

Creating Permanent Housing Affordability: Lessons From German Cooperative Housing Models

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Introduction

The United States and Germany, as major economic and world powers and, respectively, the first and second largest destination for immigrants worldwide, are each faced with their own unique challenges in creating economic opportunity for their most vulnerable residents. Moreover, in both Germany and the United States, the location, quality, and quantity of affordable housing is one of the most significant factors in creating greater equality of opportunity (Katz, Noring, and Garrelts, 2016). This article explores Germany's use of cooperative housing as a platform for long-term affordable housing and better economic outcomes for low- and moderate-income persons. In the United States, shared equity housing models, which typically take the form of community land trusts and cooperative housing, have become increasingly popular in the past few years, in part, as a local response to increases in inequality. Germany has a robust market for cooperative housing with around 2,000 cooperative projects offering approximately 2.2 million units (Bundesministerium, 2017). Lessons from Germany's experience with cooperative housing can inform recent efforts in the United States.

What Is Cooperative Housing?

The term "cooperative housing" describes many different forms of housing, ranging from for-profit cooperative owner-occupied housing to affordable cooperative housing to cohousing. This article will focus on the type of affordable cooperative housing that is most prevalent in the United States, namely limited-equity cooperative housing, which has an equivalent in the German context. However, cohousing, community land trusts and similar "shared equity" living forms will also be discussed. In each case, the type of housing will be identified and defined.

Affordable Housing: A Comparison of German and U.S. Markets

In both Germany and the United States, the location, quality, and quantity of affordable housing are significant factors in creating greater equality of opportunity. Stanford researchers Chetty and Hendren's (2015) work shows that, in the United States, the neighborhood in which a person resides affects nearly every other aspect of their life, whether it is availability of jobs, quality of schools and medical services, availability of other social infrastructure (parks, childcare, and cultural amenities), and transportation mobility options. According to this research, racial and income neighborhood segregation in the United States is associated with less upward economic mobility from childhood into adulthood and the persistence of poverty through multiple generations (Chetty and Hendren, 2015). In a 2009-to-2012 German study, researchers found a correlation between the quality of the built environment, particularly that of the neighborhood, with that of employment, education, and income levels of the inhabitants (BBSR, 2012). In fact, many similarities to the housing and urban development policy environments exist between both countries, most significantly, their similar structures for financing urban development activities at the federal level. The following section will briefly explore the two countries' affordable housing sector and current trends.

Affordable Housing in Germany

In Germany, the bulk of affordable housing construction began during reconstruction after World War II. Between 1950 and 2000, the government subsidized approximately 24 million units, of which 9 million were dedicated for low-income residents, called *soziale Wohnungen* or social housing (Harlander, 2017). In the early 1970s, the construction of new housing units decreased as historic preservation, revitalization efforts, and modernizing projects took a larger role. After reunification of East and West Germany in the 1990s, Germany saw a renewed, if smaller, demand for affordable housing development due to the poor state of the housing stock in former East Germany and an influx of asylum seekers from the Balkans (Harlander, 2017).

Several important housing policy shifts began in the 1990s, including the privatization of formerly government-owned social housing stock and, in 2007, a shift in responsibility for affordable housing production from the federal government to the 16 states or *Länder* (BPB, 2009). The federal government now supplements state finances for new affordable housing production with funding called *soziale Wohnraumförderung*. This funding is distributed from the federal government to the 16 states and then to eligible localities, with each level of government providing one-third of the funding. States and localities use this resource to finance a number of affordable housing activities, including subsidizing private developers who create affordable units. Due to an increase in demand for affordable housing, the federal portion of this funding has increased in recent years from €518.2 million annually in 2015 to €1.5 billion in both 2016 and 2017 (Bundesministerium, 2017).

Affordable housing is also supported through vouchers, which provide direct payments to residents from the federal government (*Wohngeld*) and from the local governments (for example, *Kosten der Unterkunft*). This voucher system is a means-tested program in which all qualifying households receive housing assistance. In 2016, Germany provided *Wohngeld* to 631,000 households (DeStatis,

2017). In addition to *Wohngeld*, housing allowances are provided under the social welfare system. Each year Germany spends about €17 billion providing housing vouchers to a total of 5 million households (Housing Europe, 2017). Although the constitution gives states the responsibility for the provision of affordable housing, most devolved this responsibility to their larger cities, and as such, the type and mix of affordable housing varies significantly at the local level.

Beginning in 2004, the German federal government elevated the importance of cooperative housing to that of ownership and renting (Bundesministerium, 2018). Because each member of a housing cooperative is part owner, with a life-long right to occupancy, the government views the benefits of this housing type as providing the means for self-governance, self-help, and the financial development of residents. Further, this housing is considered important to retaining long-term affordability in the face of gentrification. Today, approximately 2.2 million cooperative housing units are in existence, which equate to 6 percent of all housing units in Germany. Five million citizens currently live in one specific type of housing cooperative—*Genossenschaft* (Bundesministerium, 2018). This statistic does not include the number of persons residing in cohousing and other shared equity housing models throughout the country.

Affordable Housing in the United States

The U.S. housing market has been defined by several phases. One of the most significant was the growth of the single-family housing market in the suburbs after World War II. For the first time in U.S. history, bank loans became available to many households due to the development of new financial products. Before the Fair Housing Act of 1968 made housing discrimination illegal, the Federal Housing Administration (FHA) made home loans available mainly to White families in new suburban single-housing divisions (Rose, 2010). Further, many homeowners placed restrictive covenants in their deeds, prohibiting the sale of their home to people of color (Khadduri, 2015). The result, by the beginning of the 1960s, was a highly unequal housing distribution with middle- and upper-class White persons living in the suburbs or more desirable urban neighborhoods and people of color largely relegated to the less attractive neighborhoods and older housing stock in urban areas. The repercussions of these policies continue today and affect more than only the quality of housing. The federal homeownership mortgage interest tax deduction allows for households to accumulate significant savings and, over time, wealth. The lack of homeownership opportunity historically for people of color has contributed significantly to the lack of wealth accumulation for this group and the increasing inequality between White people and people of color in the United States.

Today, the Low-Income Housing Tax Credit (LIHTC) program, funded by the U.S. Department of Treasury and distributed by states, is responsible for the largest share of new affordable housing construction in the United States. Through this program, states and local bodies issue up to \$8 billion in tax credits for the preservation, rehabilitation, and creation of new affordable housing units by private developers (HUD, 2017). The U.S. Department of Housing and Urban Development (HUD) also provides direct transfers to landlords in a program similar to *Wohngeld* called the Housing Choice Voucher (HCV) program, or Section 8. With this subsidy, households are responsible for paying one-third of their income toward rent, and the HUD subsidy provides the remaining amount, up to a set threshold. Approximately 2.2 million households participate in this program. The existing pool of public housing units that the federal government built between

the 1930s and the 1970s serves another 1.1 million households (Gould Ellen and Yager, 2015). Only approximately one of every four households that qualify for housing assistance in the United States receive that assistance from the federal government (CBO, 2015).

Cooperative and shared equity housing models are less prevalent in the United States than in Germany; however, they have recently seen a resurgence in popularity in the United States as a tool for preserving affordability in increasingly expensive cities and regions (GSN, 2016a). The Grounded Solutions Network, the largest association of shared equity housing providers in the United States, defines *shared equity* as any housing model that creates or preserves housing with lasting affordability (GSN, 2016b). In the United States, prevalent models include community land trusts and limited equity cooperatives. Community land trusts are nonprofit, community-based organizations whose mission is to provide affordable housing by owning land and leasing it to those who live in houses built on that land, creating permanent affordability (Greenstein and Sungu-Eryilmaz, 2005). Limited equity cooperative housing is housing eligible to low-income members who purchase shares at below-market prices and are subject to limitations on the amount of profit they can receive on the resale of their units (Mallin, 2018).

Comparison of Affordable Housing: United States and Germany

The United States and Germany have remarkably similar funding instruments for housing and the urban development programs that support affordable housing. For example, the HCV program is comparable with the *Wohngeld* program. Each program provides that the tenant receives a governmental grant to finance the rental costs, with the subsidy going to the landlord in the case of HCV and, typically, the tenant in the *Wohngeld* program. The *soziale Wohnraumförderung* program can be compared with the LIHTC program. Although not set up with the sole purpose for incentivizing private developers, *soziale Wohnraumförderung* allows for this use and many localities provide guaranteed payments to developers who produce new affordable housing units in tight housing markets. Both countries provide block grants to localities for urban development activities through similar programs called *Städtebauförderung* and Community Development Block Grant, respectively.

For all the similarities, the scale of the German programs outpace those in the United States. When evaluated as a percentage of Gross Domestic Product, or GDP, Germany provides significantly more public funding than the United States toward affordable housing preservation and production. Second, only 14 percent of low-income renters in Germany face housing cost overburden (spend 40 percent or more of disposable income on housing costs), although 59 percent of comparable renters do in the United States (DeStatis, 2018; OECD, 2017a). An analysis of all U.S. funding sources shows that only 31 units of affordable housing are available for every 100 low-income families who would otherwise qualify (NLIHC, 2016).

German and U.S. housing markets differ in other ways as well. Germans tend to rent their homes, with an average of 55 percent of households renting, whereas U.S. citizens are more likely to be homeowners—only 35 percent are renters (OECD, 2017b). In German cities, the percentage of renters can be even higher. For instance, in the city of Leipzig, the share of renters is 87 percent (Bild, 2017). As such, a significant political base in Germany advocates to keep rents affordable and tenants protected. In the United States on the other hand, renters are, as a percentage, smaller and tend to have lower incomes than homeowners; therefore, they are less politically potent.

Despite these differences, both the United States and Germany are grappling with two similar trends in their housing markets. The first trend is a growing issue of gentrification, marked by increased migration into urban centers largely by young professionals and, therefore, an increase in demand for existing housing stock. Another trend is increasing unaffordability of goods, including rent, due to sluggish growth in wages during the past 15 years (HUD, 2016). A third trend is the increase in single-person headed households (Zabel, 2016). Due to high demand for housing, particularly in urban areas, and rising inequality, pressure is increasing on affordable housing for people in need and historically marginalized groups.

Why Cooperative Housing?

One of the most unique aspects of Germany's affordable housing market is the use of cooperative housing models; typically developed and supported at the local level. As in the United States, this sector of the housing market is growing—both in terms of resurgence of traditional cooperative housing forms (*Genossenschaften*) and new shared housing models. Although cooperative housing is also present in the United States, it comprises a small share of the affordable housing mix. The Urban Homesteading Assistance Board estimates that of an original 425,000 units of affordable cooperative housing, approximately 167,000 units remain. In Germany, approximately 2.2 million cooperative housing units serve 4.6 million residents (COOP, 2018). This housing is considered important, particularly in retaining long-term affordability in the face of gentrification (Gerhardt, 2017).

In Germany, the cooperative housing field is quite broad, encompassing many legal and organizational structures, project sponsors, and goal. In general, two main types of cooperative housing exist in Germany—that provided by large and well-established cooperative housing organizations and the smaller project-cooperatives. The latter are characterized by interest in a group of people in the renovation or new construction of housing units for long-term self-use. Most projects in Germany are owner occupied, multifamily buildings, in which each household has their own living space (Ache and Fedrowitz, 2012). The legal and operating structures are quite similar to those used in the United States. Typically, private firms, small organizations (similar to U.S. nonprofit organizations), or self-formed groups of people establish a legally recognized organization and bylaws that govern the operation of the entity. The organization or group takes on low-interest financing to purchase, build, and renovate an existing building and, sometimes, contribute to the renovation directly through sweat equity. In the end, each tenant has their own living space and access to shared amenities, such as terraces, outdoor space, laundry facilities, and shared kitchen areas. As in the United States, one can create a cooperative housing model, which places no limit on the equity that can be raised by the “shareholders” or tenants, or create a limited-equity cooperative, in which shareholder values are capped based on the bylaws of the organization, thus preserving affordability for generations.

In Germany, the only subsidy available to build cooperative housing is through government-sponsored low-interest mortgages (COOP, 2018). The government-owned development bank, KfW, offers attractive financing with low-interest rates for the new construction, purchase, and renovation of housing for self-use (KfW, 2018a). Individuals may also qualify for a loan to purchase a share in a cooperative housing organization. Interest rates are quite low on these products, even lower than comparable HUD low-interest mortgages. However, compared with the United States, the amount of capital that is available to an individual borrower is limited. For example, KfW's products for

home or cooperative share purchase are capped at a maximum of €50,000 (KfW, 2018b). Although these borrowing amounts may increase when coupled with regional bank products that each state offer and with special incentives for the use of energy efficiency building techniques, individuals still need significant savings to invest. With some regions seeing sharp increases in land value, cooperative living is now out of reach for some moderate- and low-income families (Gerhardt, 2017).

Cooperative housing models meet many societal goals in Germany, including creating multigenerational living, in which older residents age in place with younger residents, mixed-functional living quarters, in which persons with disabilities can live independently and in an integrated setting, as well as long-term or permanently affordable housing in quality neighborhoods (Selbstnutzer, 2017). These models also have several indirect benefits, which include (1) revitalization of empty or underused building stock, (2) provision of ownership of housing to groups often underserved by traditional financial markets, and (3) improvement in the stability and quality of affordable housing because residents own a share in the building and must be committed to the project to see it to fruition. Although cooperative housing has many benefits, disadvantages must also be considered that continue to pose challenges within the German context. First, as previously discussed, the startup costs for residents in terms of finances and also investment of time and energy can be high. Second, such living forms could have the potential to aggravate segregation in the affordable housing sector if the initial tenants choose new residents based on their similarity to existing members. In the United States, however, this concern can be mitigated by enforcement of antidiscrimination and fair housing laws, and many times these projects are completed with a goal for a better socioeconomic or social mix. For example, a study of cooperative and cohousing efforts in the state North Rhine Westphalia frequently showed a mix of residents with different backgrounds, such as old and young, families and single persons, different nationalities, and different income groups (Ache and Fedrowitz, 2012).

Due to Germany's long history with cooperative housing and relatively large number of projects, innovations are found that may be useful to consider in the United States. The following examples exemplify innovations in the German market and further illustrate potential benefits to cooperative housing.

City of Munich: Cooperative Housing as an Antidote to Gentrification

The city of Munich has seen the greatest demand for housing and increase in housing prices in the country, due in large part to migration into the city of young professionals and E.U. citizens seeking jobs in this economic powerhouse. To protect its citizens from increasing living costs, specifically housing costs, the city released a 4-year housing strategy that was laid out in their 2012-to-2016 "Housing Offensive" and their 2017-to-2021 Housing in Munich VI strategy (Landeshauptstadt, n.d., 2012). As part of both strategies, Munich stated that of the city-owned land set aside for new housing, 20 to 40 percent would be provided at reduced prices to cooperative housing groups (Landeshauptstadt, n.d., 2012). The city of Munich stated that it viewed cooperative housing groups as important partners due to their interest in creating permanently affordable housing that fit into the fabric of existing neighborhoods. In addition to inexpensive land, cooperative housing projects that enumerated goals in line with the overall Munich strategy could receive additional benefits such as reduced borrowing costs.

City of Leipzig: Cooperative Housing as a Tool for City Revitalization

As part of former East Germany, much of the city of Leipzig's downtown housing stock was neglected between World War II and reunification. After reunification in the 1990s, most of the population was attracted to new housing stock being built on the outskirts of the city or to West Germany in search of new employment (Harlander, 2017). The building stock left in the urban core was largely blighted and uninhabitable. Since the 1990s, the city of Leipzig has slowly revitalized, beginning with the historic city center and moving outward into surrounding neighborhoods. This revitalization occurred mainly due to private investments, which benefited from tax reduction for this purpose. However, about one-third of buildings remained difficult to refurbish for various reasons including locations along main traffic roads and in neglected areas with low qualities of public and green spaces.

A key part of this revitalization strategy has been the use of new, smaller, and project-oriented cooperative housing models, used to incentivize private investment in city housing stock (Gerhardt, 2017). In this climate, several nonprofit organizations formed to work in partnership with the city to help groups of interested residents obtain clear titles to properties or contact abandoned building owners in the hopes of obtaining agreements for their reuse. Today, much of Leipzig has revitalized successfully, and it is one of the fastest growing cities in Germany (Stadt Leipzig, 2017). Due to high demand for housing and land, the city and all organizations involved in the reuse of blighted housing stock have formed one umbrella organization—*Netzwerk Leipziger Freiheit* (2018)—to bring investors to potential cooperative projects quickly and advise promising projects with the goal to obtain as much financing as possible.

Citywide Incubators

Most large cities in Germany offer city-run incubators for the creation of cooperative and shared housing models. For example, in Leipzig, the *Netzwerk Leipziger Freiheit* provides free consultation, connection with similar projects, access to and information about available financial grants, and financial consulting for persons interested in such a project. Incubators can also be used to promote cooperative housing to a specific segment of the population, specifically one that is vulnerable or in need of more affordable housing options. For example, the city of Berlin provides a consulting service for families and seniors who are interested in setting up multigenerational cohousing for the purposes of aging in place called *Netzwerkagentur Generationen Wohnen* (2018), or Network Agency for Cross-generational Living. The service provides access to peer learning from other such projects and facilitation in the founding of the projects. In 2010, the Faculty of Spatial Planning at Dortmund University found that 26 municipalities across Germany supported cohousing projects, with support ranging from a website to more comprehensive approaches with the provision of special funding or city-owned land (Ache and Fedrowitz, 2012).

Sharehaus Refugio, Berlin: Using a Cooperative Living Model To Provide Transitional Housing for Refugees

The Sharehaus Refugio project in Berlin provides an example of an innovative cooperative housing model. Refugio provides temporary living space for up to 18 months to as many as 40 residents

who apply and meet the criteria to live in a shared setting and bring a particular skill to the community. In 2017, one-half of the residents were recent refugees seeking political asylum in Germany. Of the other one-half, some were German nationals and others voluntary newcomers to Berlin. In all, 10 nationalities were represented in the house (Harutyunyan, 2017). The residents of the house can offset their monthly “rent” costs by running a popular café on the ground floor, hosting events in a resident-refurbished banquet room, and providing city tours, which are provided from the perspective of recent refugees and formerly homeless individuals—all on a volunteer basis. German residents provide help with language skills and job searching for refugee residents, and refugee and non-German residents organize events that introduce German residents to their cultures. In 2017, Sharehaus planned to open a new building using the same model but offered exclusively to families (Refugio Berlin, 2017).

Barriers to Cooperative Housing in the U.S. Market

For all the potential positive outcomes of cooperative housing, why does the United States not produce more? In fact, research has shown very low default rates for U.S. mortgages originated for cooperative housing as compared with traditional housing for low-income persons (HUD, 2012). Therefore, cooperative housing could be a low-risk and low-public subsidy method for providing home ownership to persons typically not qualified to enter traditional financial markets. Despite this advantage, several reasons exist for the lack of cooperative housing to date in the U.S. market.

1. **The U.S. housing market as an investment vehicle.** Wealth in the United States is mostly undiversified and invested in the housing market as opposed to cash, bonds, and mutual funds (Salzman and Zwinkels, 2017). Housing is not the most efficient investment vehicle; however, economists have shown that consumer biases, such as overconfidence in the perceived future value of homes and fear of not making a beneficial investment decision (that is, not buying a home), lead to less efficient consumer behavior. For this reason, even low-income households that might benefit from the stability of a limited-equity cooperative home aim to purchase at market rate to take a chance at a high return. In Germany, where housing is not the dominant savings and investment mechanism and where healthcare, retirement, and other social costs are largely borne by the government, greater consumer interest is found in the stability of a limited-equity cooperative housing model.
2. **Available financial products.** In Germany, each state provides a range of tools conducive to creating cooperative housing, including low-interest mortgages and down-payment assistance. In the United States, cooperative housing loans are costly to originate, as they tend to be unique, provide financing for small amounts, and require extra legal work. Since the sunset of previous FHA-insured loan products and decreases in other government funding for affordable housing during the past 10 years, financing these housing models in the United States has become more difficult (Ortiz, 2017).

HUD offers insurance through the FHA for mortgage loans for nonprofit cooperative housing corporations (Section 213 of the National Housing Act of 1961). However, the volume of deals is quite low. In 2015, HUD insured one project with 77 units for \$13.5 million. Cooperative housing projects can sometimes use Shared Appreciation Mortgage products—or second mortgages in which a nonprofit organization or local borrower offers a no-payment mortgage that is paid back

at the time of sale with an agreed-on amount of appreciation. These funds are typically reinvested in the property to make homeownership affordable to another low-income buyer (HUD, 2012). However, such products are often financed at the local level by the federal HOME Investment Partnerships Program, a program for which Congress has decreased funding in recent years.

- 3. The local tax structure.** For cooperative housing to remain affordable in the long term, particularly amid gentrification of the surrounding neighborhood, it is helpful for localities to provide property tax relief or conveyance of undervalued land (publicly owned land, publicly owned housing units, decommissioned public buildings, and so on) for this purpose (Davis and Jacobus, 2008). However, most U.S. localities rely on property tax income as their largest revenue source. Therefore, incentives are not aligned for localities to favor such incentives. Localities in Germany are financed primarily by transfers from higher levels of government and, thus, are less sensitive to fluctuations in property value.
- 4. Awareness and education.** Traditional lenders and affordable housing developers are largely unaware of this housing model, the benefits of this housing type, how to analyze risk, underwrite, and create the correct loan products for its creation. More education is needed particularly for traditional mortgage lenders and the LIHTC industry. LIHTC is the financing vehicle for most new affordable housing in the United States.

Greater awareness is required in the public sector as well. Greater awareness could lead to municipal policies that encourage limited-equity cooperative homeownership, for example, rights of first refusal. With available financing products and incentives, this policy allows for tenants' associations to convert their existing multifamily buildings into cooperative owner-occupied housing, preserving affordability.

- 5. Development patterns and preferences.** In Germany, the focus of housing development has been on retaining compact, dense, transit-oriented living. Certainly, suburban and rural villages and towns exist throughout the country; however, a higher percentage of the population already lives in multifamily housing than in the United States (Carliner and Marya, 2016). The community-oriented nature of this model may not suit the tastes of many Americans who are used to living in close proximity to neighbors or prefer rural and suburban, single-family living.

Despite these barriers, recent trends in the United States, including sluggish wage growth compared with housing prices, the rise of single-family households, greater interest in a sharing economy, and demand for housing in major metropolitan areas and corresponding unaffordability of home ownership, have led to an increased interest in shared equity housing models at both local and federal levels. Many localities, including Baltimore, Detroit, and Washington D.C. among others, have recently announced either community land trust or cooperative housing models to improve long-term affordability in target neighborhoods (Semuels, 2015). In addition, the Federal Housing Finance Agency (FHFA) and the conservator of Fannie Mae and Freddie Mac (the government-sponsored enterprises, or GSEs) recently announced plans to increase liquidity and awareness in this market.

As a requirement of the Housing and Economic Recovery Act of 2008, FHFA was instructed to develop strategies to direct more financing to underserved markets. In 2016, FHFA released its Enterprise Duty to Serve Underserved Markets Final Rule.¹ With this rule, FHFA directed the GSEs to increase the amount of investment capital available to support shared equity financing for affordable homeownership, including reducing the burden of underwriting loans for cooperative and other shared equity housing models. In December 2017, FHFA released the Underserved Market Plans for Fannie Mae and Freddie Mac. In its plan, Fannie Mae committed to improve liquidity in the mortgage market for shared equity housing models, such as cooperative housing, by purchasing an additional 1,100 to 1,300 loans from this market during the next 3 years. Freddie Mac, for its part, will conduct pilots to align financial product offerings with the needs in the field and explicitly mention shared equity models in its Seller/Service Guide. Both GSEs will conduct outreach and education to traditional lenders to promote more shared equity loan originations (Abraham, 2017; FHFA, 2018). This new injection of capital may alleviate one of the largest barriers to production of cooperative housing in the United States—access to financial products.

Conclusion

Germany and the United States can learn a great deal from one another. Both countries have diverse residents and communities, are destinations for immigrants, have similar urban development and housing policy environments, face similar issues regarding affordable housing—such as recent movement into and preference for housing stock in urban cores, tight housing markets, and wage stagnation since the great recession—and share similar potential mitigating factors to address these challenges. Both countries seek policy interventions that alleviate income inequality, provide chances for greater diversity in neighborhoods, and accommodate an aging population. Cooperative housing is one housing policy ripe for transatlantic exchange. This exchange is particularly relevant now as the U.S. housing finance environment is focused on producing liquidity in the shared equity market and as local governments in both countries signal a willingness to implement new housing models to counter increasingly high prices in their housing markets.

In Germany, cooperative housing is seen as a preferred method of providing affordable housing, because it is self-created, self-governed, stable, and requires lesser government subsidy. Such housing can also produce other social benefits, such as the ability of older generations to live with young families into old age, integrated housing for people with disabilities, an alternative to shelter for newly arrived residents, and an ownership opportunity for those normally excluded from traditional financial markets. The opportunities are varied and, with recent changes in housing finance and increasing local action, the United States is poised to benefit.

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¹ Enterprise Duty To Serve Underserved Markets Final Rule 12 CFR Part 1282. *Federal Register* 81 (250) December 29, 2016. <https://www.gpo.gov/fdsys/pkg/FR-2016-12-29/html/2016-30284.htm>.

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