

Social Innovation Fund Partners with a National Nonprofit Organization and Community Programs to Help More Americans Achieve Homeownership



Jodi and her husband took all of the right steps in order to become homeowners. Living on dual incomes, they saved money, paid off their student loans and budgeted carefully. In 2000, they were ready to buy a home in Burlington, Vt., and began the process of applying for a mortgage. But after going through the application process, they were surprised to discover that their incomes were not high enough to afford a loan for a home in their community. “We felt pushed out of the market,” Jodi remembers, “it felt pretty hopeless.”

But thanks to Champlain Housing Trust (CHT), an innovative homeownership program receiving support as a Social Innovation Fund subgrantee, Jodi and her husband were able to purchase a home through a shared equity program. The program allows income-eligible buyers to purchase a home with the help of a “down payment” offered by a public funding source through CHT. The owners then pay the mortgage on the home and build equity just as a homebuyer on the open market would do. When they are ready to move, the owners recoup whatever they paid down on their mortgage and the full market value of any improvements, but only 25 percent of the market appreciation. The original public grant plus the remaining appreciation keeps the home’s price lower than it would be had it been sold on the market, allowing another income-eligible family to afford the home in their turn. In fact, CHT’s program has demonstrated that their homes become *more* affordable over time.

NCB Capital Impact, a nonprofit organization that works to improve access to high-quality health care, housing and education, seeks to put homeownership within reach of more Americans through its Cornerstone Partnership peer network, which supports innovative homeownership programs like CHT’s across the country. These programs preserve the affordability of homes for low to modest income homebuyers and offer life-altering asset building opportunities.¹

In 2011, with support from the Social Innovation Fund and the Ford Foundation, Cornerstone established the Cornerstone Homeownership Innovation Program (CHIP), which offers capacity building grants and technical assistance to homeownership programs serving communities across the country. CHT applied for and received one of ten competitively awarded CHIP grants.

CHT serves a three county territory of Northwest Vermont, covering a third of the state’s population. Chris Donnelly, Director of Community Relations at CHT, explained that when the organization was founded in 1984, a critical low-income neighborhood in Burlington was gentrifying and residents could no longer afford to live there. CHT engaged in community organizing to secure public funds to buy property in those areas. Donnelly explained, “We hold the property in trust, and we commit to keeping the apartments as well as the homes and condos that we have affordable forever, which as we like to say here, is a long time.” Since the 1980s, CHT has continued to expand its service territory to ensure that more homes remain affordable for community members.

¹ Miriam Axel-Lute, “Homeownership Today and Tomorrow: Building Assets While Preserving Affordability,” National Housing Institute, 2010. Available at <http://affordableownership.org/publications/homeownership-today-and-tomorrow-building-assets-while-preserving-affordability/>.

CHT provides more than just monetary assistance. They also run a NeighborWorks HomeOwnership Center, which offers courses in the community where lawyers, bankers, and home inspectors are on hand to teach potential homebuyers everything they need to know about purchasing a home, from maintenance costs to credit ratings and mortgage rates. Donnelly recalls a remarkable determination from many participants to reach their goal of homeownership. “People will sell their car and walk to work. They budget, they clean up their credit. The power of knowledge gives people a way to achieve their dreams — it really motivates them.”

Jodi heard about CHT from a friend just after she discovered that she and her husband would be unable to purchase a home. They attended the NeighborWorks HomeOwnership course, and applied for down payment assistance. With this extra piece of help, they were able to find a home in their price range on the market. CHT then brought the property into their portfolio of homes held in trust, ensuring that it would remain affordable for future buyers.

Jodi remembers that aside from being a good place to live, the home also helped them to build their savings. “We were paying \$1,100 per month to rent a house, and our mortgage was less than \$700 per month with tax. We saved the rest, and it helped us to save up for a down payment on our next house.” Their savings, combined with the equity gained from the sale of the house when they were ready to move, allowed Jodi and her husband to purchase a home on the market a few years later.

Over the two year period as a CHIP grantee, with financial support from the Social Innovation Fund, Ford Foundation, and CHT’s matching funds raised through fees, CHT will add 42 homes to its 500 unit spread. It will also develop a set of best practices and tools that will be used to standardize and streamline the operations of six smaller Community Land Trusts operating throughout the state, helping to provide more families with the option of homeownership.

Jodi and her husband stayed in their first home with CHT for several years before they were ready to sell the house and buy on the market. Jodi recalled the closing distinctly. “We sold the house to a woman in her 40s, a first time home owner, also working her way out of poverty. And when I passed the keys across the table to her, it was a beautiful moment because you could see that she was so moved. It is amazing to know that this house will always be a house that helps people to change their lives.”

Social Innovation Fund partners with Cornerstone Homeownership Innovation Program (CHIP) to support high-performing homeownership programs across the country

CHIP grants allow local home ownership organizations to innovate and improve their operations and business plans in accordance with the Cornerstone Partnership stewardship principles. Grantees utilize their funds to provide increased stability, access to neighborhoods of opportunity and family wealth building for their clients.

In addition to CHT, CHIP grantees include:

- HomeBase in Austin, Texas;
- City First Enterprises, Inc. in Washington, D.C.;
- Community Asset Preservation Corporation in Newark, N.J.;
- Hello Housing in San Francisco, Calif.;
- Homestead Community Land Trust in Seattle, Wash.;
- Housing Partnership, Inc. in Riviera Beach, Fla.;
- Long Island Housing Partnership in Hauppauge, N.Y.;
- Mountainlands Community Housing Trust in Park City, Utah; and
- The Housing Fund in Nashville, Tenn..