LEHCS ARE AN AFFORDABLE AND LONG-TERM ALTERNATIVE TO MARKET-RATE HOUSING THAT PROVIDE CO-OP MEMBERS AN OPPORTUNITY TO BUILD EQUITY ON A HOME, PRESERVE THE AFFORDABILITY OF UNITS OVER TIME, MAKE EFFICIENT USE OF FIRST TIME HOMEOWNERSHIP FUNDS, AND OFFER STABLE, BELOW-MARKET HOUSING FOR LOW AND MODERATE INCOME HOUSEHOLDS. THIS MODEL HAS BEEN SUCCESSFULLY IMPLEMENTED ACROSS THE COUNTRY.

EXAMPLE: WILDWOOD PARK TOWNE HOUSES (ATLANTA, GA)

Co-op members at Wildwood Park Towne Houses purchased a share at a relatively low cost, and built equity on that share throughout their tenure at Wildwood:

- "The ability to purchase cooperative shares for a relatively modest amount provided a homeownership opportunity for lower income households...[with] a median household income (in 2008 $) of $24,545, which was 35.5 percent of the...2008 [AMI] of $69,200.3."
- "Wildwood's resellers realized a net gain in equity of $2,015 on an initial investment (down payment and closing costs) of about $1,250. Using these figures, we calculate the median return realized by resellers, which was 14.1 percent."
- "Median total monthly payment for all Wildwood owners, in 2008 dollars is (before-tax) $581 while the 2008 median gross rent...in Atlanta is $867"

Though the equity gained is modest, it is invaluable for households who either do not build equity on rental housing or cannot build equity on a market-rate home because it is too expensive. These returns provide households with more stability, a reliable investment, and capital for further homeownership opportunities.

EXAMPLE: DOS PINOS HOUSING COOPERATIVE (DAVIS, CA)

At Dos Piños, units increased in relative affordability to the market over time. This is especially significant in light of Davis' extremely competitive housing market and major price increases over the past few decades due to the need for student housing.

- "The monthly carrying charges for two-bedroom units at Dos Piños housing cooperative in Davis, CA are currently ~ $360 less than rents for comparably sized units. (The patterns are the same for one- and three-bedroom units.)"
- "In all of the LEHCs being examined, the cost of buying resold homes either decreased, remained stable, or increased by no more than 1.1 percent per year."

EXAMPLE: CHAMPLAIN HOUSING TRUST (BURLINGTON, VT)

This model maximizes public subsidy value, using a one-time investment to maintain housing affordability in perpetuity and keep costs low for multiple generations of homeowners. Each investment only adds to the portfolio of affordable LEHC units available.

- "An initial public investment of $2,172,207 in homes that resold one or more times allowed CHT to bring homeownership within the reach of 357 lower-income households. Had these subsidies not been retained in the homes, allowing their owners to pocket both the public’s investment and all capital gains when reselling, the size of the public’s investment needed to serve the same number of households at the same level of income as CHT had served would have had to be five times greater."
- "Affordability not only continued between successive generations of low-income homebuyers, but improved—even when the favorable effect of falling mortgage interest rates was removed. The average CHT home was affordable to a household earning 56.6 percent of AMI on initial sale. On resale, it was affordable to a household earning 53.4 percent of AMI – a 5.65 percent gain in affordability"

ii Ibid.

iii Price, Tempkin and Theodos, “Case Study of Wildwood Park Towne Houses”.


viii Ibid.

ix Ibid.