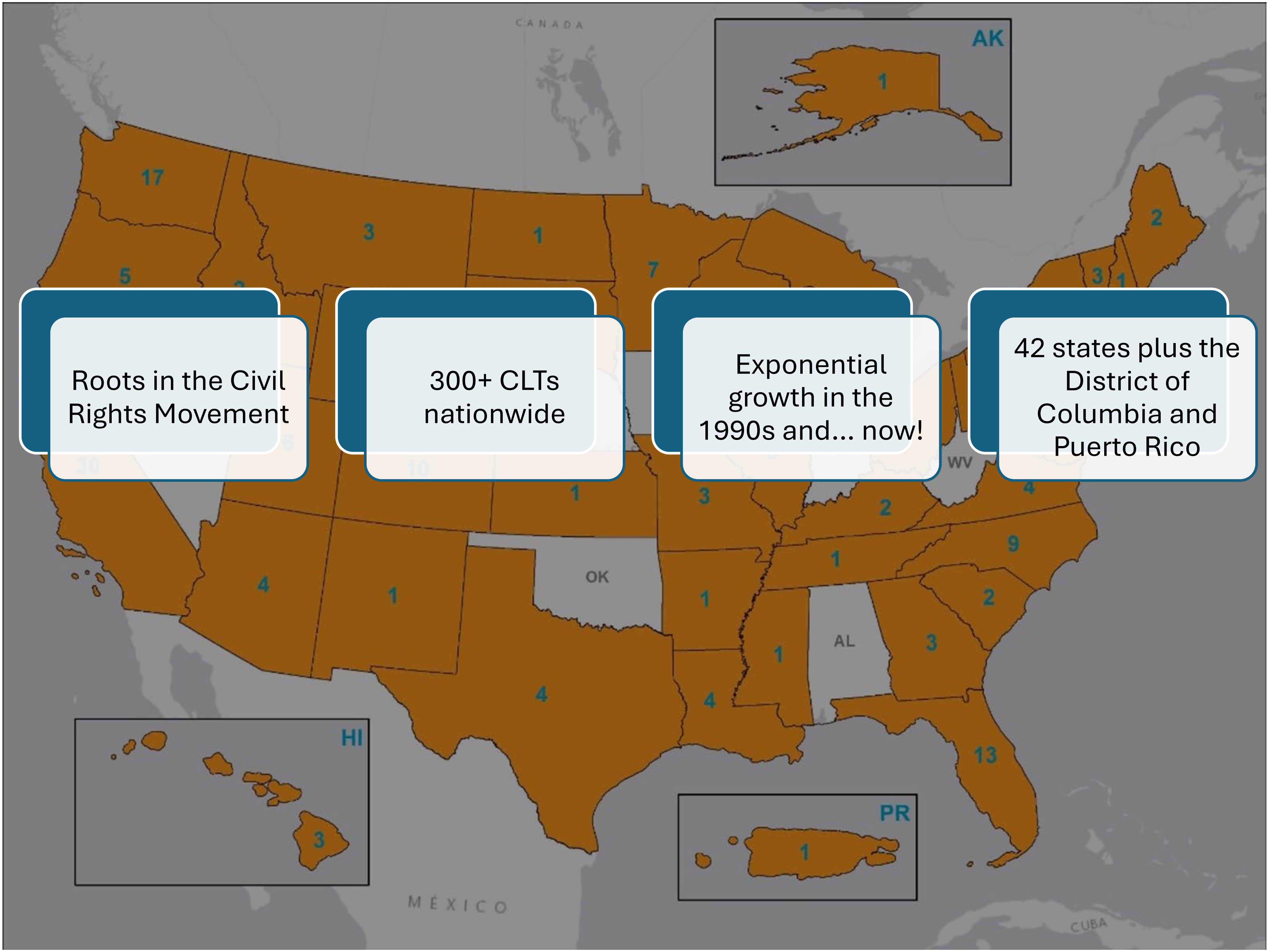

CLT

Roots in the Civil Rights Movement

300+ CLTs nationwide

Exponential growth in the 1990s and… now!

42 states plus the District of Columbia and Puerto Rico



# Homes People Can Afford

95%

of shared equity homes are priced affordably (under 30% of monthly income) for households earning 80 percent of AMI or below

# Stewardship Works


Over

99%

of shared equity homes avoid foreclosure proceedings

# Steppingstone to Market Rate Housing

**6** out of **10**

shared equity homeowners use their earned equity to eventually purchase a traditional market rate home.

# BIPOC Homebuyers

The share of minority households living in shared equity homes increased from

**13%** (1985-2000) to **43%** (2013-2018)

# LIFT Funding

# LIFT Funding

Local Innovation and Fast Track Homeownership (2016)

- CLT, Condo, Leasehold
- Nonprofit Land Ownership Required
- Long Term Stewardship
- Other Funding is Layered

# What we build...

# What we build:
# Single Family Home Subdivision

# What we build:
# Single Family Home Subdivision

Neighborhood = 24 Lots

- 1 Lot = 1 House
- May be Attached or Detached
- Eligible HH Buys House
- Nonprofit Keeps Land
- Lease Binds Them

# What we build:
# Single Family Home Subdivision

Neighborhood = 24 Lots

- ~~1 Lot = 24 Houses~~
- May be Attached or Detached)
- Eligible HH Buys House
- Nonprofit Keeps Land
- Lease Binds Them

# What we build:
# Condominium Development

# What we build: Condominium Development

Neighborhood = 24 Homes

- 1 Lot = 24 Homes
- May be Attached or Detached
- Condo Declaration
- Eligible HH Buys Leasehold Interest in Condo Unit
- Nonprofit Keeps Land+
- Affordability Covenant w Nonprofit
- Lease w Developer (and later this is partially assigned to each buyer)

# What we build: Cooperatively Owned Homes

# What we build: Cooperatively Owned Homes (LEC)

Neighborhood = 24 Homes

- 1 Lot = 24 Homes
- Coop Buys the Buildings
- Eligible HH Buys SHARE in Coop
- HH leases unit from Coop
- Affordability Covenant
- Nonprofit Keeps Land
- Lease Binds Nonprofit + Coop

**What we build:**

# What we build…

Common Areas of Confusion

- Land Use vs.
- Building Type vs.
- Ownership Model

# What we build...

Common Areas of Confusion

Land Use

- 1 Lot = 1 House
- 1 Lot = 24 Condos

Building Type

- Single Family
- Duplex/Townhome
- Multifamily

Ownership Model (OR LIFT)

- Leasehold
- Condominium Leasehold
- Cooperative Leasehold

Habitat for Humanity Portland, West Lake Grove

Proud Ground, Pardee Commons

Rooted Homes, Rooted a Korazon


Sisters Habitat for Humanity, Village Meadows


VOCABULARY


CLT

# Words Matter!

What is...?

- Permanent Affordability
- Shared Equity Housing
- Community Land Trust
- Permanently Affordable Leasehold
- Deed Restricted Homeownership

# Permanent Affordability

Lower price initially

Lower price at resale

Again, again and again

**In exchange for buying a house at a below-market price, the seller agrees to limit the price at which they can sell in the future.**

# Permanent Affordability

- Type of Program
- Often called ”Shared Equity” housing
- Includes CLTs, Habitats, CAP Agencies, local governments

# Shared Equity Housing

A one-time investment makes a home affordable for purchase by a working family with modest means, and the home remains affordable for family after family that purchases it.

FOR SALE

In return for being able to buy a home below its market-rate value, the family agrees to limit their proceeds when they sell so another family with a modest income can afford to purchase the home.

The first family builds wealth and then "pays it forward." The affordable house is self-sustaining, and the use of public funds is prudent since that one-time public investment serves an endless number of families.

## What are the Benefits of Shared Equity Homeownership?

1. Provides greater likelihood of attaining and sustaining homeownership.
2. Builds wealth among lower income and families of color.
3. Ensures public investments go further and do more.
4. Builds stronger, safer and higher-quality neighborhoods.
5. Contributes to greater educational and job attainment.
6. Creates jobs through the construction and rehab of housing.

# Shared Equity Housing

Resale Restricted Leaseholds

(CLT Model)

Deed Restricted Housing

Limited Equity Coops

# What is a Community Land Trust?

An ORGNAIZATION!

Mission to acquire, own and steward land **permanently** for the common good by providing:

- Affordable housing
- Commercial spaces
- Community spaces
- Farming or open land

# Community Land Trusts

Generally, a non-profit organization with:

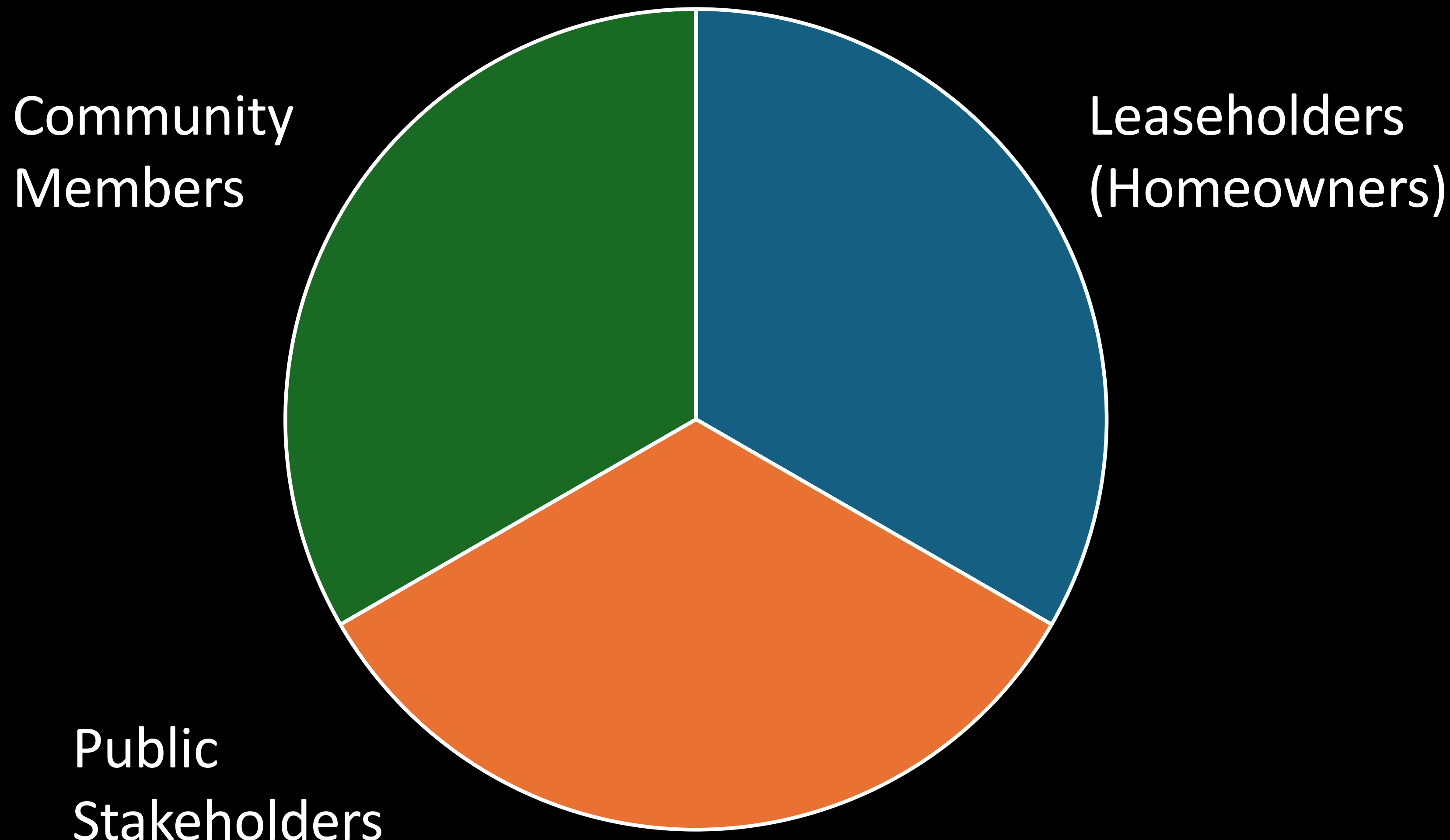
- Defined service area
- Corporate membership
- Tri-partite board

# Community Land Trusts

**ARE NOT**

- Legally a “Trust”
- A subdivision or project
- A Habitat for Humanity

# Tri-Partite Board



# Permanently Affordable Leaseholds

Not a CLT, but doing permanent affordability using a leasehold model

- Habitat Affiliates
- NeighborWorks Orgs
- Cap Agencies
- Others?

# Dual Ownership

Individual owns improvements (home)

Community land trust owns land

# Dual Ownership

**Ground lease** ties improvements and land together …

- Includes Resale Formula
- Occupancy Restrictions
- Buyer Restrictions

# Deed Restricted Homeownership

Not actually a Deed Restriction!

# Deed Restricted Homeownership

## Similar to permanently affordable leaseholds

- Security via Covenant
- Not as secure as Leasehold
- Includes Resale Formula
- Often Limited in Duration

# Do they really mean "Community Land Trusts?"

- HUD – defined it in their CFR and revised
- USDA – defined it and stuck to it
- OHCS – reference w/out a definition

# Best Practices

# Permanent Affordability = Permanent Responsibility

# = Stewardship

- Stewardship of <u>homes</u>
- Stewardship of <u>homeowners</u>
- Stewardship of <u>resources</u>

# Stewardship

- Program Design
- Pre-purchase Stewardship
- Post Purchase Stewardship
- More to come!


Questions?