

## The Housing Recycling Program

### A Support and Services at Home (SASH) Initiative

**The Problem:** A Mismatch between housing supply and housing needs

In 2011 over 80% of seniors owned their own home. Many of those homeowners have health conditions which make remaining in their home difficult. However, when a senior wants to move to a more manageable home, there are few options. There has been no funding for new construction of senior housing for the last two years. Federal funding for the Section 202 program this year is 45% of what it was in fiscal year 2010. As a result, the waiting lists for affordable senior housing are very long. At the same time homeownership continues to be very expensive in Vermont and increasingly out of reach for young people starting their families and starting into the job market causing an outmigration of young people and challenging employers seeking skilled workers. These two trends create the perfect opportunity to correct the mismatch between supply and demand.

**The Solution:** Meeting the needs of seniors and work force families

Cathedral Square's Housing Recycling Program provides support to SASH participants who wish to downsize their housing by partnering with nonprofit Homeownership Centers with experience in financing homeownership for families. Elderly SASH participants are often unable to manage a move due to lack of alternatives, uncertainty, the complexity of the process, and the absence of a third party to facilitate this family decision. SASH programs exist in all corners of Vermont as do partner homeownership organizations. Four NeighborWorks organizations (and soon all five) in Vermont participate in SASH and operate a homeownership program. One of these, Champlain Housing Trust (CHT) has brought an innovative shared equity homeownership model to scale and national prominence and it is available throughout the state through the NeighborWorks Organizations' Homeownership Centers. This creates a perfect opportunity to offer a scalable program that brings new employees into Vermont's towns and provides our seniors with housing where they can age in place.

**Affordability:** Building on the Equity Transfer Assistance (ETA) Program

In 1980 the nonprofit Brookline Improvement Corporation (BIC) in Massachusetts created the Equity Transfer Assistance (ETA) Program. ETA provided market interest rate first and second mortgages to make ownership possible for low income tenants who were at risk of losing their homes due to condominium conversions of formerly rent controlled apartment buildings. HUD

provided a pool of grant funds used as second mortgages. The participants agreed to repay the loans at resale. After 30 years the loans are forgiven. Over the past three decades BIC has worked with organizations such as the Committee to End Elder Homelessness (CEEH) to create permanent housing for the elderly and has developed an SRO with the Pine Street Inn. Now we have the opportunity to adapt this proven concept to Vermont through a partnership with our homeownership providers whose shared equity homeownership product is equally innovative, and proven.

**Equity Transfer:** a HUD role 33 years later

The Housing Recycling Program would seek HUD support in two categories:

- (1) A grant to fund shared equity homes for purchase through the existing Vermont model; and,
- (2) A grant to SASH to construct one new elderly apartment for every new homeownership opportunity SASH creates for a family.

It is a win-win. HUD creates new permanently affordable homeownership opportunities for the work force population at a significantly reduced cost, and seniors live in affordable housing with the services they need. With an improving housing market, now is the time to utilize growing equity creatively.

**Savings:** slowing the cost curve for Medicare, Medicaid and HUD

The senior living in a service enriched housing setting has postponed the costs to Medicare and Medicaid of moving into a nursing home or being admitted or readmitted to the hospital. At the same time the young work force family is paying a mortgage rather than spending federal funds under the Section 8 rental assistance program.

On the homeownership side the savings are equally compelling: A recent evaluation of CHT's shared-equity portfolio showed that and that the public would have had to invest 5 times as much to boost as many families into homeownership through conventional programs with no resale restrictions.

**Accessibility and Design:** architectural expertise helps the elder and the new family

The senior will remain in their home until a new apartment is available. During that time CSC's Rose Fellow architect, Sam Beall, will assess the accessibility modifications needed to support aging in place. When the home is transferred to the new family, the architect can work with the family to determine essential design changes that will accommodate a family.

**Work Force Housing:** Meeting Vermont's Employment Needs and closing the housing-wage gap by making family housing available in the neighborhoods served by Vermont's school system, we meet the asset-building needs of Vermont's workforce, the needs of employers and we maintain enrollment in Vermont's public education system. The families that are having trouble affording homeownership are the younger generation Vermont needs to retain or attract – the teacher, fire fighter and social service worker. Vermont's nonprofits have the skills to prepare the prospective homeowner for the responsibilities of ownership including assuming debt and financial planning, and a 21<sup>st</sup> century homeownership solution that boosts more families into homeownership and saves public money by recycling the public subsidy through resale restrictions that allow multiple owners to earn equity and pass on a still-affordable home to the next buyers.

**Partners:** A public/private partnership

This program could involve state Housing Finance Agencies and private lenders who have been and continue to be active partners with CHT by providing mortgages. We hypothesize that municipalities may have a stake in such a program due to the fiscal impact demographic changes are having on municipal services.

**Results:** Correct the mismatch between housing stock and housing needs

By better use of existing resources the SASH program reduces public spending, improves quality of life and builds on the delivery system reforms at the heart of the SASH initiative.