



NEWS RELEASE

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Homeownership Program Index Highlights Shared Equity Down Payment Programs

Program model gains popularity as homeownership affordability challenges persist for millennial buyers

Atlanta, GA, August 24, 2017 – Atlanta-based Down Payment Resource, the nationwide database for homebuyer programs, today released its Second Quarter 2017 Homeownership Program Index (HPI). The number of total programs increased to 2,469, up 15 programs from the previous quarter. Nearly 87 percent (86.8%) of programs currently have funds available for eligible homebuyers, roughly unchanged from the previous quarter. New programs in the database include shared equity programs that provide a portion of the down payment in exchange for a percentage of equity upon sale of the home.

The Down Payment Resource HPI currently tracks 33 shared equity programs. Most are city/county, non-profit or university administered programs. There are also new programs in high cost markets, like the San Francisco Bay area, designed by private investors to help buyers finance homes that are outside conventional home price limits.

“Municipal shared equity programs have been around for a long time, and today we are seeing more private investors enter the market,” said Rob Chrane, CEO of Down Payment Resource. “Because this home financing model trades some of the long-term homeownership value, it will be important for buyers to first carefully evaluate all their down payment program options.”

The [Urban Institute evaluated shared equity programs](#) and found they are successful in linking low- and moderate-income people with affordable owner-occupied housing. In addition, homeownership among shared equity programs is sustainable, and shared equity homeowners resell their homes with the same frequency and for the same reasons as other homeowners.

Municipal Shared Equity Programs

Shared equity programs are an alternative to traditional down payment assistance funding for municipal or non-profit providers. The buyer receives funds for part of the down payment in exchange for a share of the equity gained. In most cases, the buyer must also pay back the initial down payment investment at resell.

These programs are often designed to keep the home prices affordable for the next buyer and continuously re-fund the program. Benefits to the buyer include helping lower their first mortgage, thereby reducing their monthly payments and accruing more equity from paying down the mortgage faster. The following are examples of such programs:

- In Tennessee, [The Housing Fund's Our House Shared Equity Program](#) provides income-eligible buyers with a loan investment of up to 25% of the sales price. The loan investment stays with the home, upon resale to preserve housing affordability for the next owner.
- The [City of Austin Down Payment Assistance Program](#) offers a shared equity option with help of up to \$40,000 where the buyer agrees to pay back an equitable share of appreciation back to the City.
- The San Francisco City Second or [Down Payment Assistance Loan Programs \(DALP\)](#) provides down payment assistance, in the form of a deferred payment loan up to \$375,000, to qualified first-time homebuyers with income limits up to 200% of the area's median income. The principal amount plus an equitable share of appreciation is due and payable at the end of the term, or repaid upon sale or transfer.
- In Colorado, the [Douglas County Housing Partnership \(DCHP\) Shared Equity Program](#) provides funding for up to 20% of the purchase price for a maximum of \$25,000. The buyer must pay DCHP 20% of the sales price or appraised value upon sale or refinance.
- The [Arlington County Moderate Income Purchase Assistance Program for First Time Homebuyers \(MIPAP\)](#) offers eligible Arlington homebuyers a deferred-payment, no-interest loan of up to 25% of the home purchase price. If the property value increases upon sale of the home, the buyer owes the county the original subordinate loan amount plus a proportionate share of the net appreciation.

Investor Shared Equity Programs

In recent years, more private market shared equity programs have entered the market. These programs often don't have income or home sales price eligibility requirements, but they do have minimum and maximum investments.

[Unison](#) offers a shared equity down payment program for homebuyers in 12 states and Washington D.C. It provides half of the buyer's down payment funds in exchange for a share—typically 35 percent—of the change in value of the home upon sale. Unison's funding comes from institutional investors, including pension funds and university endowments.

Index Data About All Types of Programs

- 37% of homeownership programs do not have a first-time homebuyer requirement and are available for eligible repeat homebuyers. (First-time homebuyer is defined by HUD as someone who has not owned a home in three years.)
- 75% of programs are available in a defined area, such as a city, county or neighborhood. 25% of programs are available state-wide through state housing finance agencies.
- 7.5% of programs are available for community service workers, including educators, police officers, firefighters and healthcare workers.
- 6% of programs have benefits for veterans, members of the military and surviving spouses. These programs can also be layered with zero down payment VA loans.
- 69% of programs in the database are down payment or closing cost assistance. 9% of programs are first mortgages and 8% of programs are Mortgage Credit Certificates (MCCs).
- States with the greatest number of down payment programs remained consistent—California, Florida and Texas are the top three. View a complete list of [state-by-state program data](#).
- More than 50 percent of programs accept online homeownership education.

About Down Payment Resource

Down Payment Resource (DPR) creates opportunity for homebuyers, REALTORS® and lenders by uncovering programs that get people into homes. The company tracks more than 2,400 homebuyer programs through its housing finance agency partners. DPR has been recognized by Inman News as “Most Innovative New Technology” and the HousingWire Tech100™. DPR is licensed to Multiple Listing Services, Realtor Associations, lenders and housing counselors across the country. For more information, please visit DownPaymentResource.com and on Twitter at [@DwnPmtResource](https://twitter.com/DwnPmtResource).

About Down Payment Resource's Homeownership Program Index

The Homeownership Program Index (HPI) measures the availability and characteristics of down payment programs administered by state and local Housing Finance Agencies (HFAs), nonprofits and other housing organizations. It analyzed state, local and national programs available in the DOWN PAYMENT RESOURCE® registry as of August 4, 2017.

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