

Shared Equity, Lasting Impact:

Strategies for Affordable and Sustainable Housing

By Daniele Berman, Vice President of Strategy and Operations



Community
HOME TRUST



Community Home Trust delivers housing affordability to diverse populations in partnership with our communities.

3	Executive Summary
4	Defining Affordable Housing
6	Community Land Trusts
9	CHT's Community Land Trust Model
12	Impact on the Community
13	How a CLT Benefits Homeowners
14	Homeowners' Feedback
15	Sources



Our nation's housing affordability crisis is persistent and growing, and there is no one-size-fits-all solution to the problem. Instead, ensuring everyone has an affordable, safe place to live requires the use of many different tools and solutions from many different angles. One of those tools is the

community land trust model of shared-equity homeownership,

which balances the wealth-building potential of individual homeownership with the community value of shared assets. Community Home Trust in Orange County, North Carolina, is one of the largest and oldest community land trusts in the country.



DEFINING AFFORDABLE HOUSING

The affordable housing crisis makes the headlines regularly – and with good reason. **According to the Kenan Institute for Private Enterprise, in 2023 the United States was facing a shortage of four to five million homes.**¹ Shortages of supply mean an increase in demand and thus cost; indeed, **housing costs were rising faster than wages in 80% of markets in 2023.**¹

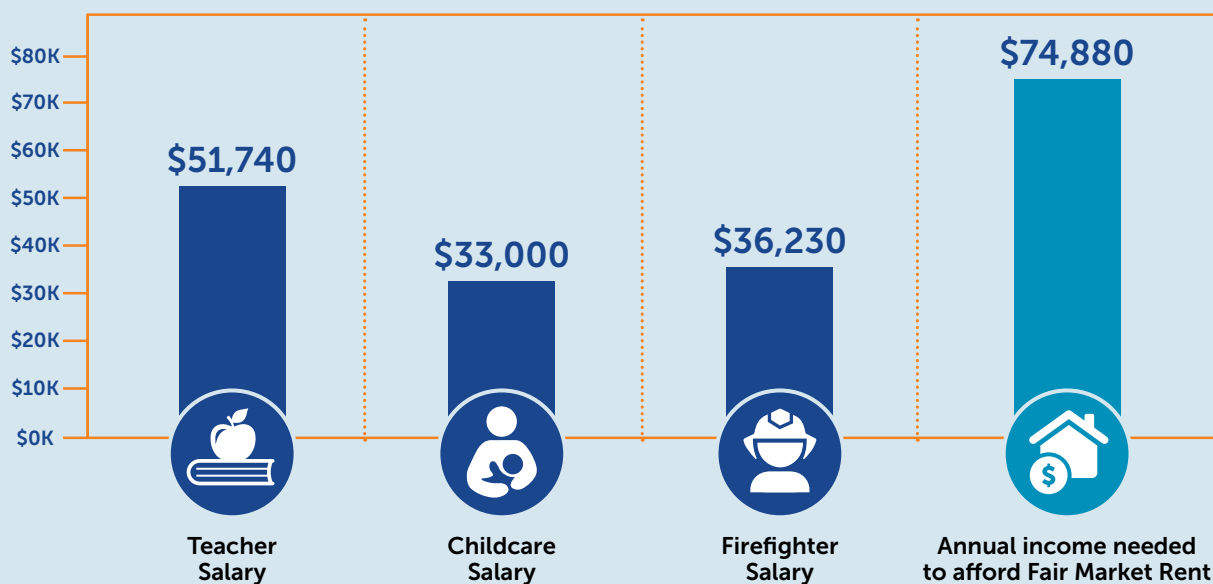
The United States Department of Housing and Urban Development (HUD) defines housing as “affordable” if total housing costs, including utilities, are no more than 30% of the household’s gross income.

The term “affordable housing” is most often used to refer to rental or homeownership units that are affordable (i.e. cost no more than 30% of total household income) for households earning below a certain income threshold. HUD defines those income thresholds using Area Median Income (AMI), a figure that is calculated each year based on the median income in a particular metropolitan area. Most often, the income threshold used is 80% AMI, meaning that affordable housing opportunities are available only

to those earning less than 80% of the median income in their community. But some affordability models focus on lower AMI brackets as well, such as Low-Income Housing Tax Credit (LIHTC) properties,² which primarily serve tenants earning less than 60% AMI.

HUD uses the term “Fair Market Rent” (FMR) to describe the income needed to afford a moderately-priced dwelling unit in a given housing market. In our region of the country (referred to as the Durham-Chapel Hill, NC HUD FMR Area) in 2024, FMR for a two-bedroom unit was \$1,872 per month, up from \$1,631 last year and \$1,088 in 2020. The “housing wage” – that is, what a person needs to earn to afford FMR – was \$74,880 per year or \$36.00 per hour for a 40-hour workweek. For comparison’s sake, our state’s minimum wage is \$7.25 per hour. The average income of a childcare worker was \$33,000; a firefighter, \$36,230; and an elementary school teacher, \$51,740. That means that none of these essential workers could reasonably afford to rent a two-bedroom unit in our community.³

AVG. ANNUAL SALARIES COMPARED TO INCOME NEEDED FOR FMR



Source: North Carolina Housing Coalition³



What do you think of when you hear the term “affordable housing”?

Across the country, there are many different models for providing housing that is affordable, which means people have many different associations with the term “affordable housing.” For some, the term brings to mind public housing, which is housing owned by local housing authorities, financed by HUD, and leased to low-income residents. Others may think of HUD’s Housing Choice Voucher program,⁴ sometimes simply referred to as “section 8 housing,” which allows very low-income families to rent from private landlords with the support of federal funding provided through local public housing agencies. Still others may be more familiar with nonprofit models that build affordable homes, supported by individual donations and private and public philanthropic dollars.

In fact, the range of affordable housing models and opportunities is broad and incorporates residents from those at risk of homelessness who need heavily subsidized rental housing (as well as supportive services like case management and health support) all the way through first-time homebuyers who are able to qualify for a mortgage and make regular monthly payments but can’t afford private market homeownership. There are many tools in the toolbox that can be used to tackle the affordable housing crisis, and community land trusts are one of those tools.





What is a community land trust, and what distinguishes it as an affordability model?

A community land trust (CLT) is a nonprofit organization committed to preserving long-term affordability in a community. CLTs provide shared equity homeownership opportunities for lower-income (often first-time) homebuyers.

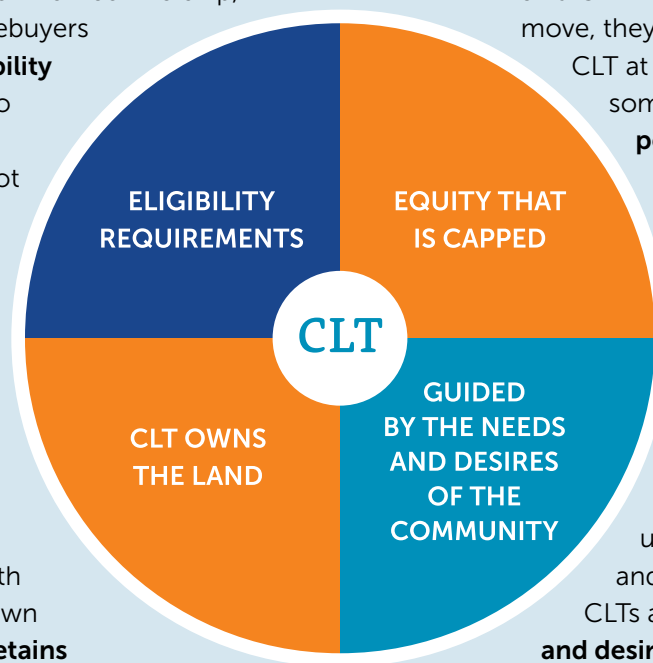
“Shared equity” homeownership⁵ is a model through which a homebuyer purchases a home below market value from a nonprofit organization, such as a CLT or local government program. That homebuyer is then **contractually obligated to share the value of any price**

appreciation of their home when they decide to sell it with the organization through which they purchased that home, which in turn allows that organization to maintain the affordability of the home for future buyers, often for generations. This is very different from the private market model of homeownership, in which the value of a home – and thus the cost for a buyer and profit for a seller – is determined by market forces like supply and demand, and in which both buyers and sellers are solely responsible for their costs and profits.

There are a few distinguishing characteristics of a CLT as a housing affordability model:

CLTs are often focused on homeownership, rather than rental. Homebuyers must meet certain **eligibility requirements** in order to purchase a CLT home, which include but are not limited to AMI limits.

In exchange for being able to purchase a home at a heavily discounted price, CLT homebuyers enter into a unique relationship with the CLT, in which they own the home but the **CLT retains ownership of the land** on which it is built.



When a CLT homeowner is ready to move, they sell the home back to the CLT at a set price, which includes some **equity earned over the period of ownership but is capped**. This allows the CLT to resell the home again at a heavily discounted price.

Also significant is that a CLT is a nonprofit organization governed by a board of directors made up of community members and CLT residents. As such, CLTs are **guided by the needs and desires of the community**.



What are the benefits of a community land trust?

Permanent affordability is the primary benefit of the CLT model and what distinguishes this type of housing affordability from other models. By prioritizing long-term affordability, CLTs can create resilient housing systems benefiting all residents, especially the most vulnerable. This approach ensures housing remains a fundamental right, not a commodity, fostering inclusive and thriving communities for generations to come. CLTs promote economic stability, social equity, and environmental sustainability.



PERMANENT AFFORDABILITY:

Because of the shared equity model, a one-time investment in a CLT, either from private donations or public funds, which allows the CLT to purchase a home, is actually a permanent investment in housing affordability. Those dollars can be “recycled” through future sales of the same home. ***The financial investment in that initial home purchase stays in the home, allowing homeowners to move through purchase and resale of the home an unlimited number of times without the home being subject to market fluctuations.*** Thus CLTs are uniquely positioned to provide permanent affordability in a way that other housing affordability models cannot.



ECONOMIC STABILITY:

When affordable housing is available in the community where individuals work, not requiring long commutes from other, less expensive communities, families have more disposable income to spend locally, stimulating growth and job creation. When renters become homeowners and move less frequently, it benefits school continuity and reduces stress on social services. CLTs help families achieve economic stability, which leads to less reliance on public assistance.

CLTs also stabilize communities by ensuring permanent affordability, keeping housing accessible to low- and moderate-income families indefinitely. This stability prevents displacement and fosters community cohesion, allowing residents to stay in their homes without fearing rising costs. As property values increase, CLT homebuyers are protected from being priced out, supporting stronger, more cohesive communities.

SOCIAL EQUITY:

Traditional housing markets can create wealth disparities as property values rise and non-owners are left behind. But CLTs keep housing a public good rather than a speculative investment. This model helps distribute wealth more equitably and provides long-term security for residents. Permanent affordability decouples housing from market fluctuations, offering a consistent and reliable housing option regardless of economic conditions. This stability is crucial for long-term planning and financial security for low-income families.

CLTs promote inclusive growth by ensuring permanent affordability, creating communities where people of all income levels can live and thrive. This inclusivity fosters diverse and vibrant neighborhoods, enriching the cultural and social fabric of the area. It also supports workforce diversity by allowing essential workers to live near their places of employment.

SUSTAINABILITY:

CLTs invest in maintaining their housing stock for the long-term, which means that the homes in a community remain in good repair and are sustainable for longer. Through mechanisms like stewardship programs, grants, and homeowner education, CLTs can support homeowners in keeping up with essential home maintenance, meaning the homes remain affordable and available for longer.





How does inclusionary zoning make Community Home Trust unique?

At over 30 years old, Community Home Trust is the largest community land trust in North Carolina and one of the largest in the country. We currently have over 370 housing units in our inventory, and over the next five years, thanks in large part to a policy known as **inclusionary zoning**, we expect to nearly double that inventory.

In 1991, Chapel Hill enacted an inclusionary zoning policy that stipulates that a percentage of all for-sale housing development (15% in most of the Town, 10% downtown) be set aside as affordable. This ordinance ensures that new homes in Town are available not only to those who can afford market rates, however those may fluctuate, but also to those with lower incomes for

whom housing rates preclude them from purchasing a home in Town. The neighboring Town of Carrboro also has a voluntary inclusionary zoning ordinance. Due to its voluntary nature, Community Home Trust has obtained limited inventory as compared with the mandatory ordinance in Chapel Hill.

Inclusionary homes built by developers make up a large percentage of Community Home Trust's inventory of permanently affordable homes. In fact, Community Home Trust was originally created to administer the Town of Chapel Hill's inclusionary policy. The inclusionary zoning ordinance is a unique inventory pipeline for Community Home Trust to ensure we can grow our inventory to match the needs of our growing community.



What is also unique about the inclusionary zoning ordinance is that it ensures permanently affordable homes are integrated into communities and are indistinguishable from market-rate homes. In many cases, those inclusionary homes are identical or nearly identical to the market rate homes in a neighborhood, and they are scattered throughout the community. For homebuyers, this integration helps insulate them from some of the stigma of owning an “affordable” home, as it may not be obvious to even their closest neighbors that their homes are any different from the private market homes. It also provides our homebuyers the opportunity to live in communities they would not otherwise be able to afford, increasing access to resources like our local schools, which are among the highest-ranked in the state; employment opportunities at our state’s flagship University of North Carolina at Chapel Hill campus and with other local employers; healthcare and education through the university; and many other resources that make Orange County such a desirable place to live.

Community Home Trust also has a unique collaborative, contractual funding agreement with our local municipalities: Chapel Hill, Carrboro, Hillsborough, and Orange County. Because the organization was created by these local governments to support efforts to increase affordable housing stock, all four municipalities agree to contribute funding for the organization from their annual budgets in proportion to the amount of affordable housing provided in their communities by Community Home Trust. Their investments are significant, intentional, and stable. These reliable sources of annual funding mean that Community Home Trust has the ability to support our current homeowners, sustain our education and outreach offerings, and continue to innovate and grow to meet the needs of our local community.





How can shared-equity homeownership balance the values of individual wealth creation with permanent affordability for communities?

Perhaps the most important question CLTs need to answer is how their beneficiaries fare: both the individual homebuyers they serve and how those homebuyers benefit financially from their CLT homeownership experience; and the communities they serve, as far as how well their model preserves affordability in those communities and their housing stock. "At its heart, the debate about how to handle appreciation in affordable homeownership programs is a debate about the very purpose of homeownership. For many working families, the chance to assume

greater control of their living environment, have stable housing costs, build equity through the pay-down of principal and possibly take advantage of the mortgage interest deduction is sufficient motive to buy a home, even when their ability to profit from price appreciation is strictly limited," explains Rick Jacobus, author of *Shared Equity, Transformative Wealth*.⁶ The ideal CLT model balances both community value and individual wealth creation. Fundamental to the model is the idea of real estate as a place to live, first and foremost.



How does a CLT offering permanent affordability provide increased return on investment to the community?

HIGHER RETURN ON INVESTMENT:

Beyond just individual homeowners, Community Home Trust's community land trust model has a wider impact on housing affordability in our local communities. When money is invested in adding a home to Community Home Trust's inventory – whether a donation from a private donor, funding from our governmental partners, or an investment from a grant or other philanthropic entity – that money remains in that home permanently. Because the home remains in our inventory forever and will never be available for sale on the private market, the home's price is not subject to market forces. That means that the initial money invested in that home will benefit not just the first buyer who purchases it but every buyer thereafter. Thus, the return on investment for the community – whether that's government support, subsidy, or contributions from corporate or individual donors – is significantly higher than with other affordability models, as each one-time investment is multiplied each time it benefits a new homebuyer. This is the unique value of a community land trust's permanent affordability model.

SIGNIFICANT COMMUNITY BENEFITS:

Additionally, there are tremendous benefits to the community when people who work in a community live in that same community. According to our local Chamber's most recent data,⁸ 70% of Orange County residents commute out of the County for work every day, and 74% of jobs in Orange County are filled by people who commute in from another county. All that commuting has economic impacts for individuals, of course, but it also has environmental impacts for our community. Additionally, when people leave the County every day for work, they take their money with them and spend it in other counties, rather than keeping it at home in Orange County, so there are tax impacts to so much commuting. And of course, cost-burdened households – that is, those that spend more than 30% of their total income on housing costs – have less disposable income

to spend on other things, thereby decreasing sales tax revenue for our communities.

COMMITMENT TO MAINTAINING HOMES:

As the long-term stewards of our housing stock, Community Home Trust is also invested in maintaining those homes as well as and for as long as possible. So we have implemented programs like our Stewardship Program and the Dowling Home Maintenance Fund, both of which provide financial support for Community Home Trust homeowners to complete essential repairs and maintenance on their homes. The Stewardship Program is a pooled fund that all Community Home Trust homeowners participate in, and it provides coverage for six essential areas of home maintenance, which could quickly cause an affordable home to become unaffordable and unsustainable for the long-term: roofing, HVAC, water heater, floor coverings, exterior paint/siding, and termite protection and treatment. For those repairs that aren't covered by the Stewardship Program, homeowners are also able to apply for a no-payment, no-interest loan from the Dowling Home Maintenance Fund that does not have to be paid back until they sell their home. This fund prioritizes support for urgent and/or immediate needs.

While these funds support individual homeowners in caring for their homes, they are also essential to Community Home Trust's value to the community, as our investment in our 300+ homes means they stay in good repair for longer. Where needed, we are able to apply for additional funding like Community Development Block Grants (CDBG),¹¹ which are federal grants administered by local governments "to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities for low- and moderate-income peoples." We can then use these grant dollars to further improve the condition of our homes, which contributes to the wellbeing of our entire community. This investment of public funds in addition to private philanthropic dollars helps make the model sustainable.



What is the benefit to individuals of our work?

It is widely understood that homeownership is one of the most important keys to building wealth in the United States. According to **a study done by Habitat for Humanity**⁷ in 2020, homeowners’ average net worth is 400% higher than renters with comparable demographics and incomes. By providing below-market rate homeownership opportunities reserved for first-time homebuyers with lower incomes, Community Home Trust can help community members build generational wealth.

We work in a community where housing prices are rising significantly faster than wages. According to **recent data published by The Chamber for a Greater**

Chapel Hill-Carrboro,⁸ the average for-sale home price in Orange County has increased by 56% in the past ten years; of renter households in the County, 54% are considered cost-burdened (that is, spending more than 30% of their income on housing costs). To afford a one-bedroom rental home at fair market rent in Orange County, an employee earning minimum wage must work 120 hours per week.

The benefit of providing more permanently affordable housing opportunities is clear: in order to be able to live in the community where they work and build generational wealth, members of the workforce need affordable homes.

In 2021, we partnered with Central Pines Regional Council (formerly Triangle J Council of Governments) to conduct **a study of our impact**⁹ over the 30 years since Community Home Trust was created. We gathered data from our residents about how Community Home Trust homeownership has impacted their lives:



*At least nine out of 10
RESIDENTS FEEL SAFER
since moving into their
Community Home
Trust homes.*



*On average, respondents
and their families
have reported
BETTER SAVING HABITS
and an increased ability to
pay bills on time.*



*Respondents feel
better about their
CHILDREN'S FUTURE
since moving into their
Community Home
Trust home.*



*Since moving into their
Community Home Trust
home, respondents are
**CLOSER TO WORK,
MEDICAL FACILITIES,
AND FRESH FOOD.***



Our homeowners explain the impact their Community Home Trust homes have had on their lives:

“ *Community Home Trust gave us an opportunity to get our feet under us, and when we eventually get to a point where we'll buy a home on the private market, we can pay it back to someone else who is where we were so they can get their start, too.* ”

“ *Chapel Hill and this organization are unusual in having this opportunity to shape the future of the housing market in such a positive way.* ”

“ *One of the things that I love about the mission of Community Home Trust is the idea of not just putting you in a home but keeping you in your home. That, to me, is really profound. As a social worker, that's something that really rings true to me. It's not just how can we fix this problem right now, but how can we empower you to have a solution in the long term? How can we not just put a bandaid on something but make this a solution?* ”

“ *When one homeowner was explaining Community Home Trust's model to her dad and how the permanent affordability of her home means that she won't necessarily receive a windfall if she decides to sell it, her dad told her, "You're getting the windfall every month." And she says he's right: the windfall is all the money she's saving on housing costs right now.* ”

To that last homeowner's point, however, the CLT model does limit the wealth generation potential of a home by limiting the home's resale price. Community Home Trust homeowners earn, on average, 1% equity per year of homeownership when they resell their homes to Community Home Trust. **Our home prices are set based on HUD affordability guidelines**, which completely shields them from the fluctuations of the private housing market. That means prices do not go up dramatically when the housing market changes, and our homeowners are also guaranteed never to lose

money on their investment. We know that most of our homeowners sell their homes and leave our program to purchase homes on the private market. They tell us that they're able to do that because Community Home Trust homeownership has allowed them to improve their financial situation so significantly. According to a 2021 report from the National League of Cities and Grounded Solutions Network,¹⁰ nearly 60% of CLT homeowners purchase homes on the private market when they sell their CLT home.

The tradeoff in equity for the individual homeowner is balanced by the value to the community of the asset.



1. "The Affordable Housing Crisis in 2023: Where Do We Stand, and What are the Solutions?" Kenan Institute of Private Enterprise, January 23, 2023, kenaninstitute.unc.edu/commentary/the-affordable-housing-crisis-in-2023-where-do-we-stand-and-what-are-the-solutions/.
2. "What is the Low-Income Housing Tax Credit and how does it work?" Tax Policy Center, Urban Institute and Brookings Institution, January 2024, taxpolicycenter.org/briefing-book/what-low-income-housing-tax-credit-and-how-does-it-work.
3. "The 2025 Housing Need in Orange County," North Carolina Housing Coalition, nchousing.org/wp-content/uploads/2017/01/NCH-CountyProfile-Orange.pdf.
4. "Housing Choice Vouchers Fact Sheet," US Department of Housing and Urban Development, hud.gov/topics/housing_choice_voucher_program_section_8.
5. "Shared Equity Homeownership: The Basics," National Housing Conference, nhc.org/policy-guide/shared-equity-homeownership-the-basics/.
6. Jacobus, Rick, "Shared Equity, Transformative Wealth," Center for Housing Policy, April 2007, groundedsolutions.org/wp-content/uploads/2018-10/14%202007-Shared-EquityTransformative-Wealth.pdf.
7. "Research series: Outcomes associated with homeownership," Habitat for Humanity, October 2020, habitat.org/our-work/impact/research-series-outcomes-associated-with-homeownership.
8. "17th Annual State of the Community Report and Half-Day Conference," Chamber for a Greater Chapel Hill-Carrboro, May 23, 2024, growthzonesitesprod.azureedge.net/wp-content/uploads/sites/1111/2024/05/2024-SOTC-slides-pm.pdf.
9. "Community Home Trust Impact Study FY2020-2021," Triangle J Council of Governments, 2021, communityhometrust.org/wp-content/uploads/2021/12/CHT-FY20_21-Impact-Study-Final-Report.pdf.
10. "Community Land Trusts: A Guide for Local Governments," National League of Cities and Grounded Solutions Network, August 16, 2021, nlc.org/resource/community-land-trusts-a-guide-for-local-governments/.
11. "Community Development Block Grant Program," Town of Chapel Hill, townofchapelhill.org/government/departments-services/housing-and-community/funding/community-development-block-grant-cdbg-program.
12. Ramakrishnan, Kriti, Mark Treskon, and Solomon Greene, "Inclusionary Zoning What Does the Research Tell Us about the Effectiveness of Local Action?" Urban Institute, January 2019, urban.org/sites/default/files/publication/99647/inclusionary_zoning_what_does_the_research_tell_us_about_the_effectiveness_of_local_action_2.pdf.





Community HOME TRUST

105 Conner Dr, Ste. 1000
Chapel Hill, NC 27514

PO Box 2315
Chapel Hill, NC 27515

919.967.1545
communityhometrust.org

“Permanently affordable, shared equity homeownership offers a practical tool for extending the reach of sustainable homeownership as a wealth creation vehicle for generations of working families who would otherwise be left permanently behind. By offering real equity to families who would otherwise remain renters, and providing a safer vehicle for accessing homeownership, these programs provide a predictable and reliable avenue for advancement. By ensuring that the units remain affordable over the long term, the programs preserve a stock of housing so that it can play an asset-building role in the lives of one family after another.”

RICK JACOBUS,
CENTER FOR HOUSING POLICY.⁶

“Existing research points to the benefits of IZ [inclusionary zoning] and its ability to create affordable housing, encourage integration, and improve equity. As policymakers consider IZ as a tool to increase affordable housing, additional research should be conducted on how to make IZ policies more effective, equitable, and widely applicable.”

**KRITI RAMAKRISHNAN, MARK TRESKON, AND
SOLOMON GREENE, URBAN INSTITUTE.¹²**

