Who Owns the Future? A Showcase of Ideas for a More Locally Owned Economy


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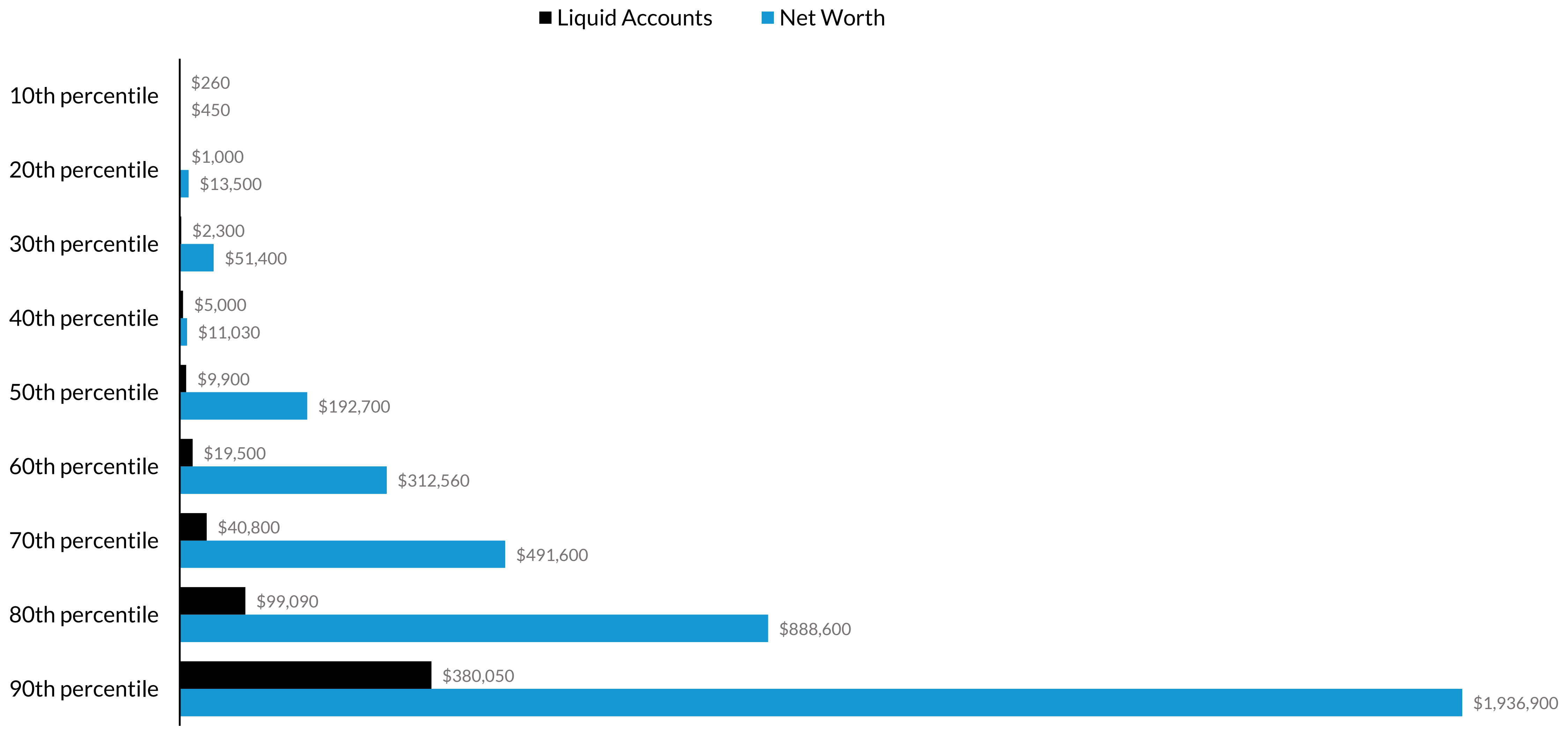
Changing Landscape of Ownership across Housing, Small Business, and Commercial RE

Brett Theodos
Director
Center for Local Finance & Growth

Trends in ownership & wealth

Wealth by household



Source: Authors' analysis of 2022 Survey of Consumer Finances Summary Extract.

Wealth is concentrated

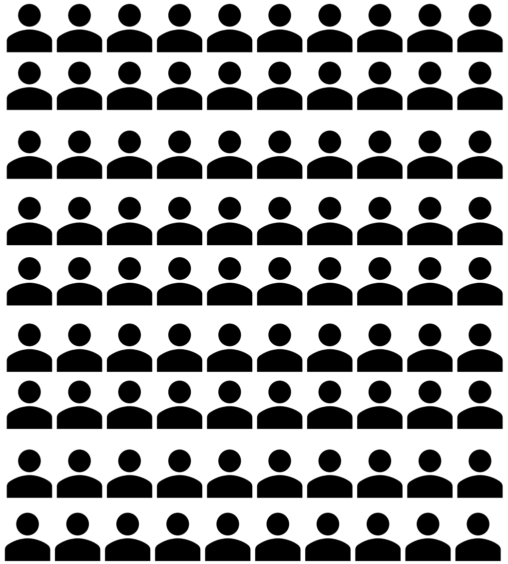
The **top 1%** wealthiest individuals…

Hold **32%** of all United States wealth

Source: [Q3 2025 FRED St. Louis Fed]

Wealth is concentrated

The **top 1%** wealthiest individuals…



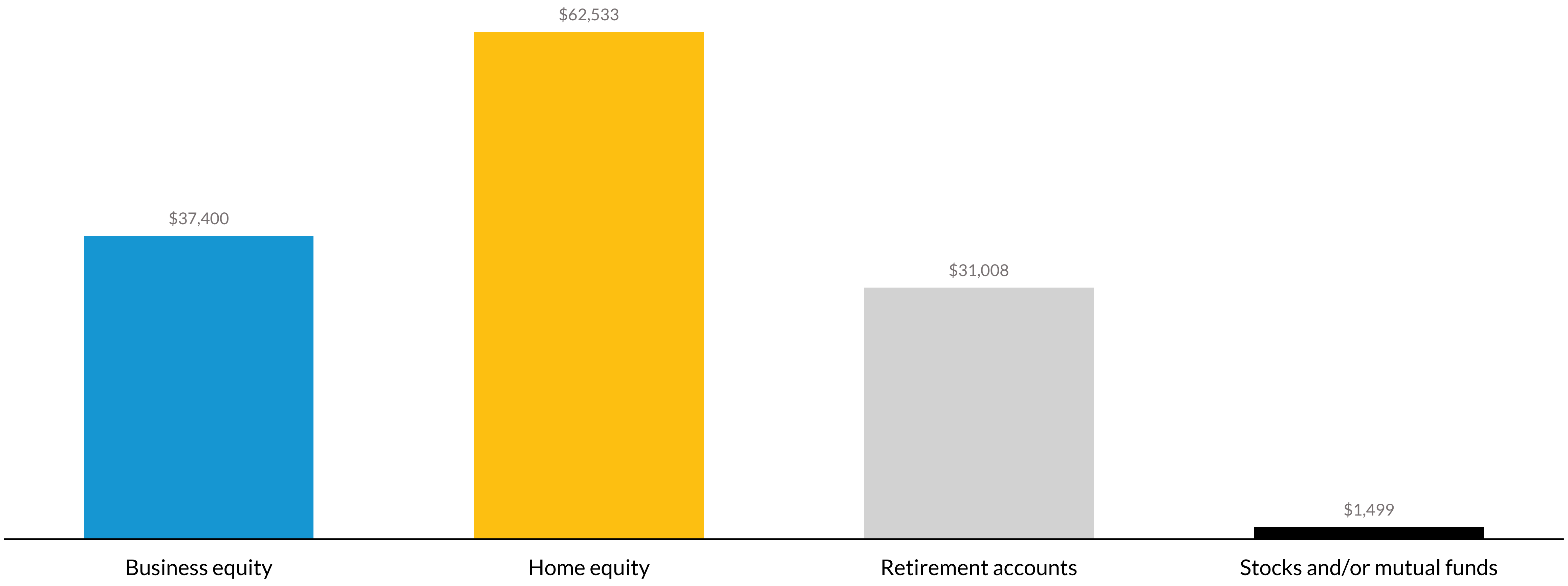
The **bottom 90%** least wealthy individuals…

Hold **32%** of all United States wealth

Source: [Q3 2025 FRED St. Louis Fed]

Mean wealth by type for working households at or below the median income

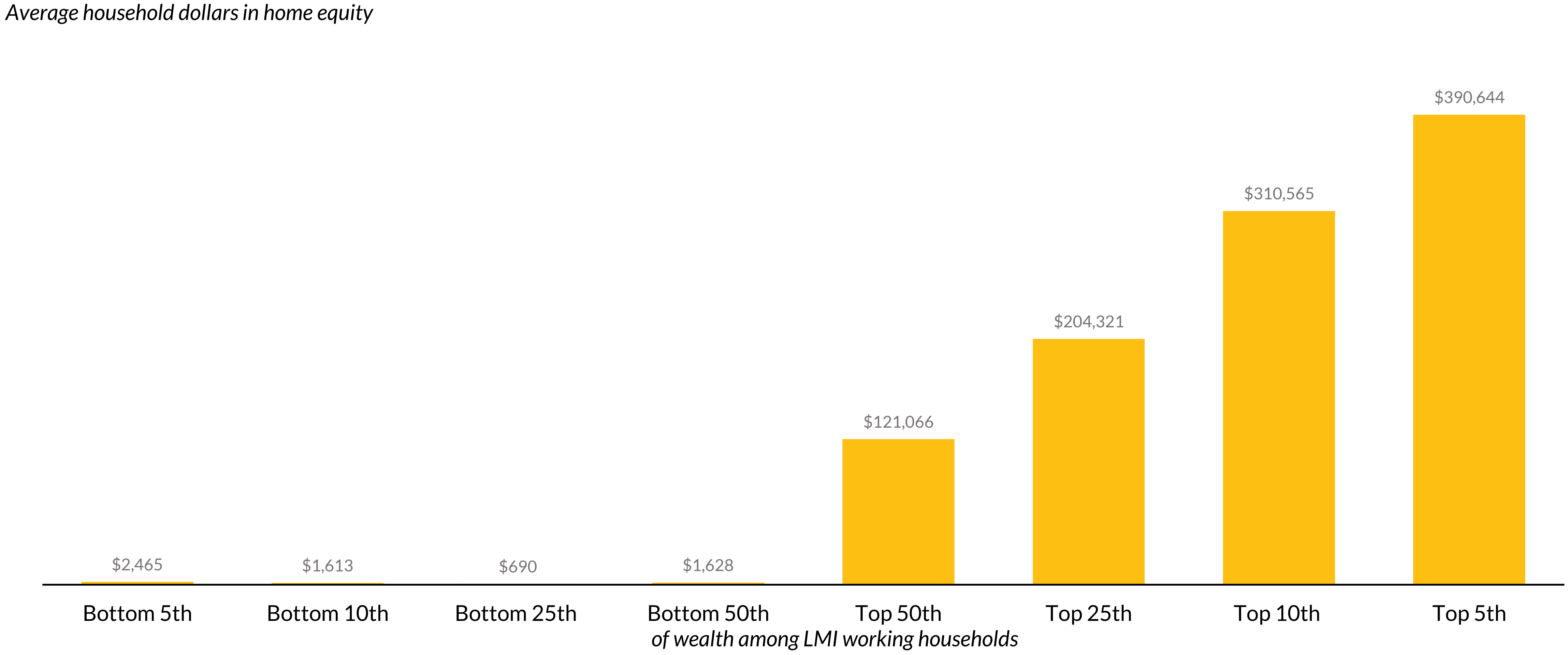
Average household dollars in assets



Source: Authors' analysis of 2022 Survey of Consumer Finances Summary Extract.
Notes: LMI = low and moderate income. Working LMI households are defined as those with primary earner ages 25-65 and in the labor force, and household income below the national median of $83,730 (in 2024 inflation-adjusted dollars). Wealth is defined as net worth.

Homeownership wealth

Home equity is a substantial wealth driver for working households at or below the median income



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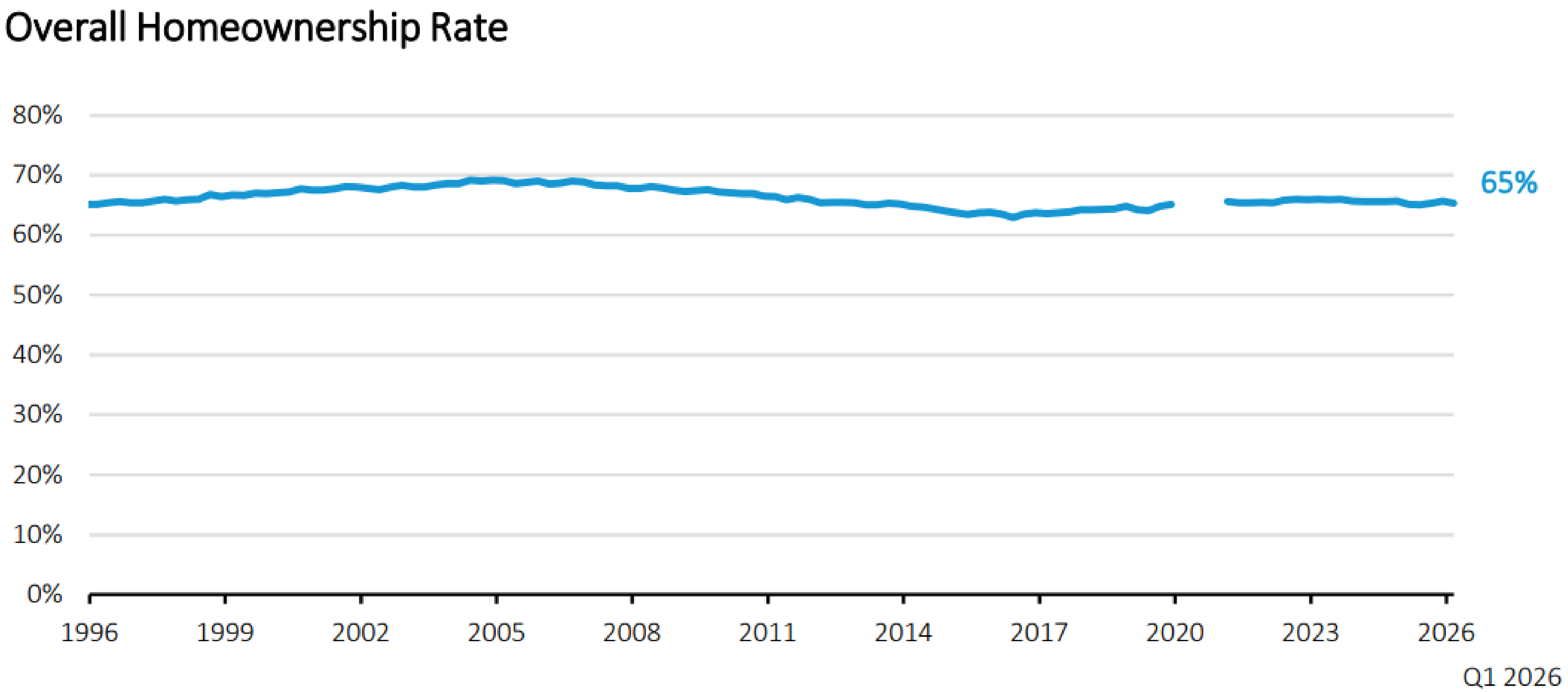
Homeownership rate is far lower for lower income families

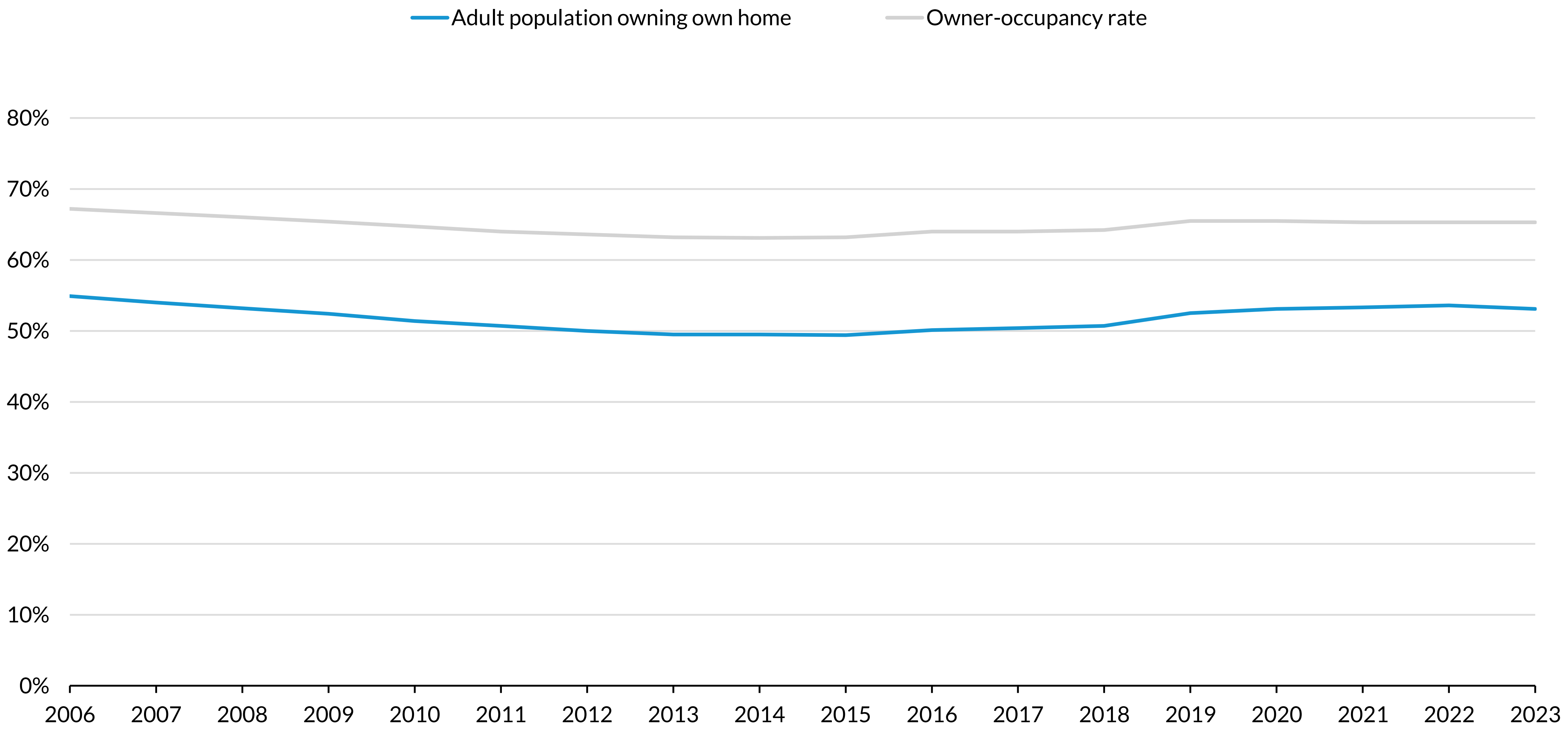
Source: Federal Reserve Report on the Economic Well-Being of U.S. Households in 2024 - May 2025

We think of the homeownership rate as 65%...



From: [Housing Finance at a Glance: A Monthly Chartbook, July 2026]
Sources: Moody's Analytics, US Census Bureau, and Urban Institute calculations.
Note: Data from 2020 are poor because of low response rates during the pandemic.

Instead, it's more like 53% as some households have non-owner adults



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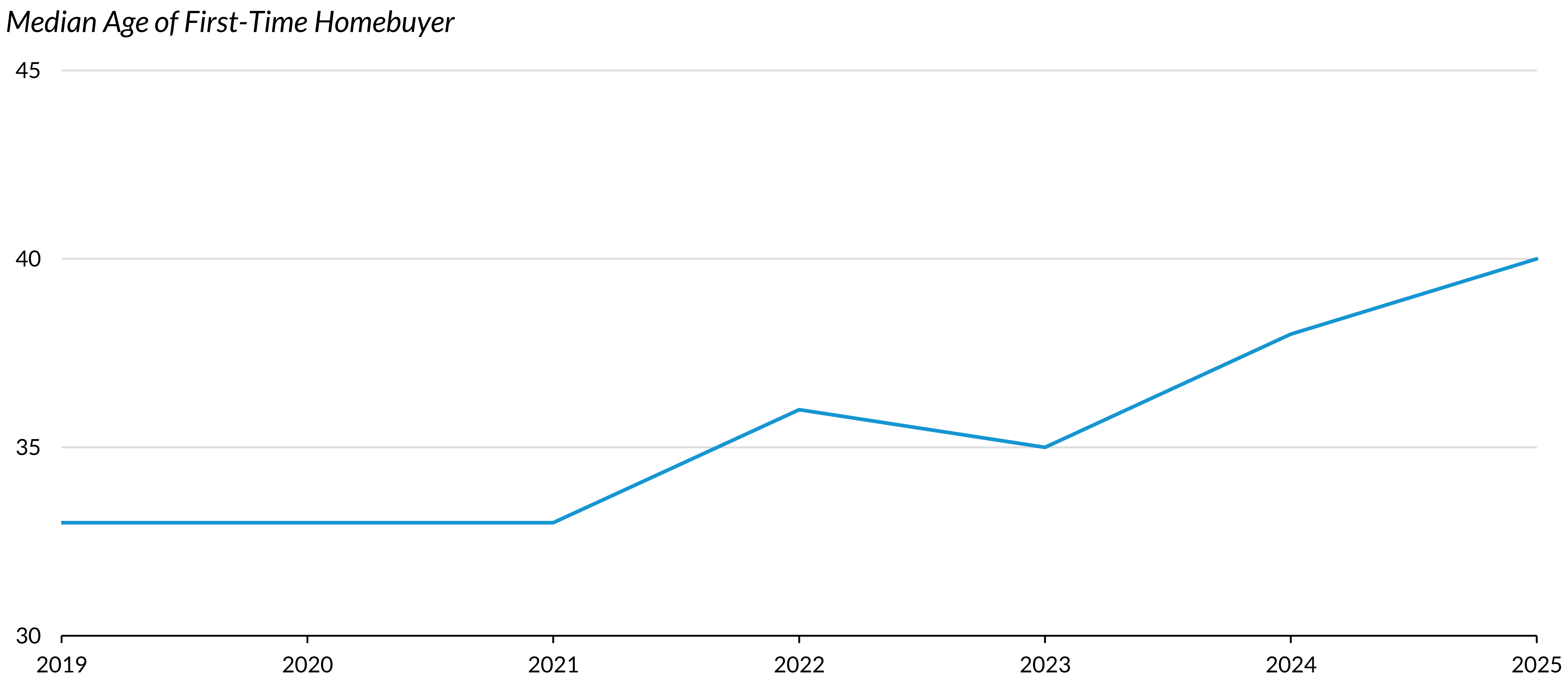
Source: The Federal Reserve Bank of Minneapolis analysis of American Community Survey 1-Year Public-use Microdata Data

Household formation and homeownership have crept later and later



Source: National Association of REALTORS Profile of Home Buyers and Sellers

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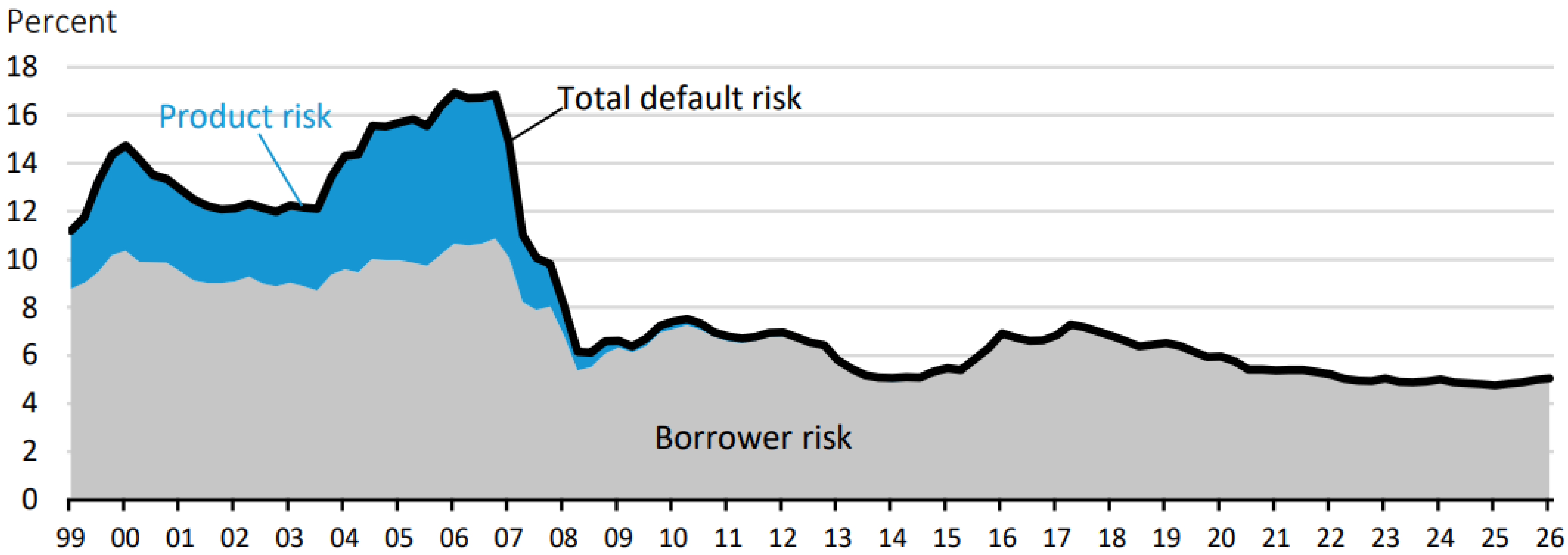
Mortgage credit box is tight

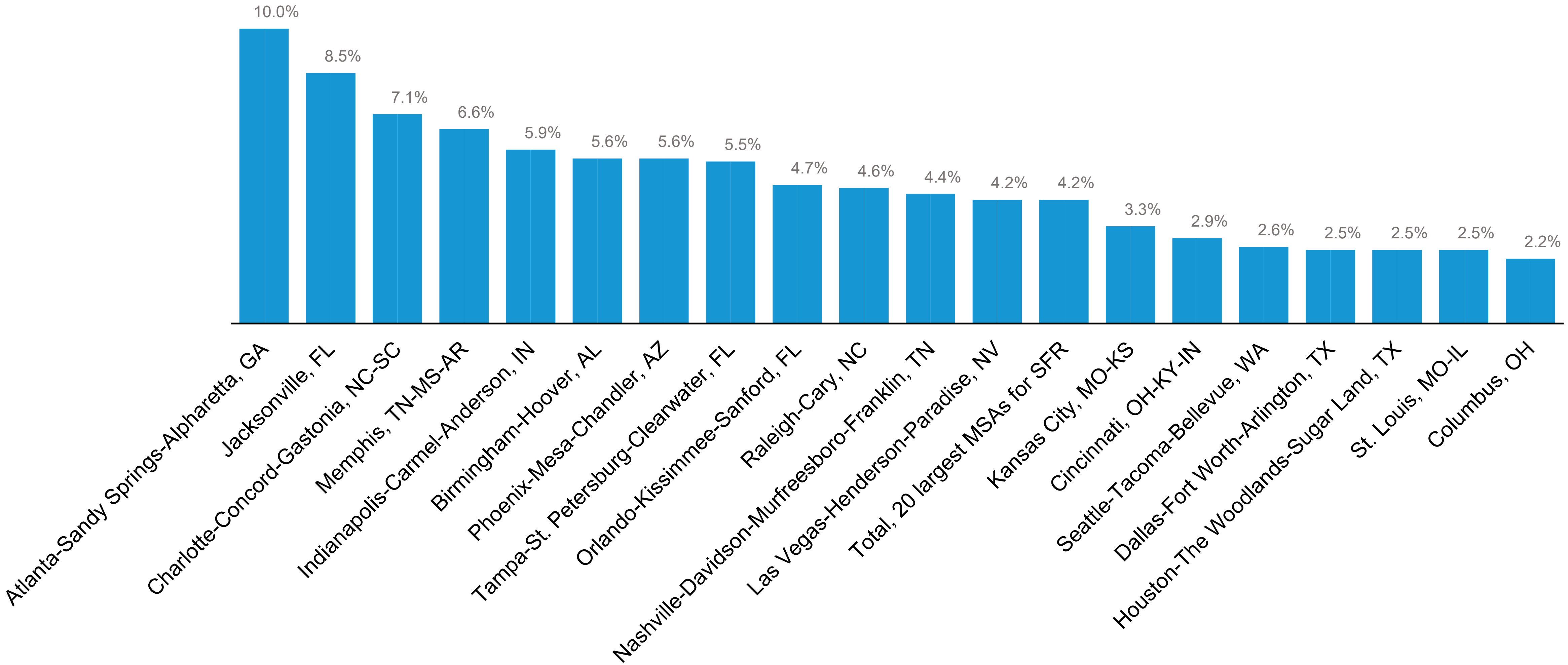


From: [Housing Finance at a Glance: A Monthly Chartbook, July 2026]

Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the Urban Institute.

Investors are buying up a substantial portion of SF rentals in some markets

Investor-owned single-family rental share of all rental properties



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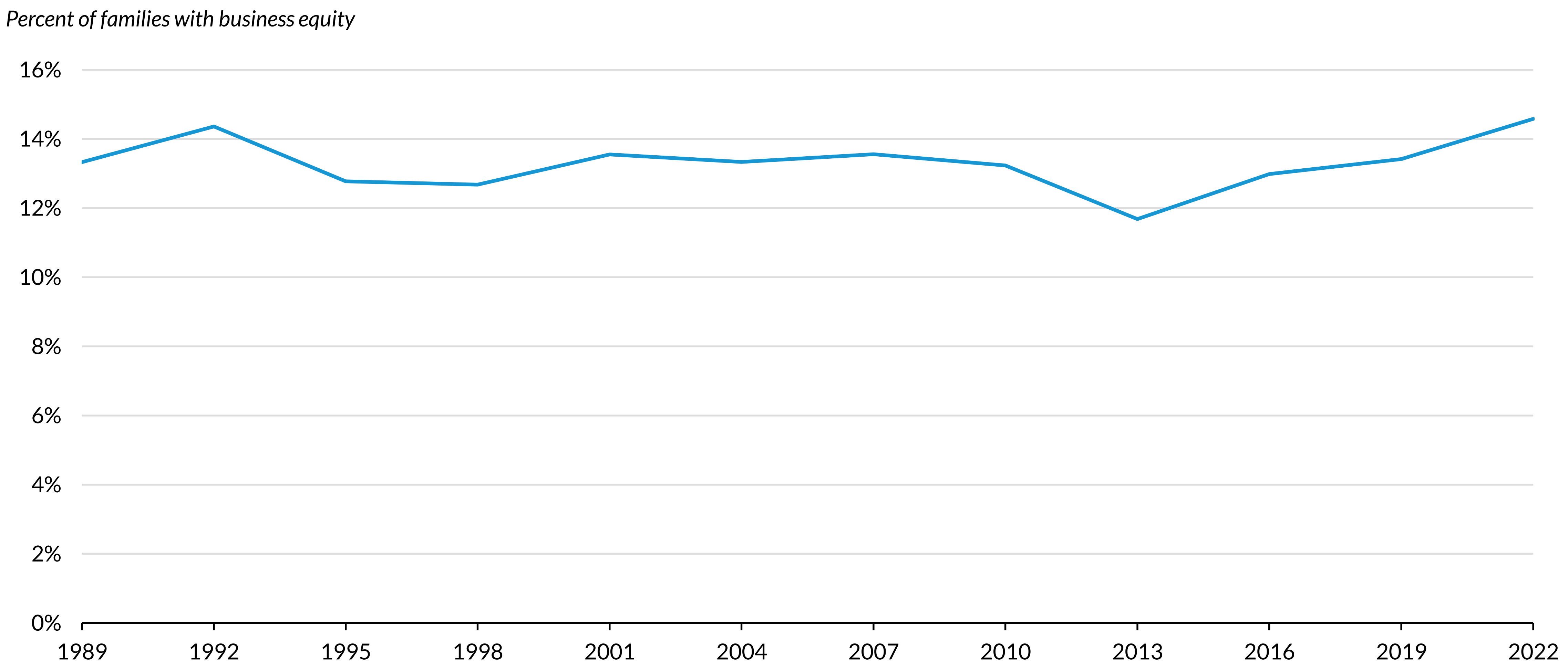
Source: Goodman, Zinn, Reynolds, and Noble 2023 analysis 2021 American Community Survey data and 2022 property records data.

Business wealth

A relatively stable number of families hold business equity



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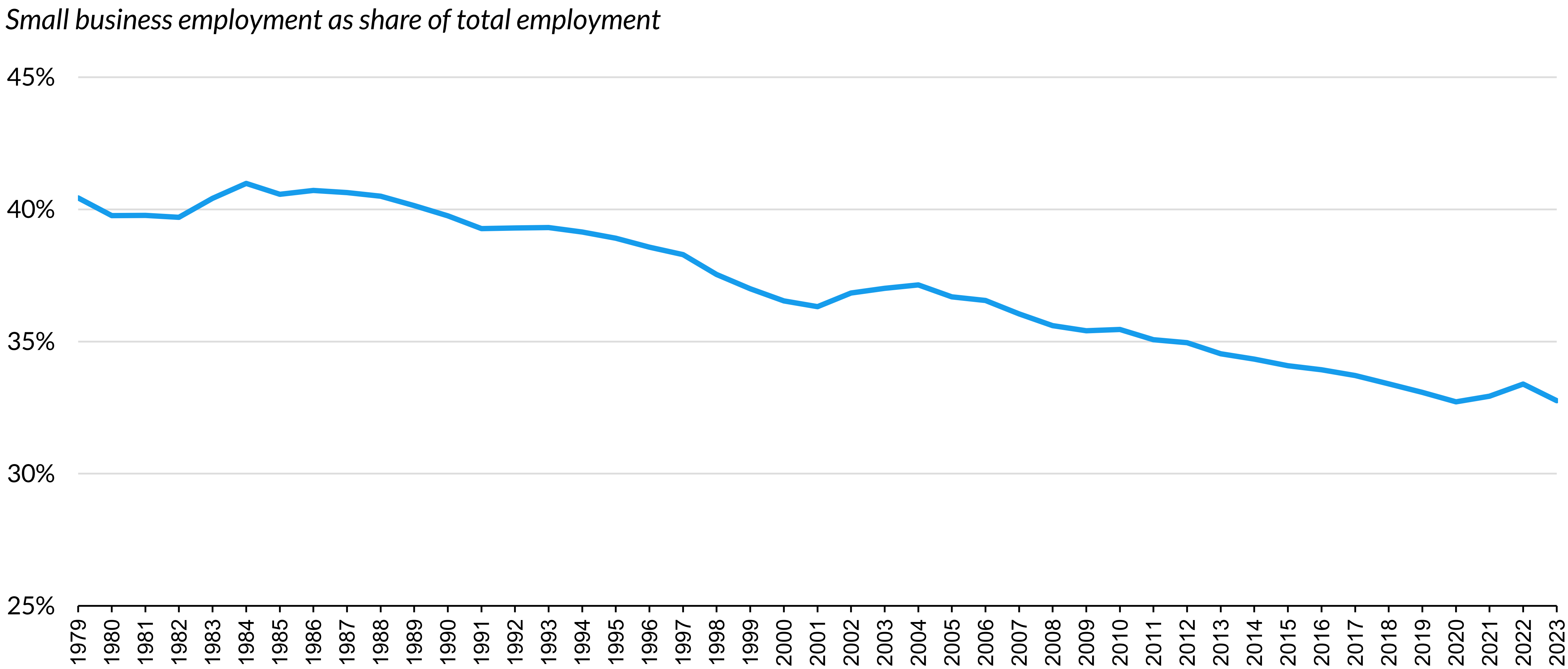
Source: Survey of Consumer Finances Summary Extract.

Small businesses share of employment has been declining for decades



Source: Business Dynamics Statistics, US Census Bureau, 2023.
Notes: Small businesses defined as firms with 1-99 employees.

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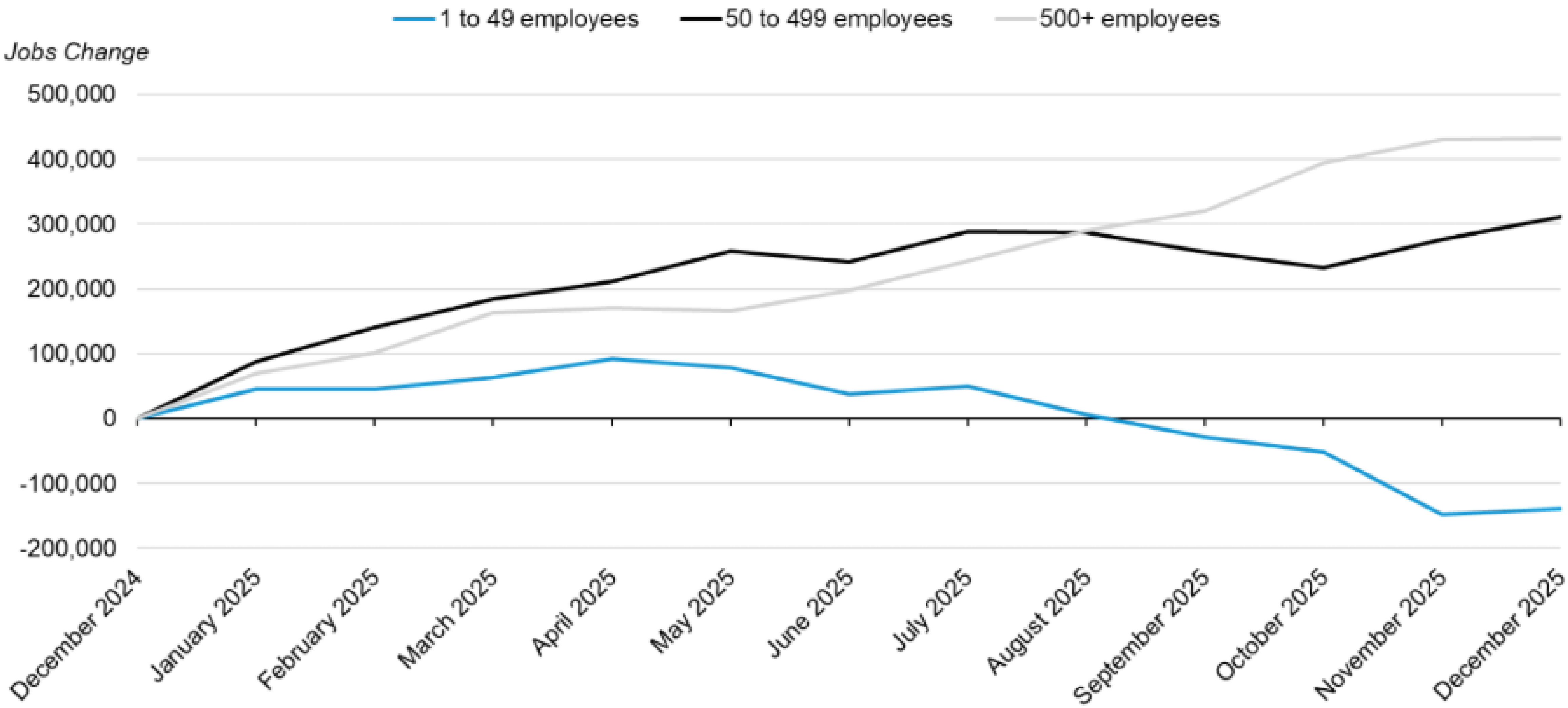
While bigger firms are growing, smaller firms are losing jobs



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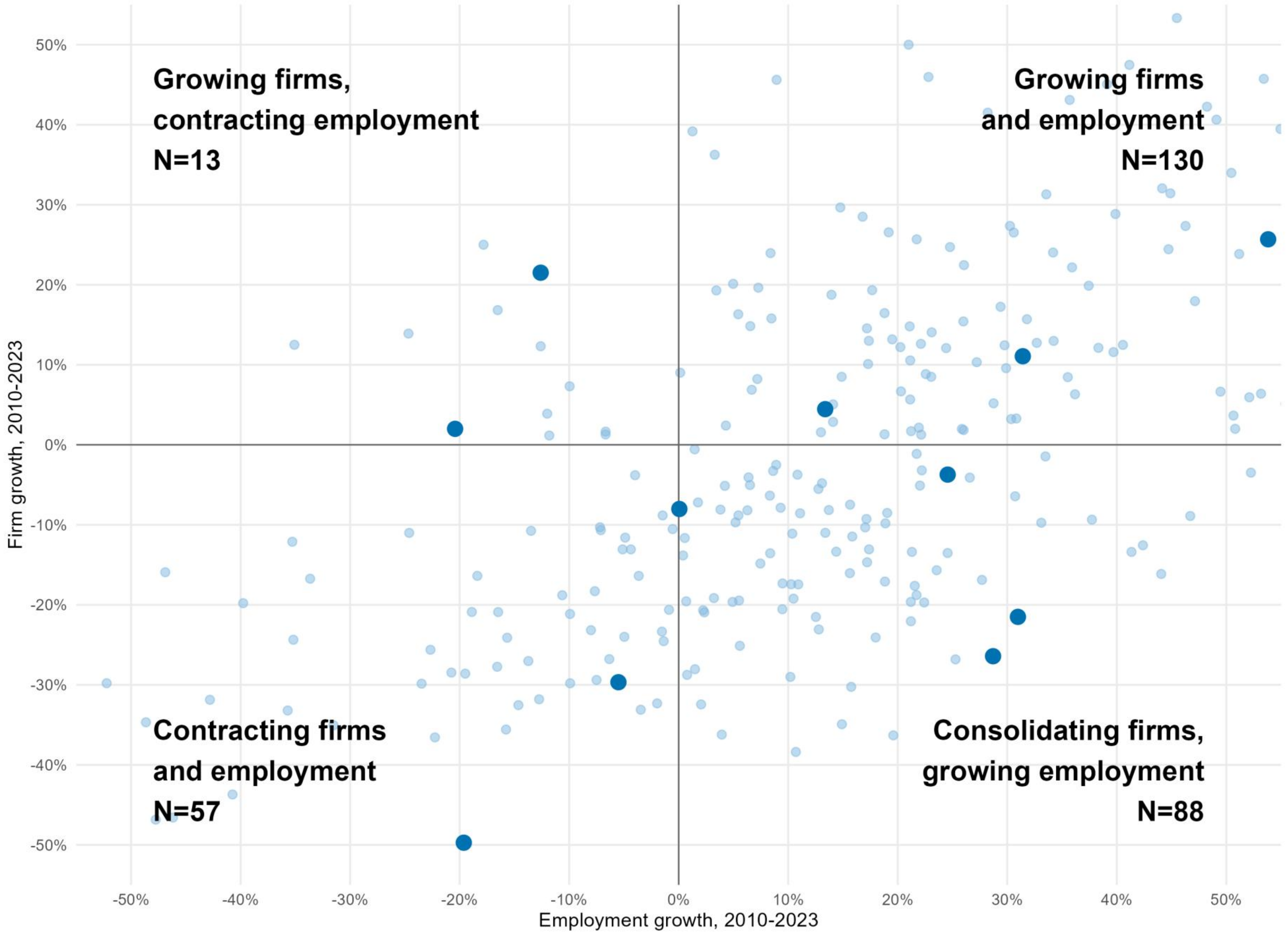
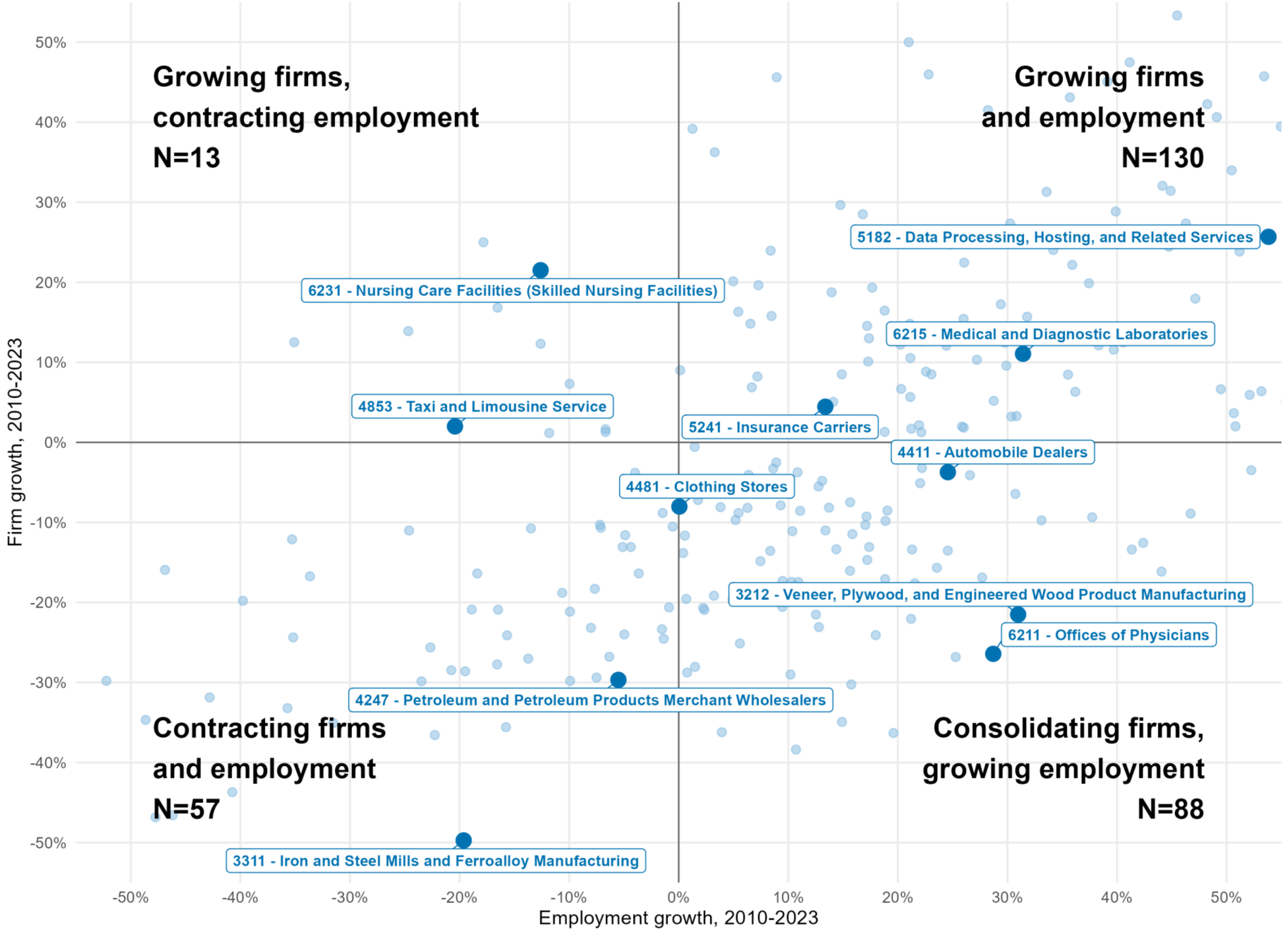
Source: ADP National Employment Report seasonally-adjusted monthly data

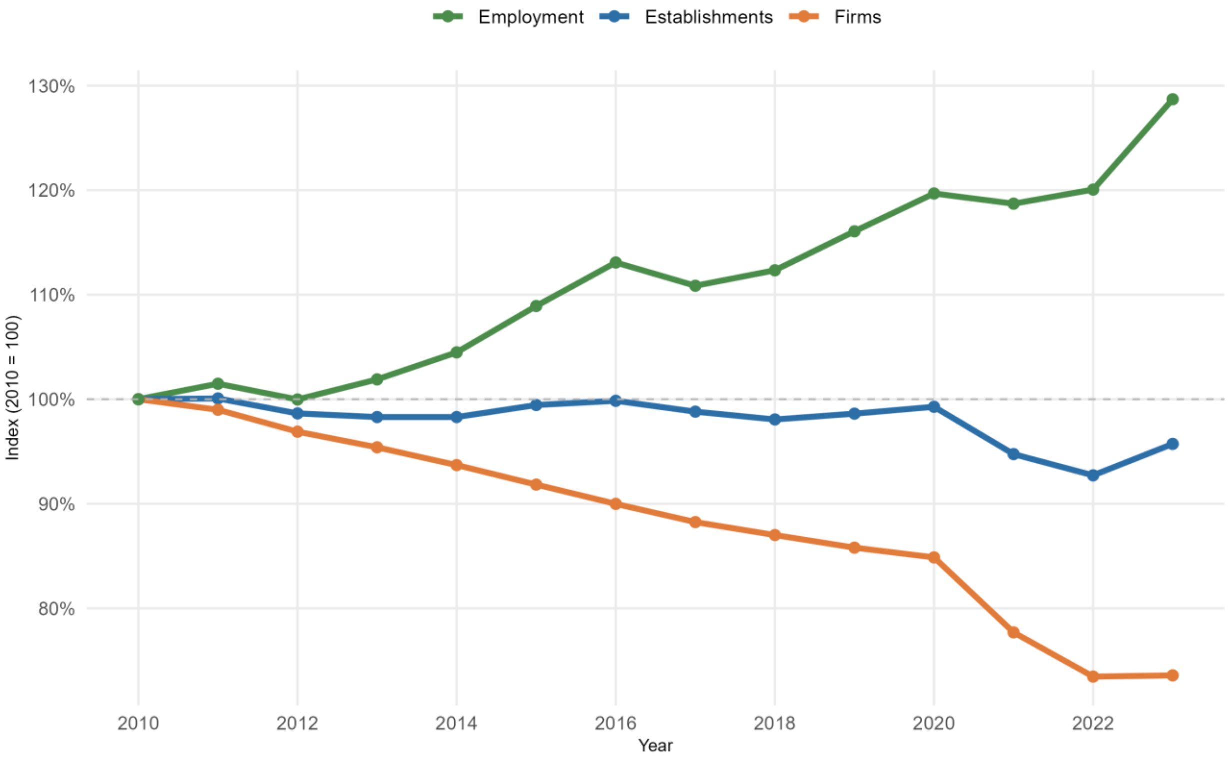


Source:Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

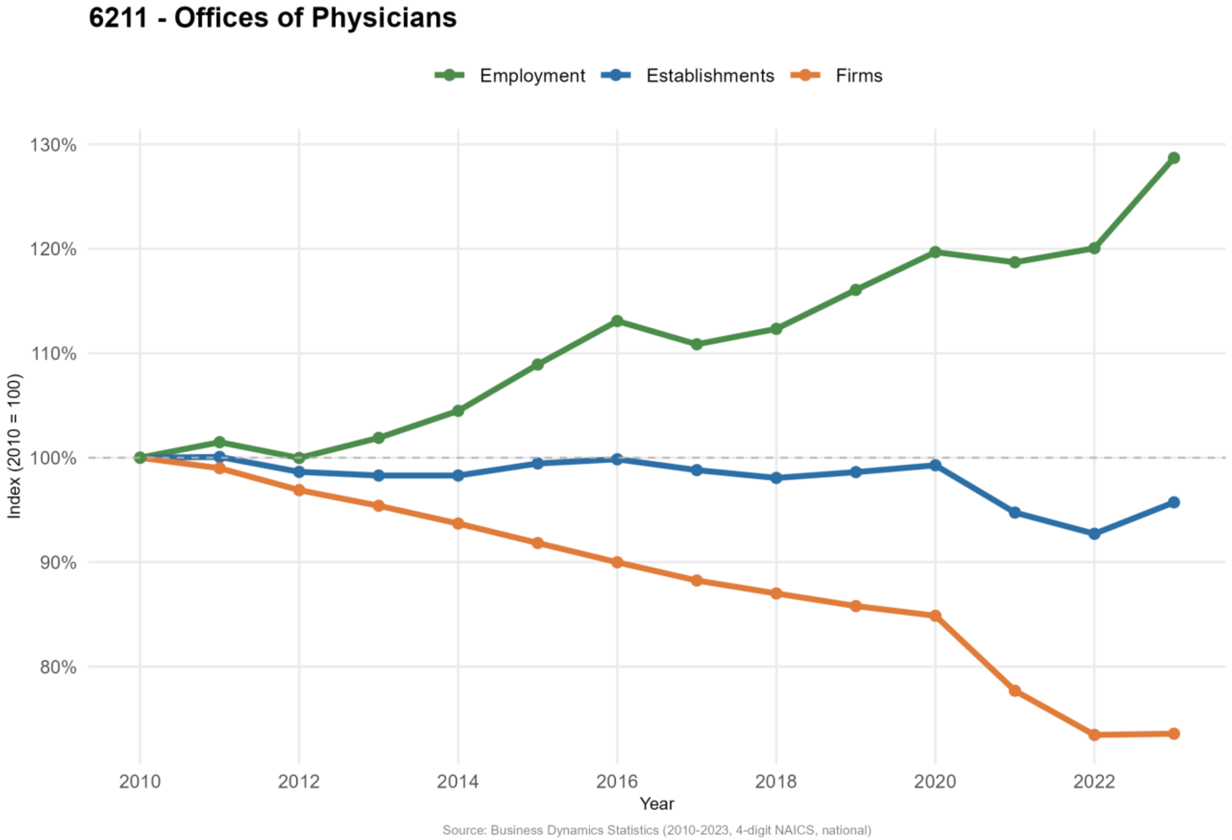


Source:Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

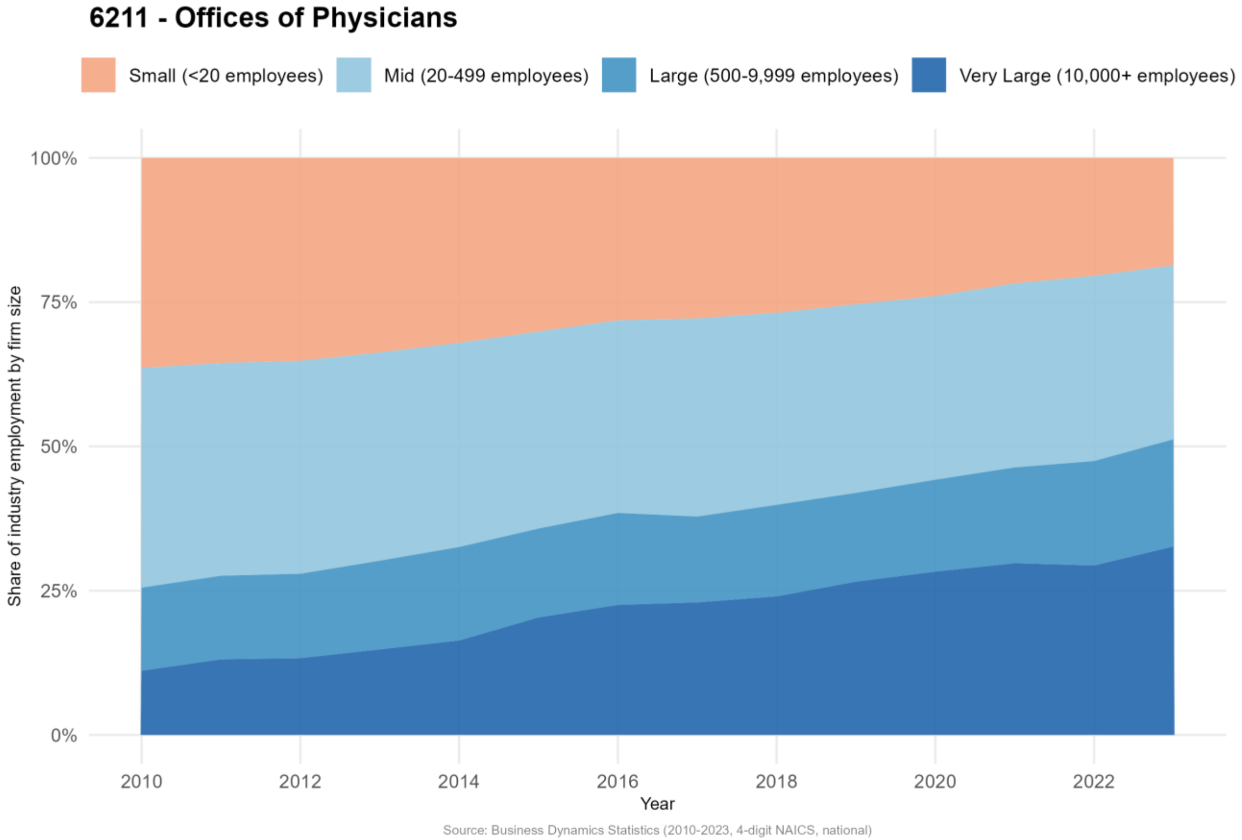
6211 - Offices of Physicians



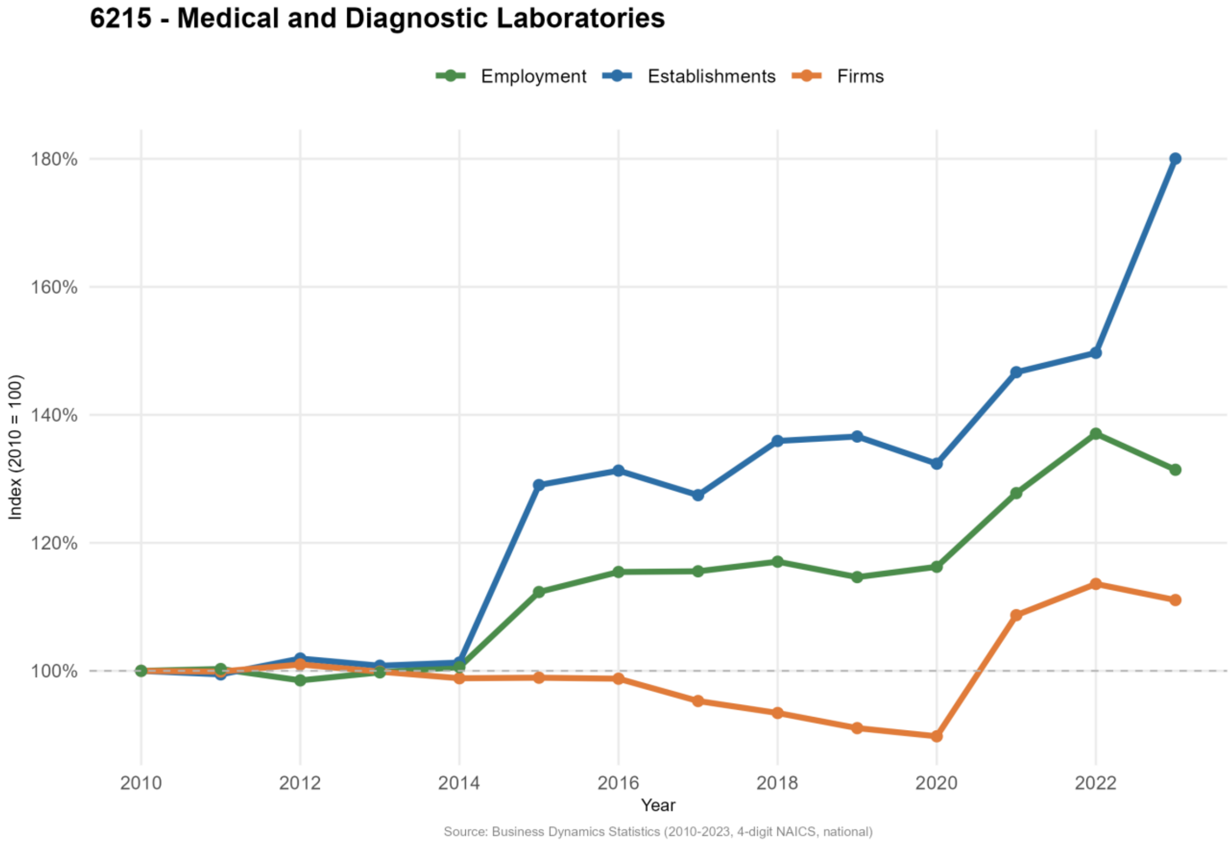
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

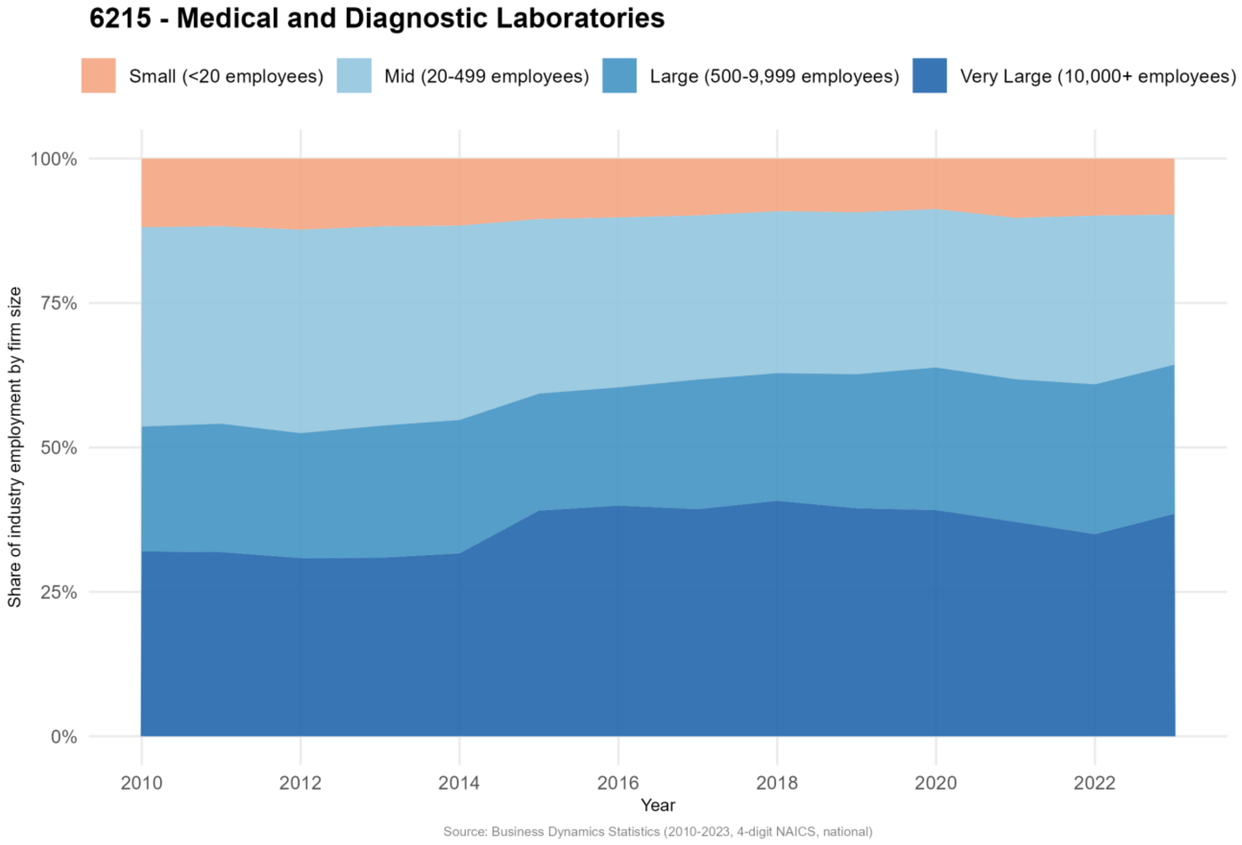


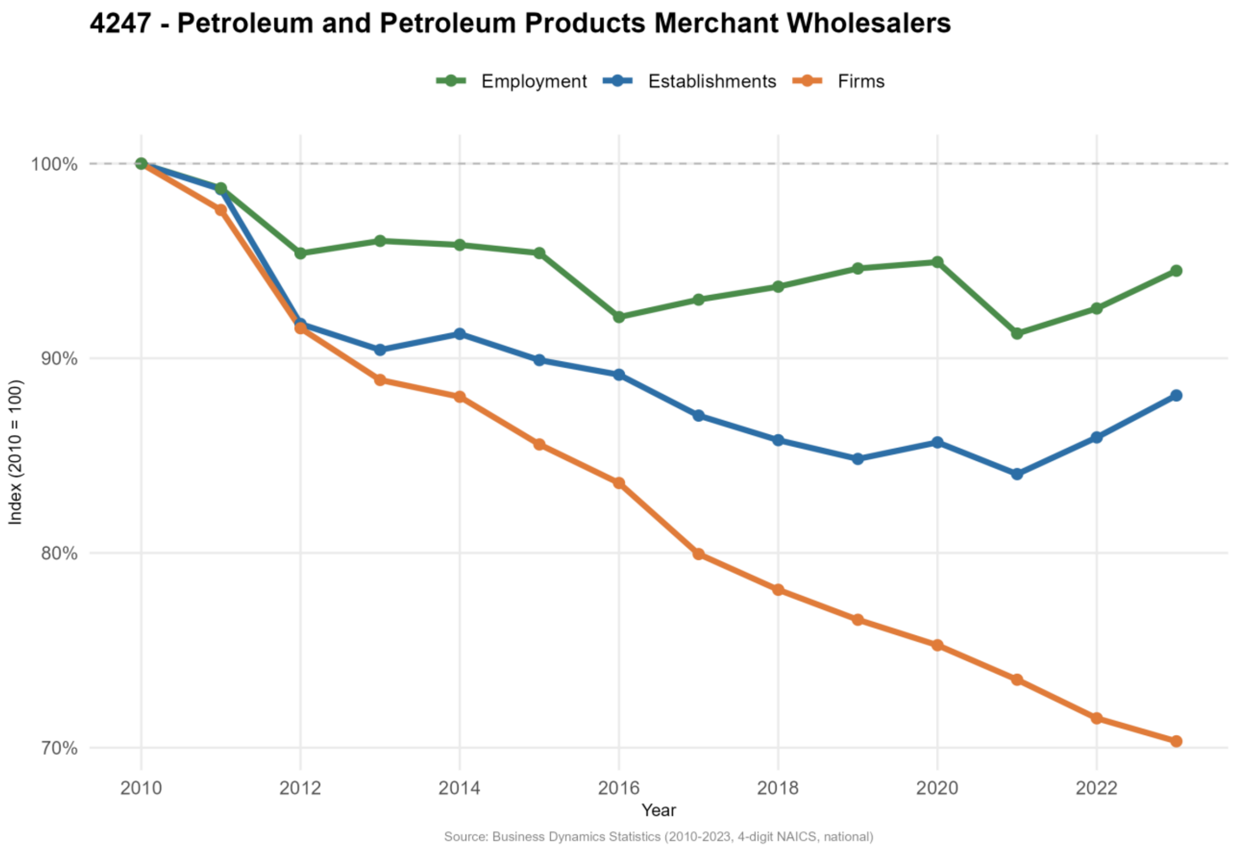
6211 - Offices of Physicians
Employment
Establishments
Firms
130%
120%
110%
100%
90%
80%
Index (2010 = 100)
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

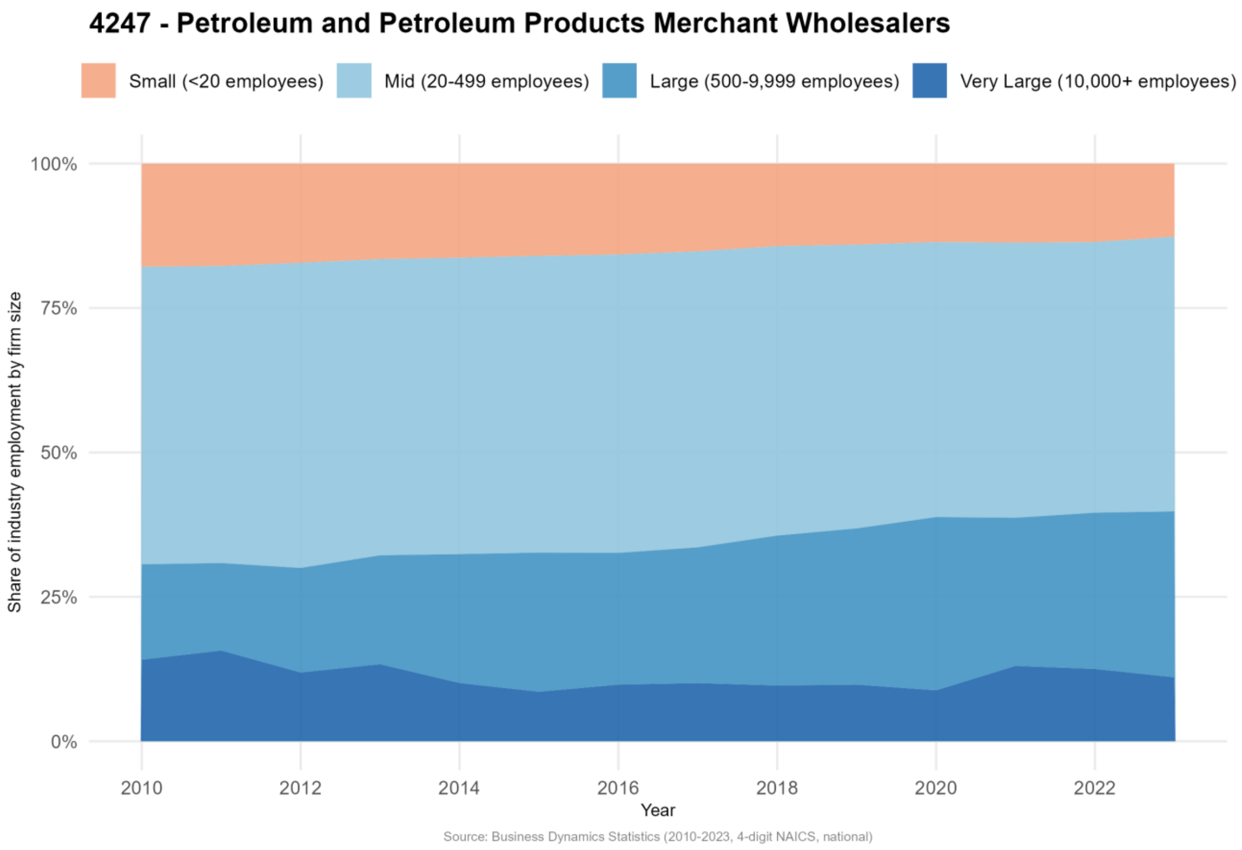


6211 - Offices of Physicians
Small (<20 employees)
Mid (20-499 employees)
Large (500-9,999 employees)
Very Large (10,000+ employees)
100%
75%
50%
25%
0%
Share of industry employment by firm size
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

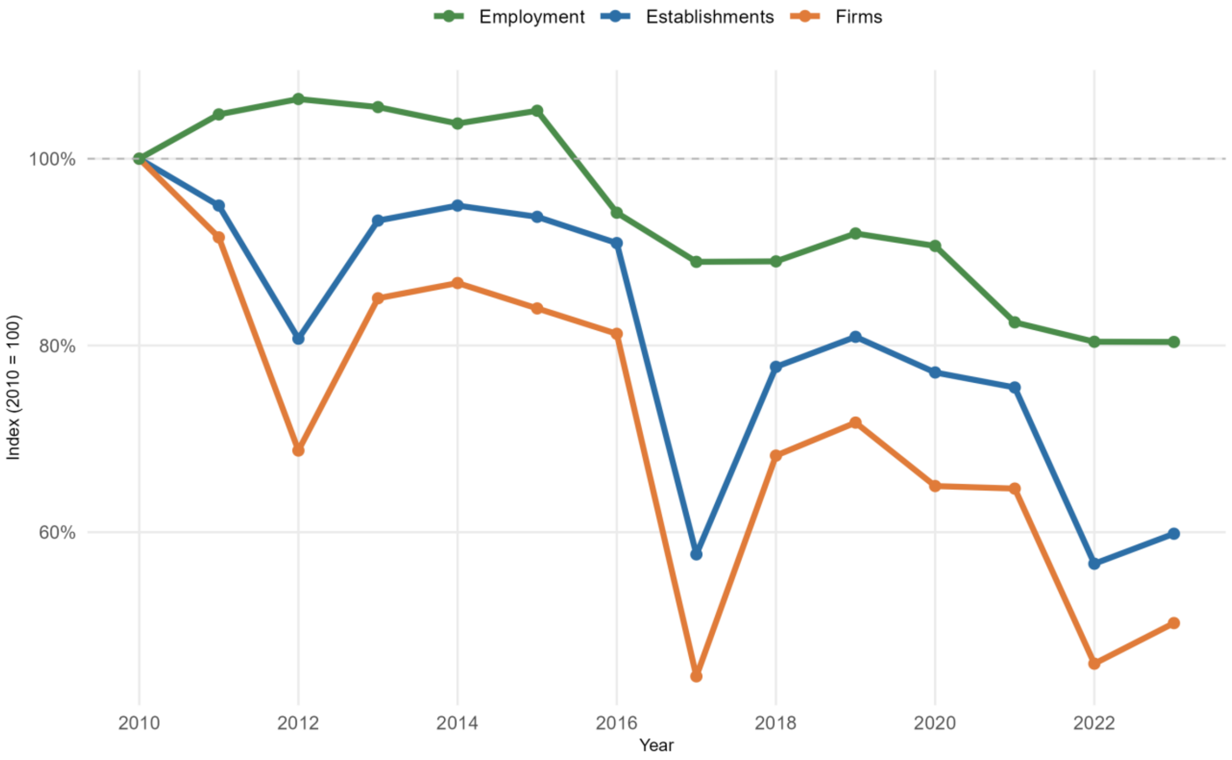

6215 - Medical and Diagnostic Laboratories
Employment
Establishments
Firms
180%
160%
140%
120%
100%
Index (2010 = 100)
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)


6215 - Medical and Diagnostic Laboratories
Small (<20 employees)
Mid (20-499 employees)
Large (500-9,999 employees)
Very Large (10,000+ employees)
100%
75%
50%
25%
0%
Share of industry employment by firm size
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)


4247 - Petroleum and Petroleum Products Merchant Wholesalers
Employment
Establishments
Firms
100%
90%
80%
70%
Index (2010 = 100)
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

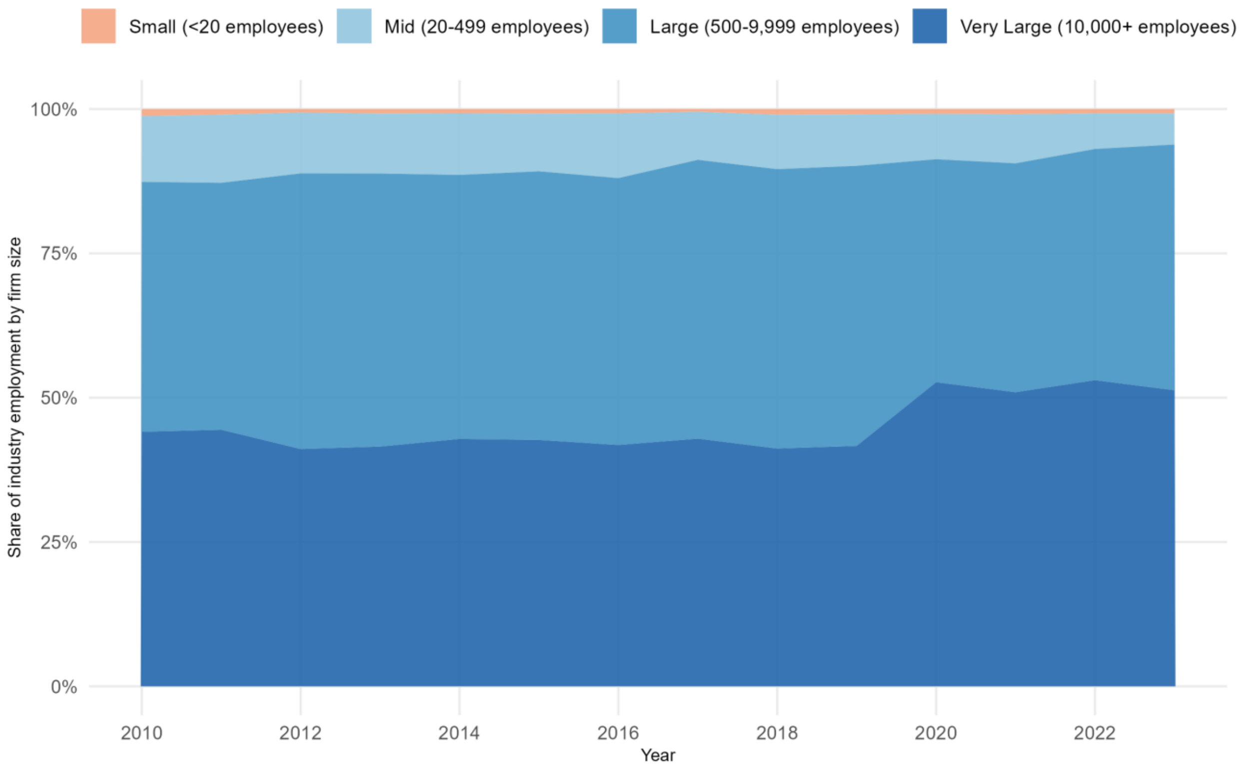

4247 - Petroleum and Petroleum Products Merchant Wholesalers
Small (<20 employees)
Mid (20-499 employees)
Large (500-9,999 employees)
Very Large (10,000+ employees)
100%
75%
50%
25%
0%
Share of industry employment by firm size
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

3311 - Iron and Steel Mills and Ferroalloy Manufacturing

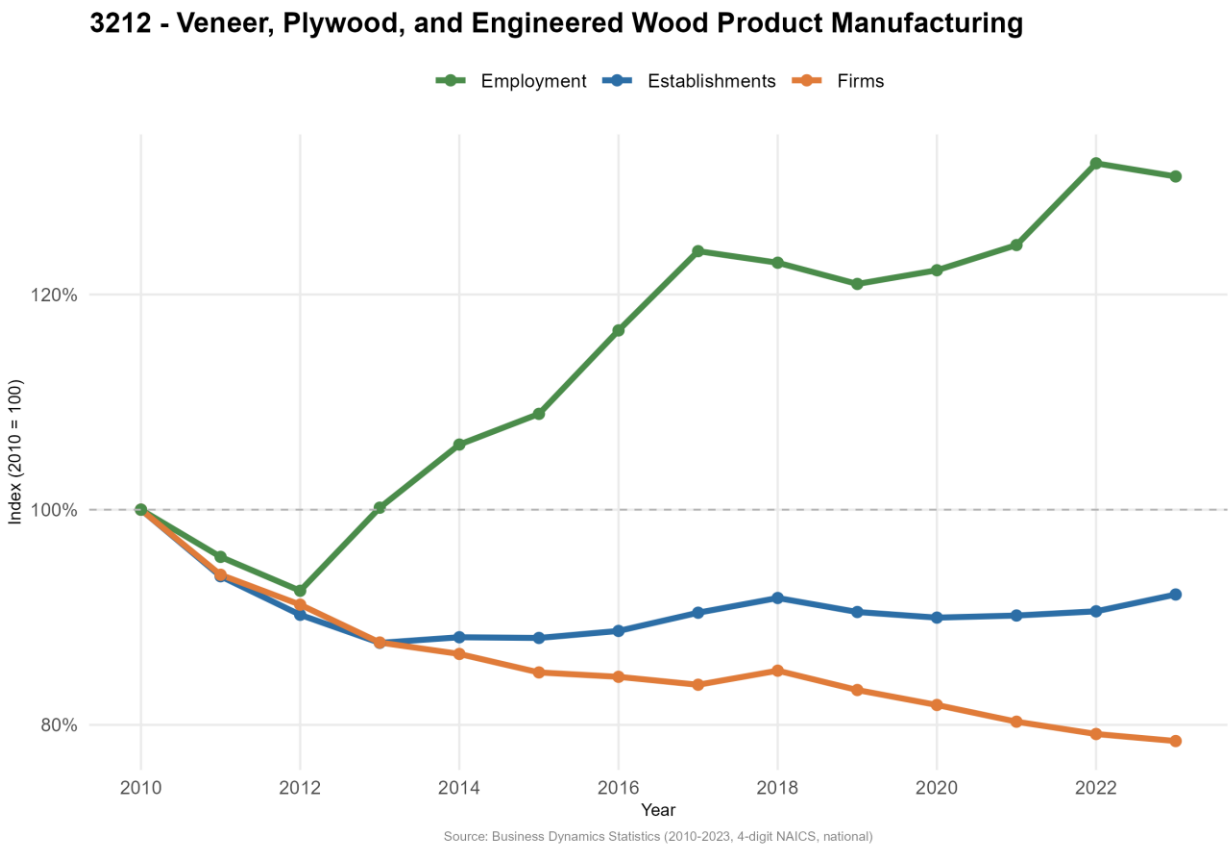


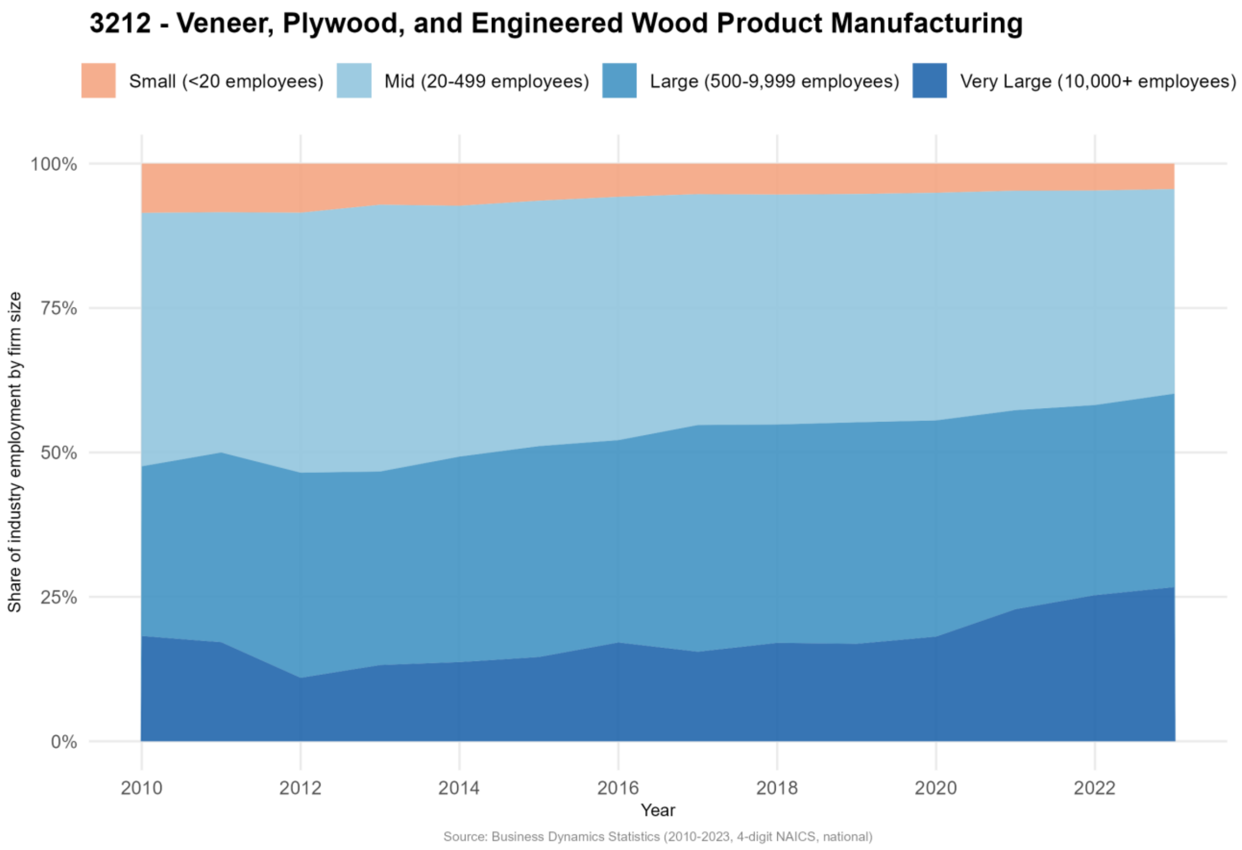
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

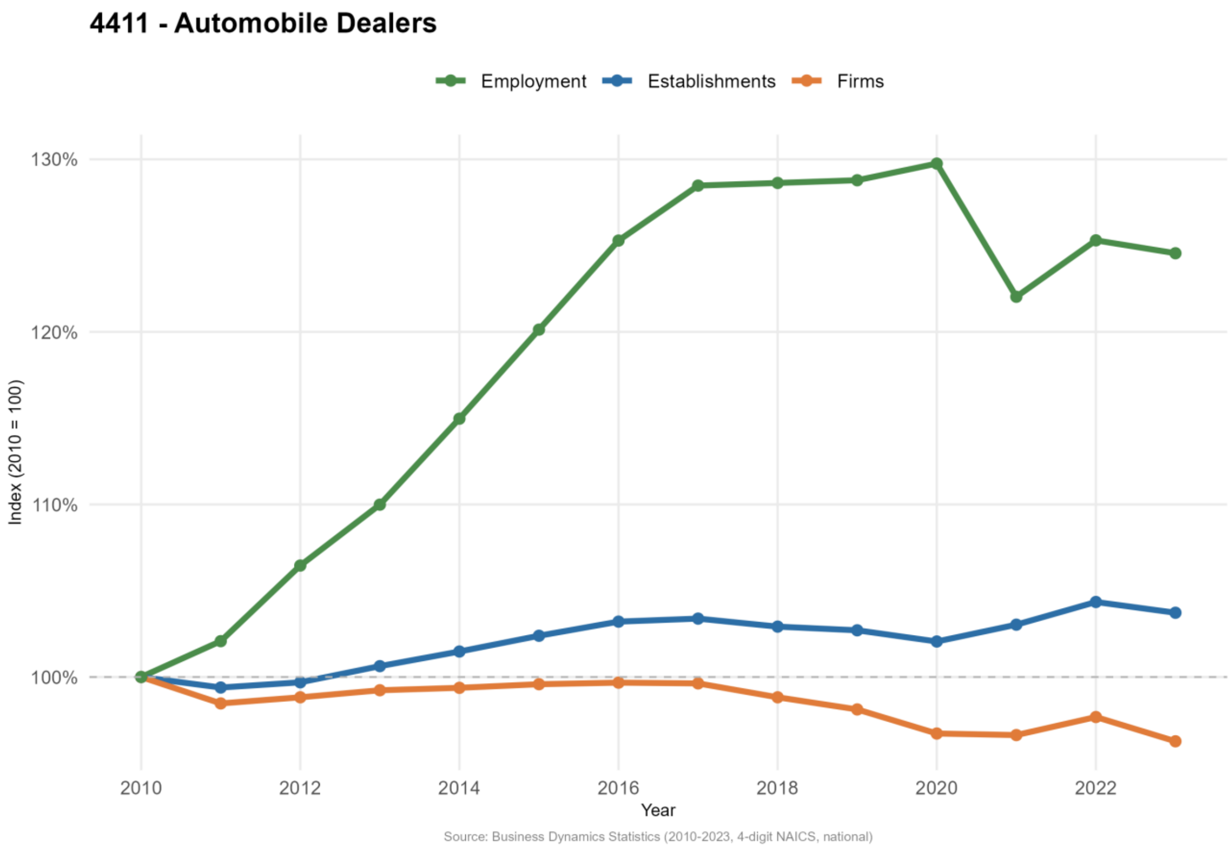
3311 - Iron and Steel Mills and Ferroalloy Manufacturing

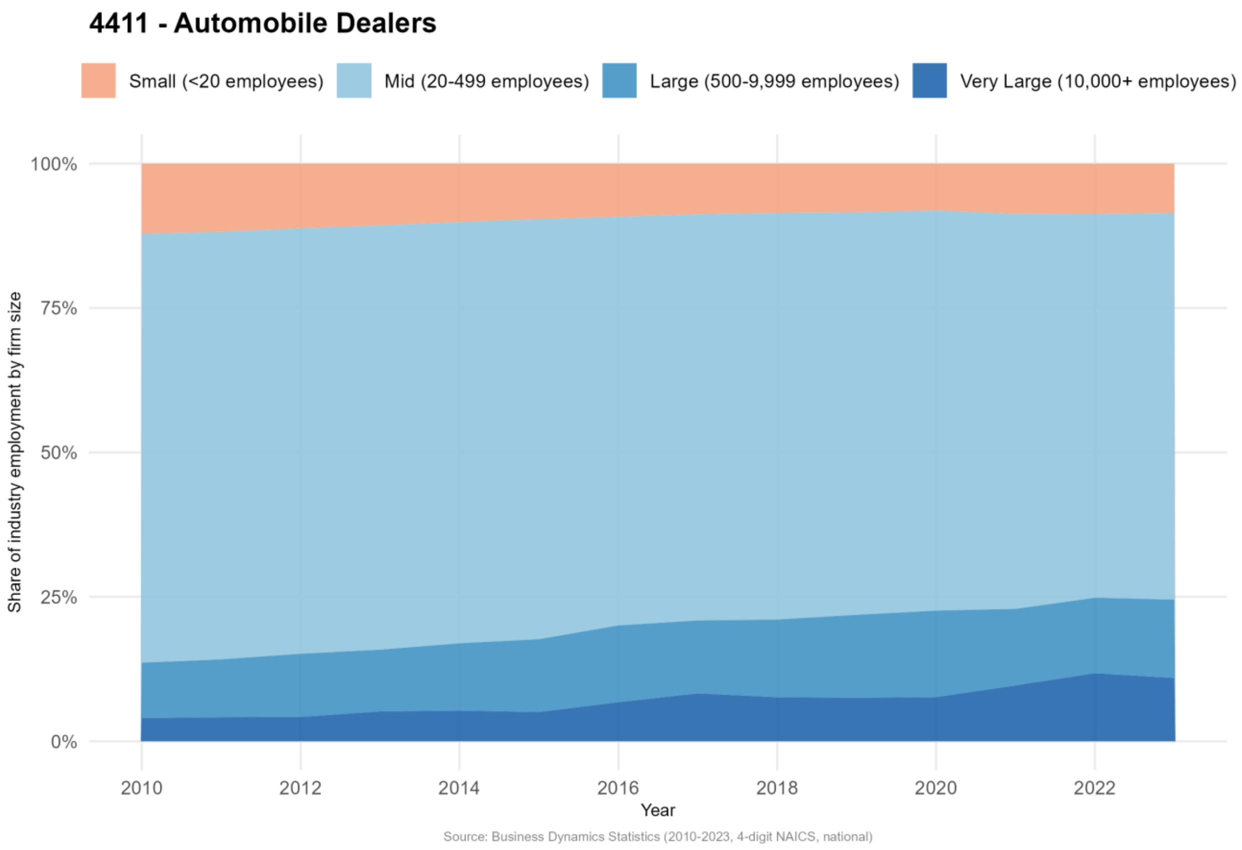


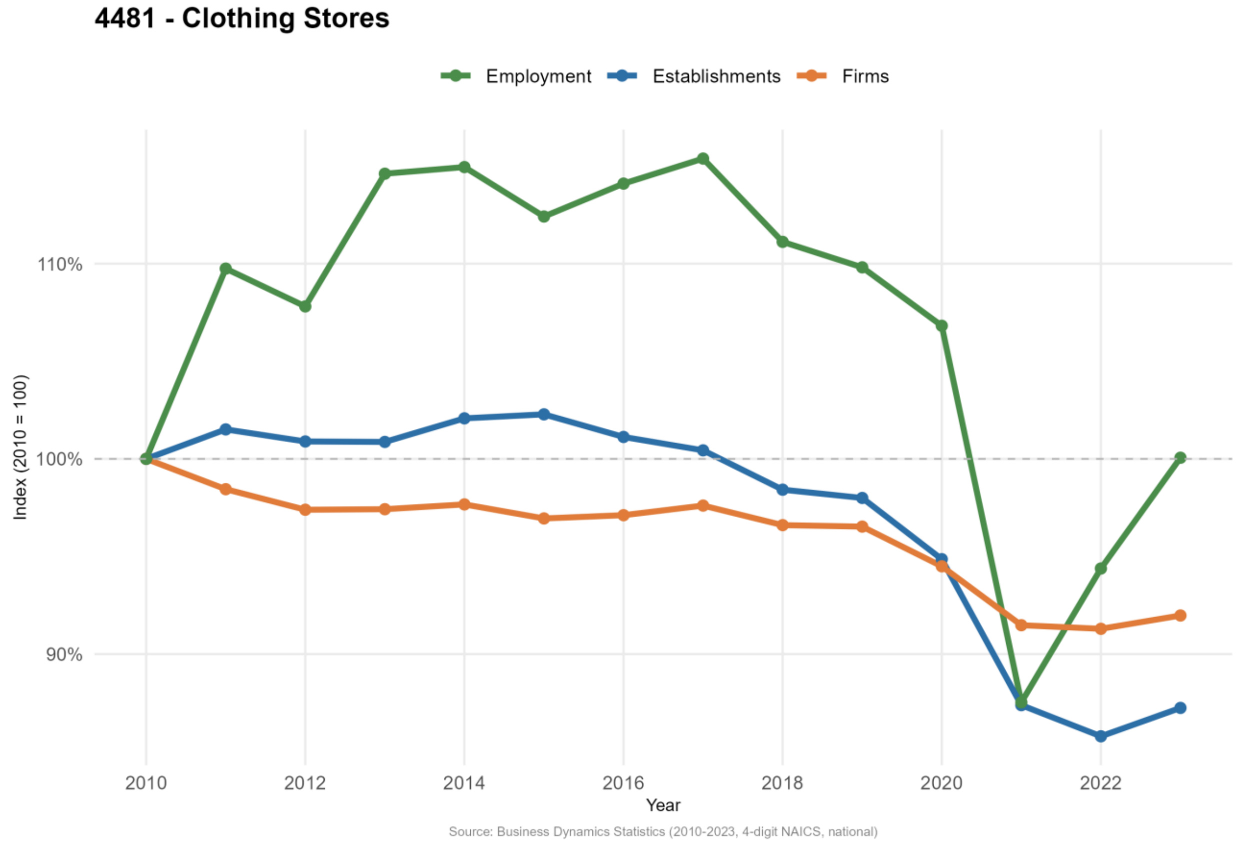
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

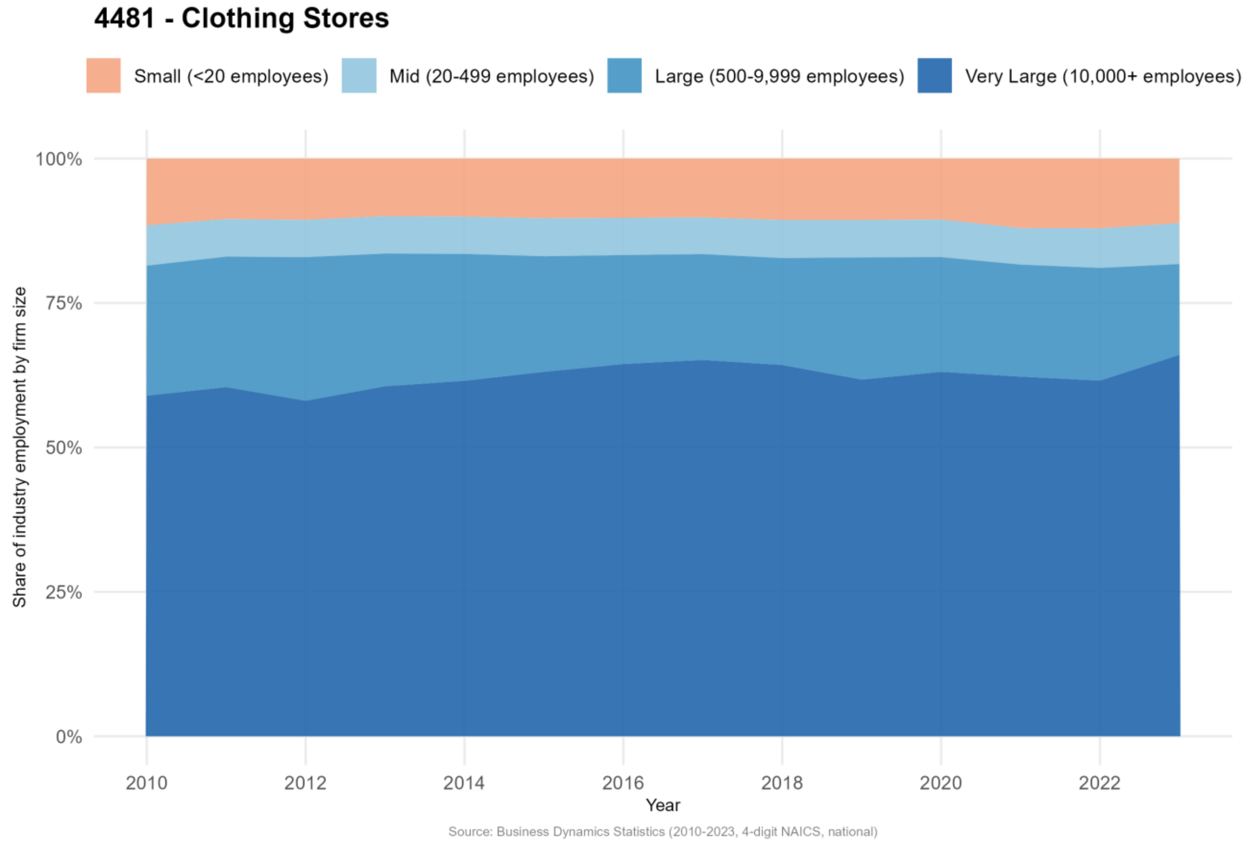

3212 - Veneer, Plywood, and Engineered Wood Product Manufacturing
Employment
Establishments
Firms
120%
100%
80%
Index (2010 = 100)
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)


3212 - Veneer, Plywood, and Engineered Wood Product Manufacturing
Small (<20 employees)
Mid (20-499 employees)
Large (500-9,999 employees)
Very Large (10,000+ employees)
100%
75%
50%
25%
0%
Share of industry employment by firm size
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)


4411 - Automobile Dealers
Employment
Establishments
Firms
130%
120%
110%
100%
Index (2010 = 100)
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)


4411 - Automobile Dealers
Small (<20 employees)
Mid (20-499 employees)
Large (500-9,999 employees)
Very Large (10,000+ employees)
100%
75%
50%
25%
0%
Share of industry employment by firm size
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)


4481 - Clothing Stores
Employment
Establishments
Firms
110%
100%
90%
Index (2010 = 100)
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)


4481 - Clothing Stores
Small (<20 employees)
Mid (20-499 employees)
Large (500-9,999 employees)
Very Large (10,000+ employees)
100%
75%
50%
25%
0%
Share of industry employment by firm size
2010
2012
2014
2016
2018
2020
2022
Year
Source: Business Dynamics Statistics (2010-2023, 4-digit NAICS, national)

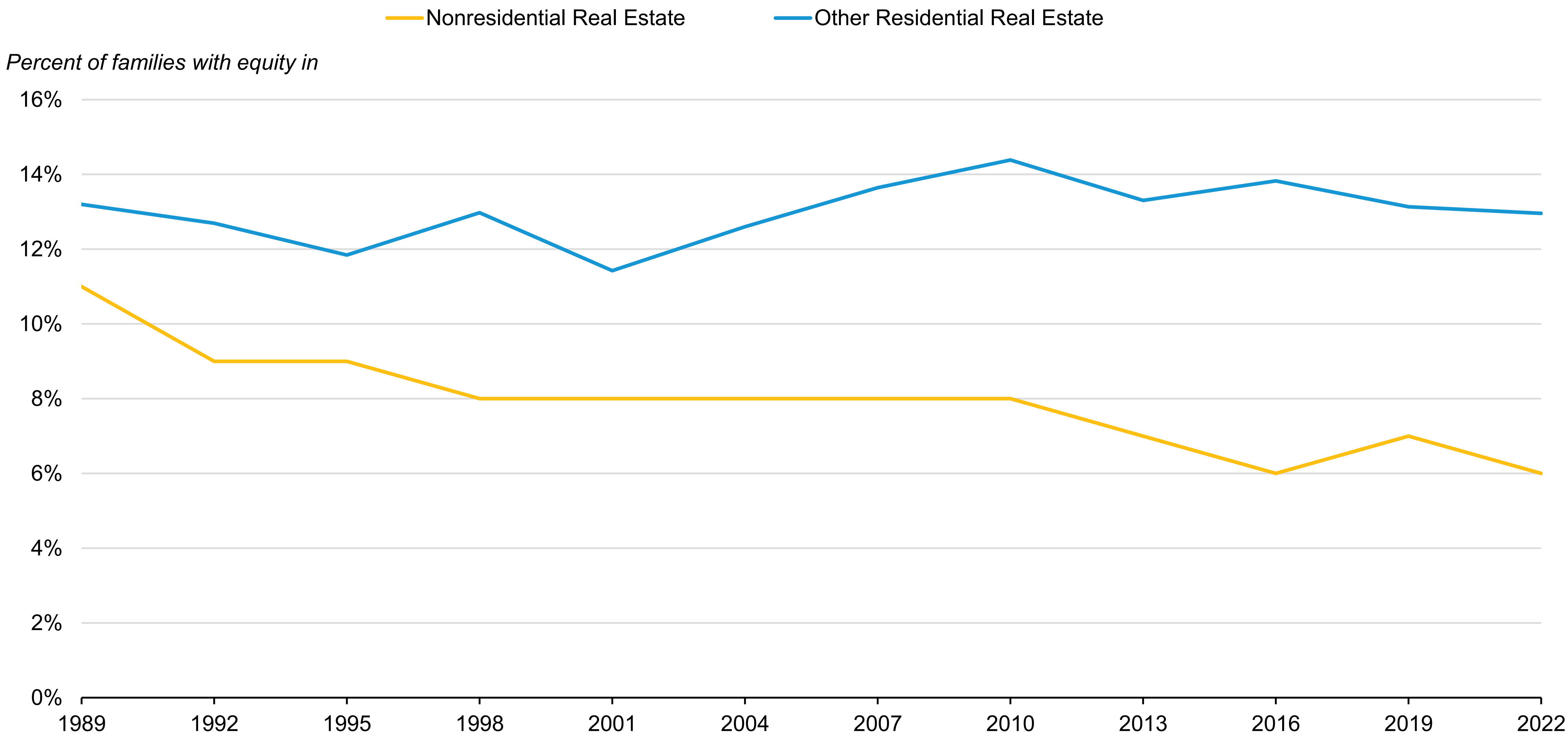
Commercial RE wealth

A small number of households own commercial real estate

	Equity in nonresidential property	Equity in residential property beyond primary residence
		
Percent of households holding	5.9%	12.9%
Median value	$83,500	$185,500

Source: 2022 Survey of Consumer Finances Summary Extract.

Gradual decline in nonresidential RE ownership



Source: Survey of Consumer Finances Summary Extract.

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Kathy Terry

P. Terry’s Burger Stand Est. 2005

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Who Owns the Future? A Showcase of Ideas for a More Locally Owned Economy

Majora Carter

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Who Owns the Future? A Showcase of Ideas for a More Locally Owned Economy

Niles Lichtenstein

Retirement

Homeownership

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Luke Knowles

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Who Owns the Future? A Showcase of Ideas for a More Locally Owned Economy

Tyler Krupp

New ownership product delivered below the Madison median

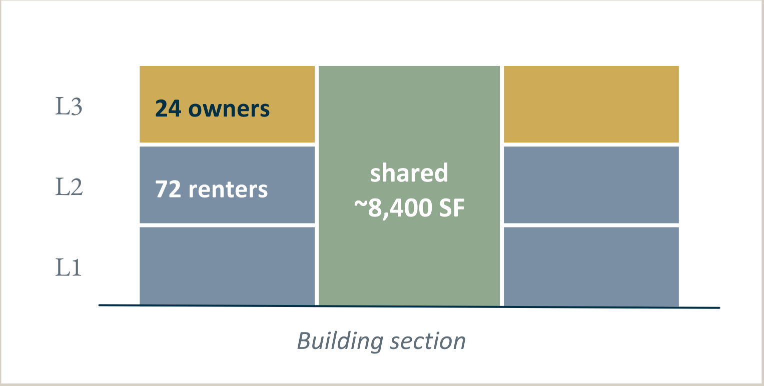
Where it sits

96 units on 1.51 acres inside the Voit Farms neighborhood, off Milwaukee St on Madison's east side.

Rentals below, ownership on top

24 condos, L3 · 72 rentals, L1 and L2 · shared

Three stories, wood frame, 60 structured stalls, one master association controlled by the rental owner.



Building section

One set of shared spaces

The lounge and courtyard serve all 96 households, so the cost spreads across the building and neighbors end up in the same room.

Target pricing by unit type

preliminary, subject to final design and market

STUDIO
$240K
6 units, 403 to 493 SF
$225K to $275K by size

ONE BEDROOM
$370K
11 units, 583 to 711 SF
$325K to $400K by size

TWO BEDROOM
$390K
7 units, 824 to 987 SF
$365K to $440K by size

MADISON MEDIAN
$445K
sale price, all home types
Q2 2026, Redfin and SCWMLS

Every unit type prices under the median. Ranges follow unit size; one deeded parking stall comes with each condo. Pro forma dated August 2026 and still moving.

Threshold Sacred Development · Threshold Equity · Threshold Development Group · Threshold Builds

Why this structure, and what it doesn't solve yet

Three obstacles that stalled new condo construction after 2008, and how a 75/25 rental-condo building gets around each.

Construction lending	Equity funds the build, so there is no construction loan to get. The bank is asked to take out the stabilized rental floors once they're leased, underwritten like any other multifamily loan, with the condos carved out of the collateral.
Construction liability	The rental owner holds 75% of the building and keeps control of the association. The defect-suit exposure that shut down condo starts stays contained, because the developer never hands the building to an association it can't influence.
Investor tax	Depreciation on the rental floors offsets the capital gain on the condo sales inside the same partnership. Investors get the ownership product without giving up the tax treatment they get on rentals.

“We’re not asking you to fund construction. We’re asking you to fund the stabilized product.”

Community bank feedback on the structure, August 2026

The unsolved piece

Banks sell most home loans into the secondary market, and that market doesn't want individual condo mortgages. Condos inside a rental building read as riskier to it, not safer.

Locally, relational lenders fill the gap. Lake Ridge Bank, Habitat for Humanity, and community land trust vehicles can hold a book of 24 mortgages on their own balance sheets.

That works for one building in Madison. It isn't yet a structure another city can copy.

THE QUESTION FOR THIS ROOM

What would let community banks hold more of these mortgages locally?

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Chris Weaver

WHAT IS CETA?

COMMUNITY-BASED ENTREPRENEURSHIP THROUGH ACQUISITION

Acquiring and growing existing businesses so that low-wealth entrepreneurs own, employees thrive, and communities prosper.

FOUR THINGS THAT DISTINGUISH CETA FROM TRADITIONAL ETA

1 LOW-WEALTH / LOW-INCOME SEARCHERS

2 EMPLOYEE OWNERSHIP

3 IMPACT ON BUSINESS OPERATIONS

4 IMPACT ON THE COMMUNITY

EOC Economic Opportunity Coalition | CDI Community Development Investors | cdinvestors.org

WHAT IS NEEDED TO SCALE CETA?

THREE BUILDING BLOCKS: OUR CURRENT FOCUS

- EDUCATION
- COACHING
- CAPITAL

EOC Economic Opportunity Coalition | CDI Community Development Investors | cdinvestors.org

+

INFRASTRUCTURE NEEDED TO BUILD THE FIELD

- RESEARCH & EVIDENCE
- RESPONSIBLE INVESTING STANDARDS

Who Owns the Future? A Showcase of Ideas for a More Locally Owned Economy

Laurie Goodman

Renovation financing: We need to get it right because the housing stock is aging

Year built	All units	Share of the Housing Stock	1-4 Family Units	Share of 1-4 Family Units Housing Stock
2020 or later	5,970,972	4.1%	4,100,125	3.7%
2000-2019	34,250,203	23.3%	23,855,902	21.7%
1980-1999	35,874,596	24.4%	25,249,565	23.0%
1960-1979	34,274,736	23.4%	25,367,301	23.1%
1940-1959	19,527,068	13.3%	17,319,624	15.7%
1939 and earlier	16,836,728	11.5%	14,138,043	12.8%
Total	146,734,312	100%	110,030,560	100%

Note: Median Year Structure Built: 1981 (All Units), 1978 (1-4 Family Units)
Source: 2024 American Community Survey

Motivation and Summary

- The housing stock is aging rapidly.
- Renovation financing programs are very cumbersome and have high denial rates. As a result, potential homeowners have difficulties buying homes that need extensive repairs. This gives investors a large advantage in purchasing these homes.
- This is a result of a misalignment of interest in current programs, those bearing the risk (the government and the borrower in FHA mortgages, the borrower and the lender in GSE mortgages) don't control the outcome.
- Renovation financing should move to a preferred provider / fixed price approach.

Renovation financing is cumbersome

- Cash out refinancing: Up to 80% of the current market value of the home
- To get financing based on the after-repair market value of the home, you need renovation financing

FHA 203 K: Program has two forms

- Limited form: Up to $75K in repairs, major structural repairs not eligible.
- Standard form: Borrower must hire a HUD consultant to oversee the renovation process.
- Repairs must be completed within 9 months (limited program), 12 months (standard program).
- 10-20% of the total loan amount be set aside as a contingency.

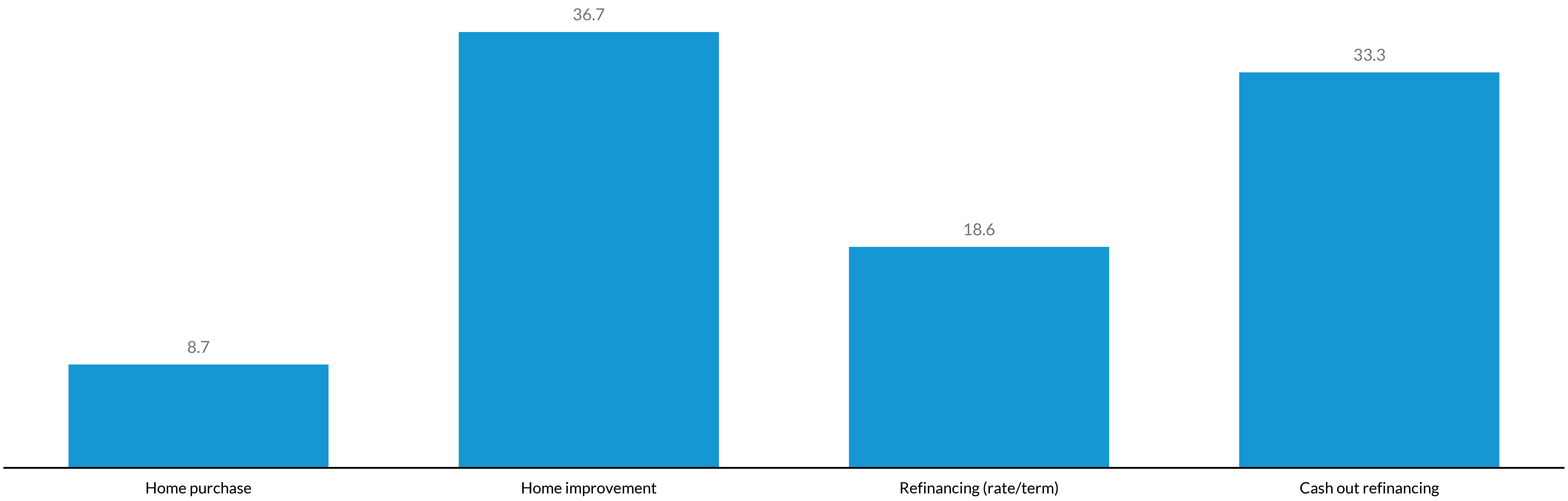
Fannie Mae Homestyle Program, Freddie Mac CHOICERenovation

- Repairs much be completed within 12 months.
- A contingency reserve must be set aside for cost overruns.
- Lender is responsible for disbursing payments to contractors, as the work is completed as promised.
- No consultant is required, but the GSE has recourse to the lender during the construction period. As a risk control measure, lenders often hire a consultant to oversee the work.

Freddie Mac’s Latest Renovation Financing Program is an Improvement, but its Scope is Limited.

- CHOICEReno eXPress rolled out on November 1, 2022.
- It is meant for limited renovations or repairs; up to 10% of the purchase price (15% in high need areas).
- The funds are disbursed upfront and held in a completion escrow account, and there is no lender recourse.
- Renovations must be completed within 180 days (versus 365 for the older program).
- No contingency reserve required by Freddie Mac; lenders can require it.

Denial Rates on Renovation Financing are High



Source: Urban Institute Calculations from 2025 Home Mortgage Disclosure Act Data

Detroit Rehab and Ready: A Model

- The program began in 2015 to solve the appraisal gap issue—home values in some neighborhoods were so low that it was impossible to get financing to improve the home, as the cost of the renovation was higher than the cost of homes in that area.
- The program was a partnership between Rocket Community Foundation (then Quicken Loans) and the Detroit Land Bank.
  - The Detroit Land Bank provided vacant homes in need of repair.
  - Rocket paid to have it renovated (Home Depot was doing the original renovations).
  - The home was sold to an owner occupant (with Rocket/Quicken providing financing to qualified buyers).
- Home Depot was responsible for the renovations, arranging for the contractors and making sure the work was completed to a satisfactory standard; Rocket/Quicken covered the shortfall between the cost of the renovations and the sale price. The program began with a $5M grant to cover 65 homes.

Rethinking Renovation Financing

- The GSEs and FHA could establish several preferred vendor relationships. These preferred vendors would be responsible for completing the work at a fixed price, in return they receive favorable treatment relative to other vendors.
    - Expand CHOICEReno eXPress to cover fixed price renovations with preferred vendors, eliminating the lender recourse, even if the amount is over 10% of the purchase price (15% in high need areas).
    - In the FHA 203 (k) program, eliminate the need for a HUD consultant if a preferred vendor is used.
- A more radical change:
    - Build these relationships into the front end of the process.
    - When a home that needs repair is listed, the current homeowner or the realtor contacts one of the preferred vendors, who gives an estimate on the cost of various upgrades. When a homebuyer is bidding on the home, these estimates can be used to inform the bid.
    - After the bidding is complete, the new winning bidder contacts the preferred vendor, who gives a final cost estimate, depending on the buyer's decisions as to what is needed. The buyer then applies for the mortgage, with the amount determined by the bid on the home plus the cost of the repairs. Safeguards are in place to make sure it appraises out.

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Steve Wanta


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