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Affordable Homeownership: Options & Considerations for Community Land Trusts

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Canadian Network of Community Land Trusts

AFFORDABLE HOMEOWNERSHIP: OPTIONS & CONSIDERATIONS FOR COMMUNITY LAND TRUSTS

ABOUT CNCLT

The Canadian Network of Community Land Trusts is the convening place for community land trusts across Canada. Our mission is to support the growth of community land trusts with the primary purpose of acquiring, developing, and/or stewarding permanently affordable housing, land, and other assets that contribute to a thriving community. We do this through resource creation (such as this guide), direct technical assistance, and network-building. We envision a Canadian CLT sector that is well-connected, enabled by government policy and funding, and driving a major increase in the national share of non-market housing assets. Visit us at communityland.ca

ABOUT THE AUTHOR

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The Canadian Network of Community Land Trusts commissioned the creation of this legal guide. This guide should be considered legal information, not legal advice. Readers are encouraged to seek independent legal counsel.

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Introduction

Affordable homeownership has been the focus of many community land trusts (CLTs) in the US context, but it has been little explored in Canada. As Canada's CLT movement grows, a growing interest in affordable homeownership programs is emerging, as demonstrated by groups such as the Northern Community Land Trust and others. Many non-profit organizations in Canada, CLTs or otherwise, are interested in ways of providing affordable homeownership, particularly legal approaches that will ensure the homes remain affordable to low-to-moderate income households in perpetuity.

The purpose of this introductory guide is to explain the different approaches to creating affordable homeownership programs, from a legal perspective and in the Canadian context, and to provide examples of potential affordable homeownership structures and how they affect the balance between ownership and affordability. While the guide is specifically geared towards Canadian CLTs, much of the content will be relevant for other Canadian organizations interested in developing affordable homeownership programs.

After reading the guide, you may likely have more questions than you started with. Remember, this guide is informational and does not substitute advice from a lawyer. The Canadian Network of Community Land Trusts is well-positioned to support any CLT exploring providing affordable homeownership through our technical team and trust partners.

What Do We Mean by “Ownership” and “Affordability”

The term “affordable homeownership” is a common phrase batted about when people are discussing the current housing crisis. However, people can have varying ideas of what ownership and affordability actually look like in practice, not to mention what their goals may be in achieving such affordable homeownership. This is further muddied when the lay terms of affordability and ownership are examined through a legal lens. Before an organization can determine the best plan to implement an affordable homeownership program, then, it is important to define the various aspects and purposes of both ownership and affordability.

Ownership

When people talk about “owning their own home” what do they actually mean? Or, to put it another way, what are the actual elements that constitute “ownership”? An important first step in creating an affordable homeownership program is for an organization to clarify what ownership means to the organization, its members, and the eventual occupants. This clarification allows the organization to design a program that incorporates those elements of ownership most important to the organization.

Below is a non-exhaustive list of elements commonly associated with homeownership, although there may be others that an organization determines are important to provide as well:

- **Security of tenure** – A sense of certainty and security in their home, with the knowledge that individuals have the right to live in the home as long as they desire, free from the fear of eviction and other threats commonly associated with tenancy.
- **Freedom and autonomy** - In connection with the sense of security, the general idea that nobody else has control or may determine what an individual can do with their home (e.g. painting the walls, having pets, designing a new kitchen, etc.). However, it is important to recognize that many traditional forms of ownership do impose limitations on an owner’s freedom, such as homeowner associations, condominium bylaws, and general civic zoning and building regulations.
- **Stabilized or reduced housing costs** – The ability for individuals to have reasonable knowledge and control over their future housing costs (e.g. not having to worry about a rent increase that is out of one’s control). Further, traditional ownership through a home loan offers the potential for individuals to eventually refinance or pay off the loan, leading to a reduction in housing costs over time.

- **Creation of equity** – Under most forms of ownership, an individual's home can function as an investment property to build long-term savings. As the home loan is paid off and/or the home's market value increases, the individual is able to create equity in the home. As a general note, this guide is not meant to address whether homeownership is the best or proper way for an individual to build long-term savings, but rather to acknowledge that the very common desire to build such savings is often intertwined with an individual's desire to own a home.
- **Freedom of mobility** – A final element, linked into the ability to create equity through homeownership, is the enhanced freedom of mobility for individuals who may desire to move to a new home in the future. In theory, the equity in the home can be used to maintain affordability for the individual in a new home (e.g. an increased down payment to lower loan payments, or possibly the outright purchase of a smaller home when downsizing later in life). In other words, the ability for an individual to carry the affordability from one home to the next (as opposed to an affordable lease, where the individual would be at the mercy of finding new available affordable housing if they ever left their current home).

Affordability

In addition to ownership encompassing many different elements, "affordability" also intertwines multiple different ideas and goals that an organization may wish to pursue, which can often conflict with one another. As such, it is important to define the various types of affordability so that an organization can be clear from the outset on what sort of affordability they want their program to provide. Below is a non-exhaustive list of various affordability "goals" that an organization may aim to achieve, but as with ownership, there is no one correct definition of affordability:

- **One-time affordable acquisition –** An organization providing the means for an individual to acquire a home for less than market rate, or for less than they would otherwise be able to afford, with no further restrictions or controls on the future of that home (i.e. the owner would be able to sell the home for full price and be entitled to any profit from the future sale of the home). This approach is completely focused on the individual, offering affordability regardless of the specific home the individual resides in. Affordability, at an individual level, may be defined based on the proportion of the household's income that goes towards housing costs, or it may be defined based on average market rent/housing prices. Non-profit organizations will typically endeavour to make housing affordable to low- and/or moderate-income households.
- **Long-term affordability of a home –** An organization acquiring a home that it can then offer to individuals at an affordable rate, ensuring the long-term affordability for the initial occupant and then potential future occupants if

the current occupant decided to leave. Unlike the one-time affordable acquisition above, this approach focuses primarily on the home, ensuring that a home will remain an affordable asset in the community regardless of the specific individual that resides in the home.

- **Growth of available affordable housing in an area –** An organization's objective of acquiring and increasing the total amount of available affordable housing in a neighbourhood, community, city, or even larger scale. Unlike the above examples, this goal shifts the focus from the individual level (whether person or home) to a larger scale. This might involve the acquisition and provision of market rate housing that over time converts to affordable housing as the acquisition financing is paid off (e.g. the housing is initially acquired, developed and made available at market rates, but as the housing is not intended to return a profit, the operating and debt service costs to maintain the housing will increase at a slower pace than the overall market, resulting in housing offered at below market rates as time goes on). While this goal is more commonly in line with long-term affordability acquisitions, it does not necessarily have to conflict with providing one time acquisition funding to an individual (objective A, above), provided that some controls are put in place to ensure the overall increase of affordable homes (e.g. granting the organization an option to purchase or the right to share in any profits from the sale of the home).
- **Larger impact on market housing in an area –** Finally, as an extension of increasing available affordable homes in an area, an organization may have the ultimate objective of creating enough available affordable housing in an area that the overall housing market is forced to respond (i.e. supplying enough affordable housing that it decreases overall demand, resulting in market rents and housing prices dropping due to compete with the increased supply of below-market housing). While this may not be a realistic goal for any specific organization, especially at the time of their creation, this may remain a viable goal for a network of organizations working in concert to lower overall housing costs in a given location.

The last section of this guide provides a survey of various affordable ownership models that address one or more of these various elements of affordability and their interplay with the various elements of ownership.

Your Affordability and Ownership Goals

It is important for an organization and its members to have a detailed and specific understanding of its short term and long-term goals when determining the organization's purpose and approach to affordability and homeownership. This should be an honest discussion, with an understanding that:

- there may be conflict between the goals of an organization (e.g. preserving long-term affordability for a home) and the immediate interests of its individual members (e.g. providing initial access to permanent, stable housing); and,
- there are no right or wrong goals or approaches towards affordability and ownership.

Many organizations might initially assume that they need to focus on a large-scale approach to increasing the supply of affordable homes in their community, but that might not be a realistic goal for the organization or even the desired objective of its members. Helping individuals in a community with one-time affordable home acquisitions, and providing those individuals the various beneficial elements of ownership (e.g. security of tenure, creation of equity, and freedom of mobility), is just as valid a purpose as the desire to regulate rents or home prices in a neighbourhood and impact the housing market at large.

Discussing and deciding on the specific goals of an organization is therefore a critical step in creating an affordable housing program. These specific goals will be the driving force of identifying and securing potential housing, funding sources, and ownership structures that will allow the organization to achieve those goals.

The Balance of Ownership and Long-Term Affordability

There is an inherent conflict between ownership and long-term affordability; between freedom and control of the home. In most cases, the more an organization provides the elements of ownership to an individual, the less power the organization has in preserving the long-term affordability of the home. Likewise, the more controls an organization puts in place to preserve the long-term affordability of the home, the less an individual may benefit from the elements associated with homeownership.

As such, once an organization has determined its goals regarding ownership and affordability, they will next need to determine an ownership structure that properly balances those goals. However, just because there is an inherent conflict between ownership and affordability does not mean that the two concepts are diametrically opposed. An organization should not view affordability and ownership as a binary choice, and balancing the benefits of ownership with the benefits of affordability does not have to be a zero-sum game.

For instance, an organization's primary goal may be providing immediate access to homeownership while also fostering long-term affordability in an area. It could provide individuals with one-time acquisition grants to help offset the cost of purchasing a home, but enter into a profit sharing agreement with the individual where the organization is entitled to a certain percentage of any profits from the eventual sale of the home.

This arrangement would allow individuals to enjoy all of the elements of homeownership, although there would be some reduction in the ability to create equity and, consequently, in the individual's freedom of mobility in transferring that equity in a new home. Conversely, the organization would be able to use that profit sharing to help offset a new home purchase for a different individual (or otherwise fund other affordable programs it may have in place at that time).

On the other hand, an organization's primary goal may be acquiring and preserving the long-term affordability of a home while also providing some benefits of homeownership to its occupant. As such, it could provide a long-term lease to an individual with an affordable fixed rate rent, allowing the individual to enjoy security of tenure, known stability in future housing costs, and possibly a high degree of autonomy over the unit based on the terms of the lease. While not expressly providing the individual the ability to build equity in their home or the freedom of mobility for future moves, locking in an affordable rent could also allow the individual to invest the amount of their reduced housing costs into a different form of savings, which could then be used to help transfer that affordability into a new home in the future.

There will be more specific examples of various ownership structures and how they balance ownership with affordability at the end of this guide, but it is important for an organization to understand that there is no correct or single approach to balancing its own priorities for ownership and affordability. An ownership structure should be formed around those priorities, rather than trying to squeeze those priorities into an existing ownership structure.

Considerations for Third-Party Assistance

In a simple world, an organization and its members would be able to determine their objectives, define an appropriate balance between ownership and affordability, and then implement their project without any external interference. In reality, however, almost all attempts to create an affordable homeownership project will require third-party assistance, often in the following forms:

- charitable gifts and donations;
- project financing, both government and private, whether at- or below-market rate;

- equity investments in the project or organization, both government and private, whether at market or a below market rate;
- the provision or long-term lease of land, often coupled with beneficial entitlements or other government favours; or
- most often, a combination of multiple different sources of the types of assistance listed above.

Just as it is extremely rare to create and implement an affordable homeownership project without third-party assistance, it is also extremely rare for third-party assistance to be provided without additional restrictions or obligations imposed on the project. Many third parties have their own objectives that serve as conditions to their assistance, whether it is furthering a social or charitable cause, protecting their investment and reducing risk in the project, or simply justifying such assistance to additional parties or the public as a whole. The following is a non-exhaustive list of common restrictions imposed by various public, private and charitable forms of third-party assistance:

- Government financing that requires certain economic thresholds for project occupants (e.g. income testing on occupants) or imposing a maximum housing cost for the project (e.g. rent caps or maximum prices for homes).
- Charitable grants conditional on benefitting an otherwise underserved community (e.g. housing targeted to seniors or single-parent families).
- Municipal land grants in the form of a long-term lease allowing for specific uses so that the municipality can retain ultimate control over the future development and use of the land.
- Revolving grant funding contingent on an organization's continued pledge to improve long-term affordability in a specific area.

Furthermore, many forms of third-party assistance will impose certain obligations and restrictions that are not related to the third-party or the purpose of the project, particularly regarding private financing required for the project. Lenders will often require the organization to maintain complete ownership of the project, as well as obtain lender approval for various organizational changes or pursuing new projects while the loan remains outstanding.

Additionally, if other third parties have imposed affordability or use restrictions on the project, such as a city imposing income limits on potential occupants or price caps on individual homes, most private financiers will require those third parties to enter into a separate agreement. This agreement could allow the lender to foreclose and resell the home on the open market, free and clear of any affordability restrictions.

Understanding what potential assistance may be available for an organization, and what sort of assistance will be required for a specific project, will have a critical impact on an organization's and its members' goals and structure. As most projects will require more than one form of assistance, each additional third-party will add more complexity to creating a program that fulfills the organization's goals while satisfying each of the third-party's obligations and restrictions.

It is critical that an organization remain honest about its goals for the program and realistically assess whether there is a way to implement those goals within the confines of the third-party restrictions necessary to finance the project. While most affordable housing projects require some amount of compromise from all parties, it is vital that an organization is satisfied that the necessary third-party restrictions do not require the organization to deviate too far from its ultimate goals regarding ownership and affordability. In many instances, the organization will need to go back to the beginning to reconsider and rebalance its goals for an affordable homeownership program in light of the available third-party assistance and restrictions.

Implementing an Organization's Goals

An ideal trajectory for an organization creating an affordable homeownership program would probably include the following steps: first, identifying its goals; second, determining an appropriate balance of ownership and affordability to achieve those goals; third, engaging potential sources of third-party assistance to finance the program; and finally, identifying potential properties, contemplating a proper organization structure, and engaging the necessary people to implement the program.

The truth, however, is that creating an affordable homeownership program is rarely a straightforward affair. The chosen balance between ownership and affordability will be a deciding factor on what ownership structure is proposed. That ownership structure will then determine what properties are viable for the program. The nature of those properties will impact the available third-party assistance, and these third parties may then impose restrictions that require the organization to rebalance ownership and affordability, ultimately requiring modifications to its proposed ownership structure, and so forth.

It is paramount, therefore, that an organization remains focused on its chosen goals surrounding ownership and affordability, allowing those goals to drive the organization towards discovering viable opportunities and avoiding potential dead ends. Further, an organization should remain flexible, with open and honest discussion among its members throughout the process. Each potential project will present unique circumstances and obstacles, and will often require a custom tailored strategy to implement a program that is viable for the organization, necessary third parties, and the eventual occupants of the homes.

There is no one right way to create an affordable housing program for a given situation, and no two affordable housing programs will be exactly the same. Successful affordable housing programs need to be molded through time and effort to fit the needs of each specific organization, each specific property, and each specific community being served. Creativity is the key, and a rigid adherence to pre-existing models and pre-established doctrines often leads to lost opportunities and ultimately failure for the program. Ownership Structures

With all of the above in mind, the tables below present examples of potential affordable homeownership structures and how they affect the balance between ownership and affordability. The examples are broadly categorized into housing owned by the individual and housing owned by the organization, although some examples have shared ownership between the parties. A more detailed description of each example is also included as an appendix at the end of this guide.

Please note that these examples are included as illustrations of the various ways that an affordable homeownership program may be structured, and that each example model may require an organization to navigate and comply with multiple regulatory schemes and statutes at a local, provincial and federal level, including regulations regarding real estate, banking, residential tenancy, brokerage, development, property management, and financial consultation.

Table 1: Examples of Housing Owned by the Organization

Type of Ownership	Individual	Organization	Example
Short- or long-term affordable lease	receives a short or long-term lease at a below market rent	has full ownership of the home, leases the home on standard short or long-term lease forms	a quintessential affordable housing building
Long-term prepaid lease	receives a long-term lease that is prepaid at initial occupancy, which can often be financed similar to a home purchase	has full ownership of the home, leases the home on a long-term lease that is prepaid in full at initial occupancy	a leasehold strata/condominium building
Co-operative/ shared ownership	has ownership or membership rights in the organization, which also grant a right to occupy a home	has full ownership of the home, provides occupancy to the individual based on corporate share ownership, co-operative membership, or similar ownership rights	a co-operative housing building or co-ownership building
Life estate	has the right to occupy the home for the duration of the individual's life	has full ownership of the home, but grants a life estate to the individual	this arrangement often arises in reverse order, where an individual donates their home to an organization or charity, but receives a life estate to occupy the home in return
Shared equity model	receives a ground lease for the Land (or ownership of land with a resale restriction), and builds and owns the home constructed on the land	has full ownership of the underlying land, provides a ground lease to the individual (or sometimes transfers ownership of land with a resale restriction)	individual homeownership in this model is more common in the USA than Canada for various reasons, however this is similar to a city providing a ground lease to an organization which then constructs and owns an entire rental/co-operative building on the land

Table 2: Examples of Housing Owned by the Individual

Type of Financing	Individual	Organization	Example
One-time grant	has full ownership of the home with no restrictions	provides a one-time grant of purchase funds based on the organization's selection criteria, but has no further ability to control long-term affordability of the home	a public or private grant program to assist homeownership, including tax incentives such as FHSA accounts
One-time grant with resale restriction	has full ownership of the home, but coupled with restrictions on resale	provides a one-time grant of purchase funds based on selection criteria, and receives some right to control resale and/or share in profits from resale of the home, which can be used to control affordability or finance additional acquisitions	workforce housing sometimes uses similar mechanisms to control future ownership of the home for employees
One-time low interest loan for home acquisition	has full ownership of the home, with some or all of the acquisition price financed by a mortgage loan from the organization	provides a one-time mortgage loan with a below market interest rate, and can use the loan repayments to help finance additional acquisitions	this is, in essence, a credit union focused primarily on home loans

Conclusion

In conclusion, the journey to creating affordable homeownership programs is complex and requires a nuanced approach, especially for Canadian CLTs navigating legal, financial, and social considerations. Balancing the ideals of ownership and long-term affordability involves thoughtful planning, adaptability, and a clear focus on organizational goals.

Recognizing the inherent tensions between individual ownership benefits and community affordability goals enables organizations to tailor solutions that best serve their unique objectives and communities. By understanding the range of ownership structures and potential third-party partnerships, organizations can construct affordable housing models that are resilient and responsive to changing conditions.

Ultimately, this guide emphasizes that successful affordable homeownership programs emerge not from a one-size-fits-all approach but from creativity, flexibility, and commitment to an organization's mission to make lasting impacts on housing affordability in Canada.

APPENDIX:
Summary of Ownership Models and Examples

Short or long-term affordable lease

A structure where the organization retains long-term ownership of the home and leases the home to the individual for below market rent. As discussed in Section 4, these leases can be structured to provide elements of home ownership to an individual, such as security of tenure with a long lease term or restrictions on eviction, stabilized housing costs by fixed or controlled rent, and a certain degree of autonomy over the home depending on the lease provisions. Further, the reduced rent of the lease may allow the individual to instead invest in other savings, allowing for the creation of equity (albeit not in the home itself).

In this structure, an organization is able to create and preserve affordability through its ultimate ownership of the homes, but also allow individuals to enjoy at least some of the associated benefits of homeownership.

Long-term prepaid lease

Similar to a long-term affordable lease, in this structure the home is owned by the organization and then leased to the individual, typically on a long-term basis (typically forty years or longer). In addition to the long-term, these leases usually provide the individual with wide ranging autonomy over the home itself with limited restrictions (analogous to a condominium unit with condominium regulations, or a home with a homeowners association).

Rather than monthly rent payments, though, the individual would make an up front payment for the lease, similar to purchasing a home. If structured correctly, many financial institutions are able to provide financing to pay prepaid lease fees, secured by a mortgage on the long-term lease itself. However, this might require the organization granting a lender the right to foreclose and sell the home on the open market, impairing the organization’s ability to maintain and control long-term affordability.

This structure allows an individual to enjoy most of the benefits of home ownership, although with a reduced ability to build long-term equity due to the finite nature of the lease and any restrictions on resale the organization may impose to preserve affordability (such as income limits for potential new buyers or a maximum sale price). And as the organization ultimately retains ownership of the home, it is able to ensure that the home remains a long-term affordable asset in the community.

Co-operative/shared ownership

This can refer to various different structures where the members of an organization share in the ownership of the home/building (e.g. members of a housing co-operative or shareholders in a non-profit corporate owner). While these structures can be organized in multiple ways, they usually share common traits. The organization ultimately owns the project and each of the individual homes, and each owner's "purchase price" is usually based on the proportional cost of their home vis-à-vis the entire project (whether that is purchasing a share in a corporation or a membership purchase in a co-operative or other society).

As the organization is directly controlled by the members, the members themselves are able to determine and implement measures regarding the long-term affordability of the homes (e.g. restrictions on resale or new members, the ability to approve financing or other cost increases, and the ultimate use of the property).

In addition to having more control over long-term affordability of the project, this structure still allows the owners to reap most of the benefits of home ownership. They enjoy security of tenure and autonomy of their homes subject to the rules of the project as a whole (and as members of the organization have a say in creating those rules). The owners are likewise able to create equity, either in their ability to sell their membership/share in the future (possibly subject to transfer restrictions put in place by the organization as a whole), and also would have the right to share in any profits if the organization decided to sell the entire project.

Finally, depending on the structure, there exists the ability for lenders to provide mortgage financing to the members for the purchase price of their membership/share in the organization. However, as with a prepaid lease, this might require the organization granting a lender the right to foreclose and sell the home on the open market, impairing the organization's ability to maintain and control long-term affordability.

Life estate

In a life estate structure the organization retains ultimate ownership of the home but grants the individual the right to live in and occupy the home for the duration of that individual's life.

This structure shares many parallels with a long-term or prepaid lease for an individual, maximizing security of tenure for their entire lifespan in exchange for the ability to build equity in the home and the freedom of mobility to relocate. Life estates can be structured with constant monthly payments, an up front payment, or a combination of both. Due to the nature of the life estate, though, there are significantly less options to finance an up front fee.

In return, the organization is able to preserve the long-term affordability of the home in much the same way as in the lease models above.

Shared equity model

Shared equity models can come in various forms and often resemble many of the other examples provided above. However, whereas a grant or loan coupled with a profit share is primarily targeted towards specific individuals, these shared equity models are primarily targeted towards specific properties and homes.

The main characteristics of a shared equity model are the organization initially owning the land, the ability for the organization to retain control over the land, and a form of restriction on future resale values. The organization usually retains control of the underlying land through either a long-term ground lease to the owner or an option to purchase, or similar deed restriction, allowing the organization to retake ownership. Finally, there is usually an agreed upon mechanism to restrict the eventual resale price of the home, allowing the owner to create some equity through their ownership while ensuring the organization can preserve the home's affordability.

As an example, an organization might own a home it sells to an owner at a below market rate. The owner concurrently grants the organization an option to purchase or similar deed restriction restricting the maximum price that the owner is able to sell the home for in the future (often with a formula based on inflation plus some agreed upon additional percentage the owner is allowed to realize in a sale). This allows the owner to realize most of the benefits of home ownership, though with a reduced ability to create equity. Meanwhile, the organization can ensure that the home remains an affordable asset in the community by placing a cap on the maximum resale price (which also allows the organization to share in the profits if the home value outpaces the agreed upon price cap).

Further, as with prepaid leases and shared ownership structures, shared equity models can be created to allow for private financing of the purchase price. However, this may necessitate the organization granting a lender the right to foreclose and sell the home on the open market, impairing the organization's ability to preserve long-term affordability.

As a final note, shared equity models are more commonly found in the United States than in Canada. There are multiple reasons for their prevalence in the United States, but many stem from an inherent philosophical difference between the countries. In the United States, there is a modern preference towards private ownership and operation of affordable housing. This tradition is reflected in various laws and regulations created to help promote shared equity structures, to the availability of public and private financing for these structures, and ultimately a greater willingness from all levels of government to transfer land ownership to private organizations. As such, despite there being no legal prohibitions against a shared equity model in

Canada, implementation of similar shared equity models would likely require a cooperating public partner both educated and supportive of the benefits unique to a shared equity approach to affordable housing.

One-time grant

A simple structure focused on specific individuals rather than specific properties. An organization can provide grants for selected individuals to apply towards the purchase of a home, without any further restrictions or conditions on the individual or the home. The organization will have its own process to determine which individuals are eligible for this grant, based on income and/or other criteria. In this case, the organization is typically not involved in the development or acquisition of the home, beyond the provision of this grant to the homeowner.

This allows an individual to become a homeowner, and enjoy all of the associated benefits with homeownership. However, other than potential economic mobility for the homeowner, this structure does not intend to create or preserve long-term affordability for a particular home or community.

One-time grant with a resale restriction

Similar to the structure above, this again is focused on individuals, not properties, where an organization provides a grant towards an individual's home purchase. As above, the organization is typically not involved in the development or acquisition of the home.

However, in an attempt to create more long-term affordability, this grant would be coupled with a restriction on resale, with some organizations sharing in the created equity in the home. This could be handled in multiple ways, such as an option to purchase granted to the organization allowing the organization to repurchase the house at a specified price (usually a formula based on inflation and allowing the individual to recognize some gain in equity). Another alternative is a contractual agreement where the individual is required to share a certain portion of any home sale profits with the organization.

This allows an individual to enjoy nearly all of the benefits of home ownership, except their ability to create equity in their home is reduced (as is any potential freedom of mobility that equity would allow). In exchange, though, the organization is able to help create more long-term affordability by applying their share of the home equity into a future home purchase or other affordable program.

One-time low interest loan for home acquisition

As opposed to a free grant to be applied towards a home purchase, an organization could instead offer loans with below market interest rates to help fund all or a portion of the home purchase price.

Much like a grant, this would allow the individual to enjoy the benefits of ownership, although their ability to create equity would be slower due to paying off the organization's loan. On the other hand, the organization would be able to utilize the loan proceeds and interest to continue to fund additional affordability efforts, thereby helping to create more long-term affordability. If the loan is registered as a mortgage, the organization would also have all of the normal protections of a lender (i.e. a mortgage and foreclosure) to help secure repayment, thereby increasing the likelihood of funding future affordability endeavors.

As an alternative, the interest of the loan could be structured as an equity share in profits following resale (similar to the grant with restrictions above), reducing the up front monthly home costs to the individual in exchange for a slower buildup of equity in the home over time.