

From Rent to Roots: A Replicable Pathway to Homeownership for Refugee and Newcomer Families



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Introduction & Overview

For mission-minded property owners, faith-based organizations, and community nonprofits, housing assets often represent more than shelter; they are opportunities to serve the community while responsibly stewarding resources. Many organizations have underutilized homes, parsonages, or land that could provide stable, long-term impact if applied thoughtfully, and private owners may want a purpose-driven option for their assets.

This resource is designed as a practical guide to help you explore rent-to-homeownership as a structured, low-risk way to use your property for both mission and stewardship. By implementing a lease-purchase model, you can generate consistent rental income, maintain control of your property, and ensure that families are responsibly prepared for homeownership. Built-in educational requirements, financial coaching, and clear agreements help protect your investment while supporting families on a structured path toward stability.

Throughout this guide, you will find step-by-step instructions, considerations for adaptation to your local context, and practical examples of how even a single property can become a tool for long-term community impact. The goal is to provide clear, actionable guidance so that you, your organization, or your faith community can implement this model successfully, ethically, and sustainably.

What is Rent-to-Homeownership?

Rent-to-homeownership, sometimes called lease-to-own or lease-purchase, is a structured arrangement that allows a property owner to lease a home to a family while creating a clear pathway for that family to eventually purchase the property.

Instead of a traditional rental relationship, in which monthly payments simply cover the cost of occupying the home, rent-to-homeownership agreements are designed to help renters move toward buying the home over time. During the lease period, which is typically several years, the resident pays rent as usual, but a portion of the payment may be credited toward the future purchase or help demonstrate payment stability and readiness for a mortgage.

[Rent-to-Own Homes: What They Are and How They Work](#)

This approach provides homeowners with steady rental income and a potential committed buyer, while giving the resident time to strengthen credit, build savings, and prepare for financing. It is important to note that rent-to-homeownership is not a single fixed model; different structures exist that vary in how purchase pricing is set, how payments are credited, and how flexible the purchase option is. This allows property owners, faith-based institutions, and community partners to choose a framework that aligns with their goals, timeline, and level of risk. The following section highlights four common models of rent-to-homeownership, with each offering a different pathway from renting to purchasing a home.



KEY MODELS: FOUR COMMON STRUCTURES

1 LEASE-PURCHASE AGREEMENT

In a lease-purchase model, the family commits at the beginning of the agreement to buying the home at the end of the lease term.

- The purchase price (or pricing formula) is defined upfront.
- A portion of monthly rent is credited toward the purchase.
- Both parties are obligated to complete the sale, assuming mortgage qualification requirements are met.

This model provides clarity and commitment. It works well when both the housing provider and the family are confident in the long-term plan and timeline.

 [LEASE-PURCHASE AGREEMENT TEMPLATE](#)

2 LEASE-OPTION AGREEMENT

A lease-option model offers more flexibility.

- The family rents the home for a defined period.
- They have the option — but not the obligation — to purchase at the end of the term.
- An upfront option fee may be required and can be credited toward the purchase if exercised.

Because the resident is not legally required to buy, this structure reduces pressure if life circumstances change or if they are unable to qualify for a mortgage. For faith-based providers who want a lower-conflict exit pathway, this model can be particularly appealing.

 [LEASE OPTION: DEFINITION, HOW IT WORKS, PROS & CONS](#)

3 SHARED EQUITY MODEL

In a shared equity structure, the housing provider retains partial ownership of the property even after the family purchases it.

- The family buys the home at an affordable price.
- When the home is later sold, appreciation is shared according to a pre-agreed formula.

This model protects long-term affordability while allowing the family to build wealth. It also allows mission-driven organizations to recycle funds into future housing initiatives. Shared equity structures are often used by organizations focused on permanent affordability and community stability. Organizations such as [Champlain Housing Trust](#) have demonstrated how this approach can preserve affordability across generations.

4 COMMUNITY LAND TRUST-SUPPORTED PATHWAY

In a community land trust (CLT) model, the land and the home are separated.

- The trust retains ownership of the land.
- The family purchases only the home.
- A long-term ground lease ensures affordability over time.

For organizations or faith-based institutions that own land but want to ensure it remains dedicated to mission use long-term, a CLT partnership can provide structure and legal durability. The [Oakland Planning and Development Corporation](#) provides more insight and examples into CLT programs.

Why This Works for Newcomers

For many refugee and newcomer families, the main challenges to homeownership are time and opportunity. They need time to build credit, save for a down payment, and learn how the homebuying process (including mortgages) work in the United States. Rent-to-homeownership gives them that time while turning a portion of rent into real savings.

The rent-to-homeownership model provides a clear, predictable path. Families know the timeline, the purchase price, and the steps needed to move from renting to owning.

Community-based support adds another layer of help. Churches and mission-driven organizations can offer guidance, financial coaching, and trusted relationships to navigate the process.

Finally, it reduces the risk of displacement. Families gain stability, can stay in their home, and build long-term roots in the community. The following examples illustrate how rent-to-homeownership models have successfully created pathways to homeownership for families who need time, stability, and support.

EXAMPLES OF SUCCESSFUL RENT-TO-OWN PROGRAMS

- **[Dream America](#)**: Dream America uses a lease-to-own model that allows renters to move into homes with a structured path to purchase, giving them time to build credit and savings before buying.
- **[Pathway Homes](#)**: Pathway Homes offers renters the option to lease a home with the ability to buy later, creating a flexible transition period toward homeownership.
- **[Champlain Housing Trust](#)**: Champlain Housing Trust uses a shared equity model that, like rent-to-own, reduces barriers to homeownership and preserves long-term affordability.
- **[Collier County Housing Alliance](#)**: This program supports renters in becoming homeowners through structured financial assistance, similar to rent-to-own pathways that bridge renting and ownership.
- **[National Association of Realtors – Lease-Option Purchases](#)**: The National Association of Realtors defines lease-option purchases as a formal rent-to-own model, outlining how renters can secure the right to buy after a lease period.



STEP-BY-STEP IMPLEMENTATION GUIDE

The lease-purchase pathway provides a clear, structured way to move families from renting to homeownership. This section lays out a step-by-step process designed for private owners, faith groups and mission-driven organizations that want to use existing housing or land to create lasting impact.

PHASE 1: Vision and Feasibility

ASSESS ASSETS

- **Property or Land:** Do you own a home, parsonage, or vacant land that could be converted into a lease-purchase program?
- **Financial Capacity:** Do you have reserves to cover maintenance, taxes, and insurance while the family builds equity?
- **Support Networks:** Do you have donors, volunteers, or community partners who can contribute time, expertise, or funding?

UNDERSTAND LOCAL LAWS

- Research state-specific **lease-purchase regulations**, including permissible terms and disclosures. (See [external resource](#))
- Ensure **fair housing compliance** to avoid unintentional discrimination.
- Check **zoning restrictions**, especially if you plan to renovate or convert properties for multiple households.

PHASE 2: Designing the Lease-Purchase Agreement

DETERMINE STRUCTURE

- Decide if rent includes a savings credit: a portion of monthly rent is set aside in escrow to build toward the home's purchase.
- Define how much of each payment counts toward equity. Commonly 20-30% of rent is applied, but this can vary.
- Set the term length, typically 3-5 years, balancing enough time for savings and credit-building without being overly long. (See [external resource](#))

SET A PRICE STRATEGY

- **Lock-in Purchase Price:** Pre-set the future purchase price at the start. This provides certainty for both parties.
- **Appraisal-Based Formula:** Base the final price on a future market appraisal, protecting both family and provider from inflation or depreciation.
- **Shared Appreciation Model:** If the home increases in value, the organization and family share the equity gain according to a pre-agreed formula.

PHASE 3: Selecting & Supporting Families

CONNECTING WITH NEWCOMER FAMILIES

- **Partner with local resettlement agencies:** These organizations work directly with newly arrived families and can help identify households who may be strong candidates based on stability, income, and long-term goals. Building a relationship with agency staff can also help ensure families receive the support they need throughout the process.
- **Engage with Refugee Housing Solutions:** Scheduling an engagement call can provide guidance on structuring a rent-to-homeownership model, connecting with local partners, and identifying best practices for working with newcomer populations.
- **Connect with Ethnic Community-Based Organizations (ECBOs):** These organizations are deeply embedded in specific cultural communities and can offer trusted referrals, language support, and insight into community needs. They are often well-positioned to identify families who meet eligibility criteria and would benefit from a pathway to homeownership.

TRANSPARENT CRITERIA

Clearly communicate eligibility:

- Income thresholds appropriate to the local housing market.
- Commitment to participate in financial coaching, homeownership education, etc.
- Interest/long term goals of homeownership
- Engagement with the community (e.g., volunteering or faith-based involvement)
- Ensure fair housing compliance.

A resettlement agency is a nonprofit organization that helps refugees and other newly arrived individuals establish their lives in a new country by providing support with housing, employment, language access, and essential services.

TRUST-BASED ACCOUNTABILITY

- Clearly define expectations for payments, property upkeep, and program participation.
- Outline a fair exit strategy if the family cannot complete the purchase, such as partial refunds of escrowed funds or a structured grace period.

SUPPORT SYSTEMS & EDUCATION PROGRAMS

- Requiring families to participate in homeownership education programs protects your assets while preparing them for the responsibilities of owning a home. Including this requirement in the lease-purchase agreement creates a safety net for both the family and the organization, ensuring the family demonstrates commitment and readiness to purchase by the end of the term.
 - Financial literacy training helps families budget, save, and understand homeownership costs. Connect renters with credit-building coaching, helping families repair or establish U.S. credit.
 - Partner with CDFIs or mission-aligned lenders who understand newcomer needs and can offer low-barrier mortgage pathways.
 - Provide home maintenance education, teaching families basic repairs and stewardship.

An Ethnic Community-Based Organization, or ECBO, is a nonprofit group led by and serving a specific cultural or ethnic community, providing culturally relevant support such as language assistance, social services, and community connections.

PHASE 3: Pathway to Mortgage

PARTNER WITH MISSION-ALIGNED LENDERS

- Work with banks, credit unions, CDFIs, or other lenders familiar with newcomer needs.
- Provide guidance on mortgage pre-qualification, application, and closing, either directly or by referring them to a [housing counseling agency](#).

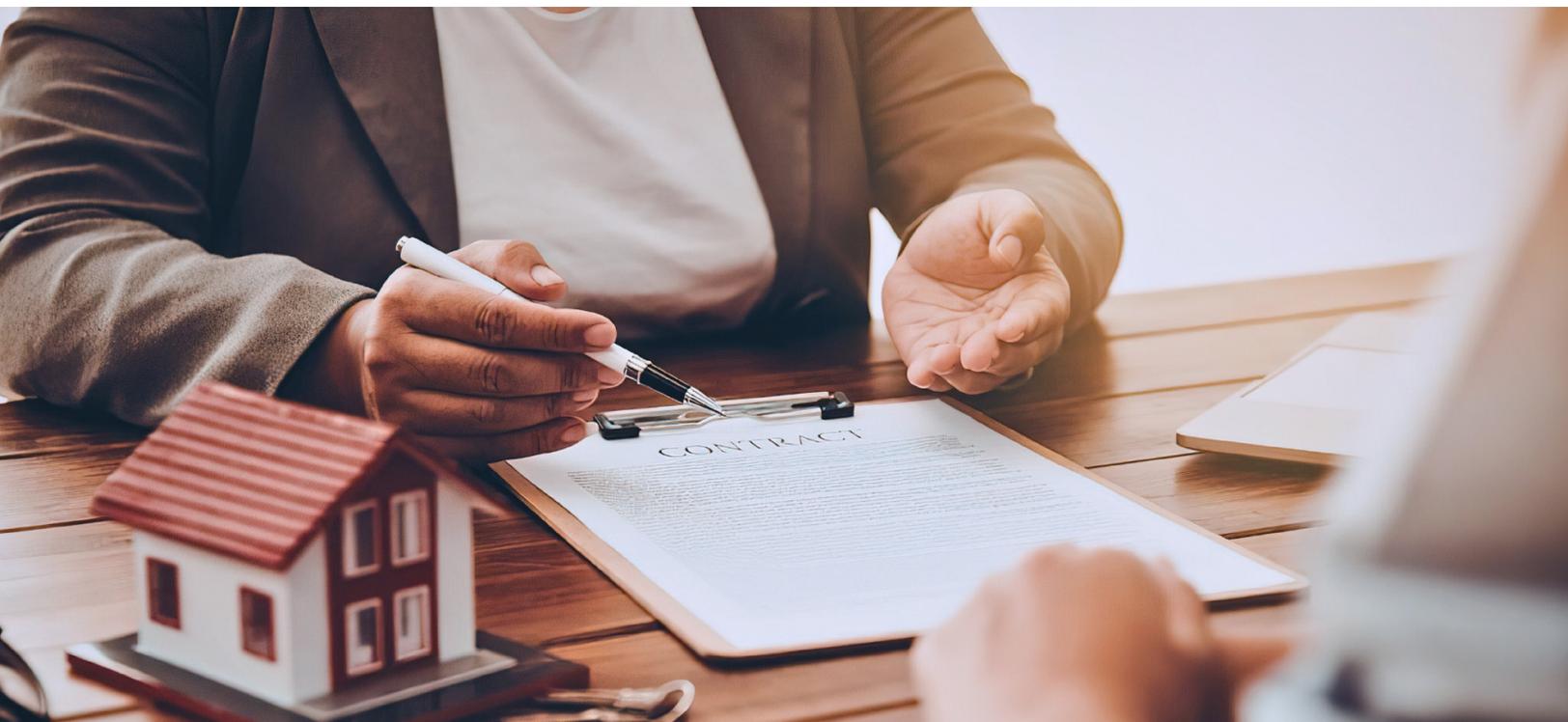
Housing counseling is a service provided by trained professionals who help individuals understand their housing options, improve financial readiness, and navigate the path to homeownership. Counselors can walk clients through each step of the homebuying process, from budgeting and credit building to securing a mortgage and closing, while offering personalized guidance and support along the way.

PREPARE FOR UNDERWRITING

- Help families compile income, rental history, and credit documentation, either directly or by referring them to a housing counseling agency.
- Ensure escrow statements and payment history are ready for lender review.

CLOSE & TRANSFER OWNERSHIP

- Complete the sale according to the lease-purchase agreement.
- Celebrate the family's new home and reinforce the community impact of the program.



Risks, Challenges, and Other Considerations

Building a rent-to-homeownership program requires balancing opportunity with responsibility. Being upfront about potential risks helps establish trust with families, boards, and community stakeholders.

- **Financial Risk:** Like any housing initiative, financial risks exist. Property values could decline, tenants may default on payments, and maintenance costs can exceed expectations. Careful planning, clear agreements, and a reserve fund can help mitigate these risks.
- **Power Imbalance:** Lease-purchase agreements can create unequal power dynamics if terms are unclear or overly restrictive. Transparent contracts, fair rent-to-equity ratios, and legal review are essential to ensure the arrangement is ethical and protects both the family and the provider.
- **Cultural Sensitivity:** Many newcomer families face language barriers and unfamiliar systems. Avoid paternalism¹ by providing information in multiple languages, securing informed consent, and respecting families' autonomy in decision-making. Programs should empower — not impose.
- **Sustainability:** Consider whether the model can be sustained over time. Is it scalable beyond a single property or program year? Will it rely too heavily on grants or donor support? Building long-term sustainability ensures both families and organizations benefit without creating dependency or program instability.

RISK MITIGATION

- **Use a Separate Escrow Account**

The portion of rent that builds toward ownership should be placed in a separate escrow account, ideally managed by a third party. This ensures transparency, accurate recordkeeping, and clear documentation when the family applies for a mortgage.

- **Define a Clear Exit Plan**

Not every agreement will end in a purchase. A written exit clause should explain exactly what happens if the family chooses not to buy or is unable to qualify.

Common approaches include:

- Returning accumulated funds minus a clearly defined administrative fee
- Providing a partial refund based on time in the program

- **Require Financial Coaching**

Preparation is essential. Partner with a trusted financial education provider to help families build credit, understand mortgage requirements, and prepare for the responsibilities of ownership.

Community Development Financial Institutions (CDFIs) are mission-driven lenders certified by the U.S. Department of the Treasury that specialize in serving underserved communities. Local [HUD-approved housing counselors](#), Habitat for Humanity programs, and United Way agencies may also offer homebuyer education and counseling. Local resettlement agencies may also have financial counseling programming geared toward newcomer needs.

When these safeguards are built-in from the start, the pathway becomes both compassionate and financially responsible.

An **escrow** account is a neutral third-party holding area where funds or assets are kept secure until all specific conditions of a legal agreement or contract are fulfilled.

¹ Paternalism is the policy or practice of an authority figure, such as a landlord, restricting an individual's autonomy with the intention of promoting that person's best interests.

Sample 3–5 Year Financial Model

There are a variety of ways to structure rent-to-homeownership financing, depending on goals, timelines, and risk tolerance. The example below illustrates a sample five-year financial model to demonstrate how payments, savings, and purchase pricing can be structured over time. In this example, a home currently valued at \$250,000 is placed into a five-year rent-to-homeownership agreement (lease-purchase) with a newcomer family. The purchase price is set in advance at \$275,000, allowing for modest appreciation over time. The family pays \$1,800 per month in rent, with \$400 of that amount set aside in escrow each month to build toward their future down payment (equity credit). The remaining \$1,400 supports ongoing property expenses and operations during the lease period (operating revenue).

MONTHLY STRUCTURE	
Category	Amount
Total Monthly Rent Paid	\$1,800
Equity Credit (escrowed)	\$400
Operating Revenue	\$1,400

ANNUAL OVERVIEW	
Category	Amount Spent Over 12 Months
Annual Rent Paid	$\$1,800 \times 12 = \$21,600$
Annual Equity Credit (escrowed)	$\$400 \times 12 = \$4,800$
Annual Operating Revenue	\$16,800

5-YEAR TOTALS	
Category	Amount Spent Over 5 Years
Total Rent Paid	$\$21,600 \times 5 = \$108,000$
Total Equity Accrued (escrowed)	$\$4,800 \times 5 = \$24,000$
Total Operating Revenue Collected	\$84,000

FINANCIAL POSITION AT YEAR 5

At the end of the five-year lease term, the property owner's financial position reflects the total operating revenue collected over time, offset by the costs of maintaining and holding the property. Over five years, the owner collects \$16,800 annually in operating revenue (the portion of rent not allocated to the tenant's savings), totaling \$84,000. From this amount, typical expenses may include property taxes, insurance, and a maintenance reserve to ensure the home remains in good condition. These expenses could look like:

- Property taxes (approx. \$4,000/year → \$20,000 over 5 years)
- Insurance (approx. \$1,500/year → \$7,500)
- Maintenance reserve (approx. \$3,000/year → \$15,000)
- **Estimated 5-Year Expenses: \$42,500** • **Net Remaining from Operating Revenue: \$41,500**

AT TIME OF PURCHASE (YEAR 5)

At the end of the five-year term, the financial outcome reflects both the homeowner's return on investment and the resident's progress toward ownership. The homeowner benefits from modest property appreciation and consistent rental income over the lease period, while the newcomer family is able to apply their accumulated savings toward the purchase. At this stage, the transaction is structured as follows:

- Agreed purchase price: **\$275,000**
- Equity credit applied: **\$24,000**
- Newcomer family secures mortgage for: $\$275,000 - \$24,000 = \$251,000$



CASE STUDY

A Refugee-Focused Rent-to-Own Model in Lancaster, PA

In Lancaster, Pennsylvania, one community member saw a housing gap facing refugee families: stable rental housing was available, but pathways to homeownership felt out of reach. In 2011, after years of working closely with refugees, Jim O'Connor began asking a simple question: What if renting could intentionally lead to owning?

Over the next nine years, Jim, his wife, and his brother purchased nine modest, family-sized homes with one clear purpose: to rent them to refugee families with the shared intention that the families would eventually purchase the homes themselves. They leveraged existing equity and utilized conventional financing to acquire these properties, similar to standard non-owner-occupied home purchases.

This was not a profit-driven real estate venture. The homes were carefully selected; in safe neighborhoods, good school districts, and places the owners themselves would have lived. Rent was kept affordable, and utilities such as water, sewer, and trash were often covered to reduce financial strain. From day one, families understood that the goal was ownership. Jim's primary motivation was mission-driven: while he structured the model to be financially sustainable, he did not seek to generate profit and was satisfied with breaking even.

Families were thoughtfully selected based on their commitment to self-sufficiency and long-term stability. During the rental period, they built savings, strengthened credit, and prepared for mortgage qualification. When the time came to purchase, the homes were sold at cost: the original purchase price plus any documented improvements, rather than at inflated market value.

The results speak for themselves. Of the nine homes purchased for this purpose, eight were successfully sold to the refugee families who had been renting them. In these cases, the same families who initially rented the homes were able to remain in place long enough to ultimately purchase them. Today, those families collectively hold nearly \$1 million in home equity — wealth that supports education, entrepreneurship, and intergenerational stability.

The ninth home followed a slightly different trajectory. The original tenant family experienced reunification with additional family members, and the home no longer met their needs due to its size. As a result, they chose not to purchase the property and it was ultimately sold on the open market.

This case demonstrates that rent-to-homeownership models can work when they are mission-driven, transparent, and rooted in partnership. For refugee and newcomer renters, such models offer more than housing. They offer a clear, supported path to belonging, stability, and long-term opportunity.

Conclusion

Rent-to-homeownership offers a tangible way for mission-driven organizations and property owners to turn existing assets into lasting community impact. By piloting a single property, forming a small team, and engaging in community conversation, structured pathways can be created that benefit both families and housing providers (whether a private owner or organization). This model is not just about housing: it is about stability, belonging, and the potential for generational transformation. Every step taken, from thoughtful planning to careful implementation, contributes to a legacy of rooted families and stronger neighborhoods. Start small, act intentionally, and watch a home become a bridge to opportunity and long-term community vitality.



Supplemental Resources

- [Lease-Purchase Agreement Template](#) (DocuSign)
- [Lease option: Definition, How It Works, Pros and Cons](#) (Chase)
- [Oakland Planning and Development Coordination](#)
- [Dream America](#)
- [Pathway Homes](#)
- [Champlain Housing Trust](#)
- [Collier County Housing Alliance](#)
- [Local Resettlement Agencies](#) (Office of Refugee Resettlement)
- [Refugee Housing Solutions](#)
- [HUD Housing Counseling](#)
 - [Find a Housing Counselor](#)

References

- [Complete Guide to Lease Purchase Agreements in 2026: What Buyers and Sellers Need to Know](#) (Amerisave)
- [Lease-Option Purchases](#) (National Association of Realtors)
- [Zoning Restrictions](#) (National Zoning Atlas)
- [Fair Housing Compliance](#) (U.S. Department of Housing and Urban Development)
- [Lease Purchase Agreements and Lease-to-Own Agreements](#) (Rocket Mortgage)

FEEDBACK

Refugee Housing Solutions wants to hear from you about the quality, relevancy, and helpfulness of our resources and tools.

Help us improve our offerings by completing this [short form](#).

You may also scan the QR code to access the form on another device.



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