



**GROUND  
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SOLUTIONS  
NETWORK**

Grounded Solutions Network  
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Federal Housing Finance Agency  
Attn: Leda Bloomfield, Chief for Policy and Equity, Office of Fair Lending Oversight  
400 7<sup>th</sup> Street SW  
Washington, DC 20219

Dear Ms. Bloomfield,

We appreciate the opportunity to comment on Fannie Mae and Freddie Mac's Equitable Housing Finance plan revisions for 2024.

Grounded Solutions Network is a national nonprofit membership organization of over 200 practitioners, individuals, and allies that support models of shared equity homeownership, a form of resale-restricted housing which balances building wealth with maintaining affordability. This includes community land trusts (CLTs), deed-restricted housing, and limited-equity cooperatives. We are also members of the Underserved Mortgage Markets Coalition (UMMC), a collection of national and local organizations who engage with FHFA and the Enterprises on Duty to Serve and the Equitable Housing Finance (EHF) programs.

Along with our fellow UMMC members, we strongly support the goals of the Equitable Housing Finance program and appreciate the activities that the Enterprises have undertaken up to now. Their work on shared equity homeownership through Duty to Serve has shown us the potential impact that they can have when they bring their resources to bear.

The work of Grounded Solutions has a natural alignment with the work undertaken by the Enterprises under EHF. Our membership creates housing with lasting, multigenerational affordability that provides stable and sustainable housing opportunities for individuals, households, and communities, particularly for communities of color. According to our 2022 census of CLTs and shared equity entities, just under half of all CLT homeowners are people of color, compared to 26 percent of all homeowners; 98 percent of surveyed CLT and shared equity organizations have affordability terms of 30 years or more; and our models also support first-time homebuyers, who comprise 87 percent of community land trust homeowners.



While EHF does not include shared equity as a specified activity as we advocated for, we believe that it plays an important role in creating fair, sustainable, and equitable housing opportunities for underserved communities. Incorporating shared equity into the Enterprises' Equitable Housing activities, as the data cited above show, can also bridge the two mission directives and enhance the impact of both.

### **Points of opportunity**

We see several places in the Enterprises' plans where shared equity can play a role and increase their impact.

#### ***Fannie Mae:***

*Action: Closing the knowledge gap by educating Black and Latino consumers.*

We propose that any educational strategy undertaken by Fannie Mae include information on shared equity homeownership. Incorporating materials on shared equity homeownership as an option – as appropriate, since it is not necessarily the right choice for everyone – would allow households who fall just below the threshold for traditional lending to realize the stabilizing benefit of having a mortgage rather than a lease.

*Action: Innovation Challenge, local SPCP to encourage Black homeownership.*

Regarding Fannie Mae's support of a Special Purpose Credit Program in the Twin Cities of Minnesota, we believe that shared equity should be a part of the conversation, and that Fannie Mae can leverage its market role to do so. The Twin Cities metropolitan area has a notably robust community land trust presence, and shared equity can provide another option for potential homeowners to participate in this Special Purpose Credit Program. The fact that the Twin Cities Habitat for Humanity is the grantee makes this particularly feasible, as Habitat has internal expertise that they could draw upon.

#### ***Freddie Mac:***

*4.1 - Down Payment Assistance tool.*

Down payment assistance is an important tool for creating affordable ownership opportunities. Combining it with shared equity ownership, which recycles initial subsidies through each resale transaction, can ensure the benefits of DPA touch as many households as possible.

*4.5 – Improve the quality of single-family homes in traditionally underserved Black and Latino communities.*



Freddie Mac proposes the use of New Markets Tax Credits to grow the supply of quality single-family homes through renovation and redevelopment of vacant homes. Bringing shared equity into any conversations Freddie has with the local vacant property stewards can help place those vacant properties into the hands of a committed stewardship organization. We have strong relationships with advocates for land banks and see community land trusts and land banks as natural partners in creating and preserving affordable housing.

#### *5.9 – Preserve at-risk affordable housing through loan products.*

We share Freddie Mac’s concerns regarding the expiration of LIHTC. One potential approach that could be explored is to convert LIHTC developments to limited-equity cooperatives, a form of shared equity ownership. This approach has only seen limited implementation and presents a new opportunity for Freddie Mac to expand their engagement with shared equity.

#### **Opportunities across both Enterprises:**

We see several opportunities across the activities of both Fannie Mae and Freddie Mac to integrate shared equity.

First, both Enterprises discuss the use of social bonds in their 2024 plan updates. Grounded Solutions provided a comment letter to FHFA on this topic in response to an RFI published in February of 2023. In this letter, we outline how to use the proceeds from such a bond to create the Homeownership Trust Fund (HOTF), which would be used to create and preserve affordable owner-occupied homes for lower-income households, especially households of color. We encourage FHFA and the Enterprises to consider this as they implement a social bond.

A second opportunity for integrating shared equity is in the Enterprises’ outreach and education efforts. Shared equity homeownership provides a solid foundation for households to enter into traditional ownership, both Enterprises have established products for shared equity, and there is a growing number of lenders and programs interested in supporting shared equity. This would also enhance the Enterprises’ Duty to Serve work, which has historically included outreach and education.

Finally, both Enterprises are exploring the potential of Special Purpose Credit Programs. Fannie Mae specifically states that community land trust properties are eligible for loans through their HomeReady First program and we hope that any outreach or education mentions this. We have members in many of the metropolitan areas where HomeReady



First is active. We also ask that any similar program created by Freddie specify that CLT properties are eligible.

### **Regarding the Final Rule on Fair Housing, Fair Lending, and Equitable Housing Finance**

Grounded Solutions was very happy to see FHFA publish this final rule. We see it as a major step forward in addressing issues of equity in the housing finance system, particularly for people of color and others historically underserved by the mortgage market. While the final rule is a landmark regulatory move, we urge FHFA to take additional steps to increase transparency and accountability, such as plan development guidelines, a publicly disclosed evaluation system with ratings, and a requirement to comprehensively report on impact and outcomes.

### **Conclusion**

Grounded Solutions Network would like to thank FHFA again for providing this opportunity to comment on the Enterprises' plan updates, and to also thank the Enterprises for continuing this important work. We see a strong overlap between the mission of Grounded Solutions Network and the goals described in the Equitable Housing Finance program, and hope we can expand our partnership with the Enterprises beyond Duty to Serve to grow the presence of shared equity ownership throughout the affordable housing landscape.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Stromberg", written in a cursive style.

Brian Stromberg  
National Policy Director  
Grounded Solutions Network