



## **Permanent Housing Affordability Act**

*Senator Blunt Rochester (D-DE)*

**Endorsed by:** Grounded Solutions Network, National Housing Conference, American Planning Association, NeighborGood Partners, Community Legal Aid Society, Inc., The WRK Group, Delaware National Association of Housing and Redevelopment Officials (NAHRO), Wilmington Land Bank, Habitat for Humanity of New Castle County, Habitat for Humanity of Central Delaware, Sussex County Habitat for Humanity, National NeighborWorks Association, Congress for the New Urbanism (CNU), Incremental Development Alliance, National Community Stabilization Trust (NCST), National NeighborWorks Association, NC CLT Coalition, and Washington Affordable Cooperative Housing Network

### **Combatting Rising Unaffordability**

Expensive land is making homeownership impossible for families. In the most expensive housing markets, the value of land can account for over half of a home's price.<sup>1</sup> While rising land prices contribute to equity accumulation and serve as a wealth-building tool for many Americans, they can be prohibitive to accessible homeownership for low- and moderate-income families.

To address rising housing costs, we must adopt innovative solutions. Shared equity homeownership models typically restrict a home's sale price to maintain permanent affordability. For example, a family selling a shared equity home would recoup a predetermined portion of the fair value appreciation while the remaining value contributes to preserving the home's affordability. These models require a one-time public investment to make housing affordable. 95% of shared equity homes are priced affordably for low- to moderate-income families.<sup>2</sup> The model balances wealth building for families who would otherwise be unable to afford homeownership with preserving the community's affordable housing investments. Roughly 60% of shared equity homeowners go on to purchase market-rate homes, using their earned equity as a steppingstone to traditional homeownership.<sup>3</sup>

The **Permanent Housing Affordability Act (PHAA)** will facilitate the development of shared equity housing nationwide. By providing seed funding for shared equity housing construction and land acquisition, the PHAA will leverage one-time public investments to build our stock of permanently affordable housing. With growing national interest in Community Land Trusts (CLTs) and other models, we have a critical opportunity to invest in comprehensive shared equity housing legislation to unlock their full potential.

### **The Permanent Housing Affordability Act:**

- Establishes a Lasting Home Affordability Fund to provide low-cost construction loans to construct or rehabilitate permanently affordable homes in high-demand areas.
- Creates a Nonprofit Lasting Affordability Grant Pilot Program to purchase vacant land or existing properties to develop permanently affordable housing.
- Authorizes federal transfer of surplus property to CLTs at discounted rates.
- Requires the Department of Housing and Urban Development (HUD) to research shared equity models and share best practices with lenders, home builders, and the public.

<sup>1</sup> Sheharyar Bokhari, "It's Not All About Demand: Home Prices Are Sky-High Where It's Most Difficult and Most Expensive to Acquire and Develop Land," *Redfin News*, June 24, 2019, updated October 6, 2020, <https://www.redfin.com/news/value-of-house-vs-land/>

<sup>2</sup> Ruoniu Wang, Claire Cahen, Arthur Acolin, and Rebecca J. Walter. "Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations." Cambridge, MA: Lincoln Institute of Land Policy, April 2019. [https://www.lincolninst.edu/app/uploads/legacy-files/pubfiles/wang\\_wp19rw1\\_rev\\_0.pdf](https://www.lincolninst.edu/app/uploads/legacy-files/pubfiles/wang_wp19rw1_rev_0.pdf)

<sup>3</sup> "Shared Equity Housing: By the Numbers – Grounded Solutions Network." 2019. Groundedsolutions.org. 2019. <https://groundedsolutions.org/shared-equity-housing-numbers/>.



To cosponsor the **Permanent Housing Affordability Act**, please contact Sophie Boumsidia (Sen. Blunt Rochester) at [Sophie\\_Boumsidia@bluntrochester.senate.gov](mailto:Sophie_Boumsidia@bluntrochester.senate.gov).

<sup>1</sup> Sheharyar Bokhari, "It's Not All About Demand: Home Prices Are Sky-High Where It's Most Difficult and Most Expensive to Acquire and Develop Land," *Redfin News*, June 24, 2019, updated October 6, 2020, <https://www.redfin.com/news/value-of-house-vs-land/>

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