

# Capital Impact Partners: Cornerstone Homeownership Innovation Program



## What are the goals of the program?

Owning a home has long been a meaningful milestone in many Americans' lives. Yet, because home prices continue to rise during the current economic recovery and since lending standards remain tight by historical standards, many renters view homeownership as an unattainable goal. Indeed, homeownership has fallen to its lowest level since 1965.

Shared equity is a homeownership model that allows income-eligible families to purchase homes at below-market prices. In return for the subsidized purchase price, the owner's potential capital gains from home resale are restricted. The goal of the Cornerstone Homeownership Innovation Program (CHIP) was to create affordable, sustainable homeownership opportunities for low- and moderate-income households. CHIP identified leading nonprofit stewards of affordable homeownership units and provided them with resources to help build their organizational capacity and support the expansion of shared equity homeownership. CHIP sites were located in: Austin, Texas; the San Francisco Bay Area in California; Burlington, Vermont; Long Island, New York; Nashville, Tennessee; Park City, Utah; Seattle, Washington; South Florida (Broward and Palm Beach Counties); and Washington, DC.

## What was the purpose of evaluation?

The evaluation of Capital Impact Partners' CHIP by the Urban Institute began in 2012 and was completed in 2014. The study evaluated nine shared equity programs, examining 683 people who applied to the programs and consented to participate in the study.

This report examines attributes of shared equity program applicants, the shared equity programs, and limited measures of program implementation. Its main impact analyses employ propensity score matching (PSM) to compare shared equity purchasers to non-shared-equity purchasers (obtained from Credit Bureau data) on a variety of financial and neighborhood characteristics. Other non-matched outcome comparisons are made as well, between: (1) shared equity purchasers and program applicants who did not purchase a home; and (2) shared equity purchasers and applicants who purchased outside of the program.

### Program At-a-Glance

CNCS Program: Social Innovation Fund

Intervention: Cornerstone Homeownership Innovation Program (CHIP)

Grantee: Capital Impact Partners

Focus Area(s): Economic Opportunity

Focus Population(s): Low- and moderate-income individuals seeking to purchase their first home

Communities Served: 9 locations nationally

### Evaluation At-a-Glance

Evaluation Design(s): Quasi-experimental PSM design

Study Population: Shared equity program applicants and a matched comparison of non-applicant home purchasers (obtained from Credit Bureau data)

(Independent) Evaluator(s): The Urban Institute

This Evaluation's Level of Evidence\*: Preliminary

\*SIF and AmeriCorps currently use different definitions of levels of evidence.



## What did we learn from the evaluation?



The implementation evaluation found:

- Many applicants in this study's sample were able to buy shared equity homes (36%).
- The subsidies for the shared equity homes were sizeable—an average of \$109,732, or 45% of the home's value.
- Shared equity buyers had average incomes at baseline of 54% of the MFI, which is far lower than many homeownership supports, suggesting CHIP was serving its core mission of linking low- and moderate-income people with affordable owner-occupied housing.

The impact evaluation found:

- Shared equity purchasers performed no worse on their mortgages than other non-applicant buyers, and they had smaller mortgages and lower monthly payments than comparable non-applicant buyers. Shared equity purchasers were also less likely to have a home equity line of credit.
- Counterintuitively, shared equity purchasers were more likely to have an account in collections compared to non-applicant buyers.
- No differences were observed in any other financial or neighborhood metrics across the analyses – for example, in terms of credit score, neighborhood education levels, and home values.

## Notes on the evaluation

This study suggests CHIP successfully linked low- and moderate-income people with shared equity housing, resulting in lower mortgages and lower monthly payments. However, effects on other financial indicators were mixed, and no effects were found with regard to neighborhood characteristics. Funding for this study was discontinued one year earlier than anticipated due to an inability to secure matching funds. To accommodate this shorter timeline and decrease in funding, a planned follow-up survey was eliminated and outcome analyses were based solely on credit bureau data. It is possible that this shift in design accounts for the study's mixed findings. A longer follow-up period and/or more nuanced outcome measures may be needed to understand how shared equity purchasers fare compared with other buyers.

## How is Capital Impact Partners using the evaluation experience and findings to improve?

According to Capital Impact Partners, this study offers evidence that shared equity models provide homeownership opportunities to lower-income households with less debt than they could otherwise achieve. The evaluation also suggests potential buyers might have benefitted from additional counseling – for example, credit counseling or credit repair services – to help applicants prepare for home purchases.

The content of this brief was drawn from the full evaluation report submitted to CNCS by the grantee/subgrantee. The section of the brief that discusses evaluation use includes contribution of the grantee/subgrantee. All original content from the report is attributable to its authors.

To access the full evaluation report and learn more about CNCS, please visit [nationalservice.gov/research](https://nationalservice.gov/research).

The Social Innovation Fund (SIF), a program of the Corporation for National and Community Service (CNCS), combines public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States. The SIF invests in three priority areas: economic opportunity, healthy futures, and youth development.