

CREATIVE WAYS TO AFFORD HOMEOWNERSHIP

Buying a home is expensive, especially in Ventura County, California where most single-family homes are priced over \$900,000 and most condominiums/townhomes are over \$600,000. Neighboring counties are equally or more expensive. Have courage; with creativity, flexibility, and perseverance, your dreams of homeownership can be achieved. Exploring these options might open doors to prospective homeownership.

LEVERAGE HOMEBUYER PROGRAMS: Many local, state, federal government, non-profits, financial institutions, and private foundations and companies, have programs to assist and encourage homeownership. Program eligibility will vary and could be restricted by income, workforce group, first-time homebuyer, location, etc. Programs include outright grants for down payment or closing costs, deferred payments, interest rate reductions, and loan:value considerations. For qualified individuals, many of these programs can be used simultaneously. Confer with specialists like www.vccdc.org that have knowledge of a wide range of programs.

EMPLOYER ASSISTANCE: In order to attract and retain a workforce many employers provide housing benefits. In Santa Barbara and Ventura Counties, Coastal Housing Partnership provides homeownership benefits and services to employees of member companies, including downpayment assistance, reduced rates, costs, and fees, moving services, etc. Check with your employer or union to see if they offer any assistance.

LOWER-PRICED STARTER HOMES: Smaller homes under 1,000 square feet, older properties in need of repair, bank and HUD foreclosures, homes in transitioning neighborhoods, properties on the market for several months, contingent deals, homes with less-desirable features or in a less desirable location, manufactured or mobile homes, and condos and townhomes all provide opportunities to build equity through an initial investment. This does not need to be your forever home; it can be a steppingstone.

AFFORDABLE DEED-RESTRICTED OWNERSHIP: Often found in sweat-equity* projects like Habitat for Humanity, these homes are priced below-market levels through a government or philanthropic subsidy, inclusionary zoning or affordability incentive. The resale restrictions are attached to the property's deed and may be enforced for several decades or more. Buyers of deed-restricted properties are typically allowed to retain some but not all the benefits of home price appreciation, thereby preserving ongoing affordability for the next buyer. *"sweat-equity" refers to the unpaid labor families put in to build their home.

HOUSING CHOICE VOUCHER (HCV): Families that are assisted under the HCV program can use their voucher to buy a home and receive monthly assistance with their mortgage payment. The program is limited to first-time homeowners who have received housing counseling and meet the minimum income requirements. All Public Housing Authorities that administer the HCV program have the option to establish an HCV homeownership program in their community.

LAND TRUST: An arrangement where a home is purchased without owning the land beneath it. The land (typically donated) is owned by a land trust; improvements are owned by individuals who have 99-year lease agreements for the land. This effectively removes the cost of land from a home's purchase price, providing permanently affordable homeownership opportunities.

LIMITED EQUITY COOPERATIVE (LEC): A homeownership model in which residents purchase a share in a development (rather than an individual unit) and commit to resell their share at a price determined by formula—an arrangement that maintains affordability at purchase and over the long term. Some LECs allow little or no build-up of equity by homeowners, while others adopt a shared equity approach, balancing the twin goals of long-term affordability and individual wealth creation. While LECs are frequently found in multifamily buildings, this tool can also be used in townhomes, single-family homes, and mobile home parks.



CO-HOUSING: An intentional, collaborative neighborhood that combines private homes with shared indoor and outdoor spaces designed to support an active and interdependent community life. Individually owned homes are generally smaller, providing just the basics with other amenities shared and maintained by the group. Thus, cohousing also reduces the costs associated with living and maintaining a home.

LIVE/RENT: Purchase a property with an extra bedroom, ADU (accessory dwelling unit) or a small multi-family property like a duplex or triplex, and income from the rental will help pay the mortgage. Most lenders will allow 75% of expected tenant rent to apply toward income qualification on a mortgage application.

LIVE/WORK: Similar to Live/Rent, but instead of sharing the property with another individual living there, part of the property is used for a business enterprise. If the new owner rents business property elsewhere, consolidating will save overall expenses as well as have potentially beneficial tax ramifications. Likewise, a portion of the property could be rented out to another business not affiliated with the property owner. However, check with the city as there are rules as to what type of businesses can operate in various zones.

EQUITY SHARING: Purchase a property with a finance partner where both share a rise in value (equity) based on an agreed upon formula. The equity sharing partner could be a city, nonprofit, private company, or family member. The Los Angeles program (www.housing2.lacity.org/housing/housing-programs/first-time-homebuyers) is for low- to moderate-income, whereby after selling or refinancing the city's portion goes back into the program to help others.

CO-OWNING WITH TENANCY-IN-COMMON: Like equity sharing, multiple individuals or families buy a home together, at equal or different percentages. Each independent owner has control of their share to borrow against, sell, gift, or will their portion of ownership to another.

RENT/LEASE-TO-OWN: Under agreement, the desired property is first rented with a portion of each rent payment applied toward a downpayment. After accumulating to a designated amount or time, the owner transfers title to the former renter, contingent upon the renter being able to secure funds for the remaining purchase price not covered by the downpayment. This method can be helpful for people improving their credit score or expecting a significant rise in income. While this can be done by private parties, there are real estate investment companies that specialize in these arrangements (e.g.: Home Partners of America www.homepartners.com, Trio www.thinktrio.com, Verbhouse www.verbhouse.com).