

Affordable Housing Alternatives: Analysis of Community Land Trusts

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Community Land Trusts (CLT)

Definition

- “A community land trust is an organization created to hold land for the benefit of a community and of individuals within the community.” (Institute for Community Economics)
- CLTs offer a compromise between individual interests of homeowners (ownership rights and responsibilities, earned equity, and legacy of place) and the interests of the community (safe and affordable housing offered in perpetuity).

Objectives

- Provide perpetually affordable housing opportunities
- Remove land from the speculative market
- Local ownership and control of property (avoid absentee landlords)
- Promoting economically diverse neighborhoods
- Preservation of land and environment

Incorporation and Tax Exempt Status

- Incorporation allows the CLT to conduct business as a single body and achieve tax exemption status as a non-profit organization under IRS Section 501(c)(3).
- Eligibility for grants and other forms of government funding

Renewable Ground Lease

- Homeowners of the CLT sign a 99-year ground lease for the property on which their home sits and pay a monthly lease fee for as long as they own the home.
- The ground lease is renewable and can be transferred to homeowner’s heir so CLT homeowners and their families can remain in the home as long as desired.
- Homeowners own the home, lease the land from the trust, pay property taxes, care for the property, and are free to make changes to the property (landscaping).

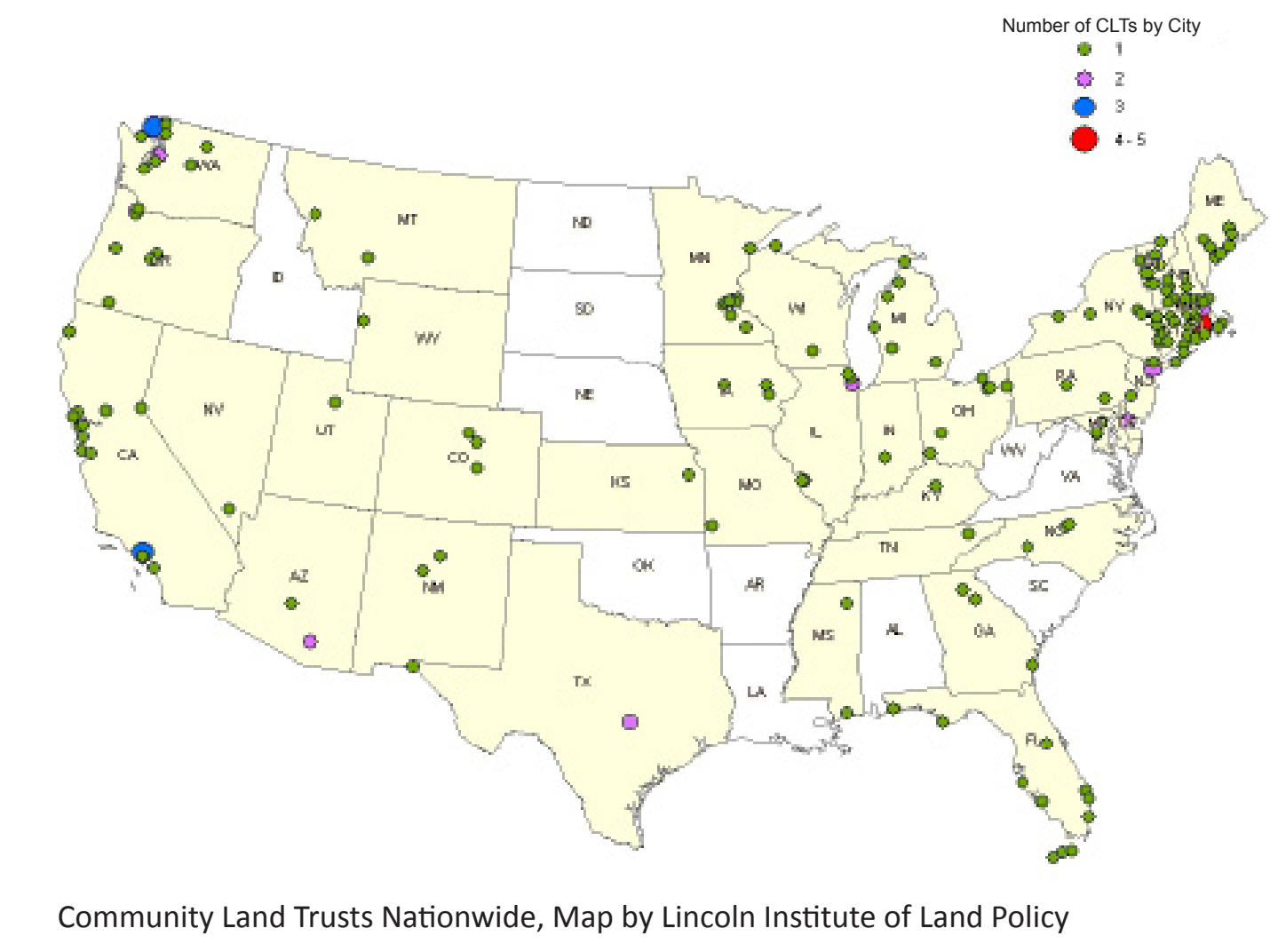


Foreclosure

- CLT homeowner foreclosure rates are 1/5 the national average.
- When a CLT home is foreclosed the land still belongs to the trust and the CLT staff works with the bank to ensure the home is kept in the trust and sold to an income-qualified buyer.

National Community Land Trust Network

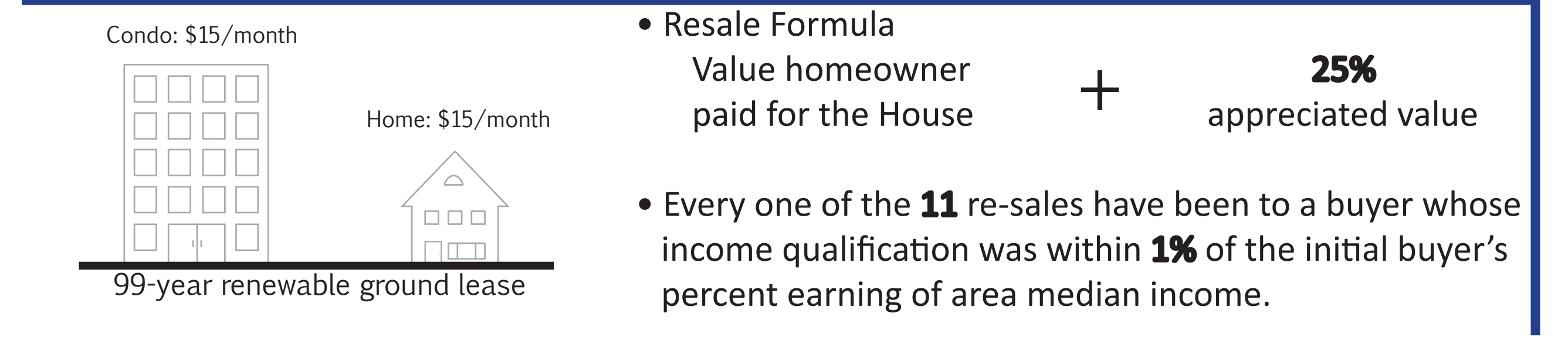
- Founded 2005
- Business operations services, political advocacy, CLT staff conferences and networking
- over 6,000 homes in over 180 trusts nationwide



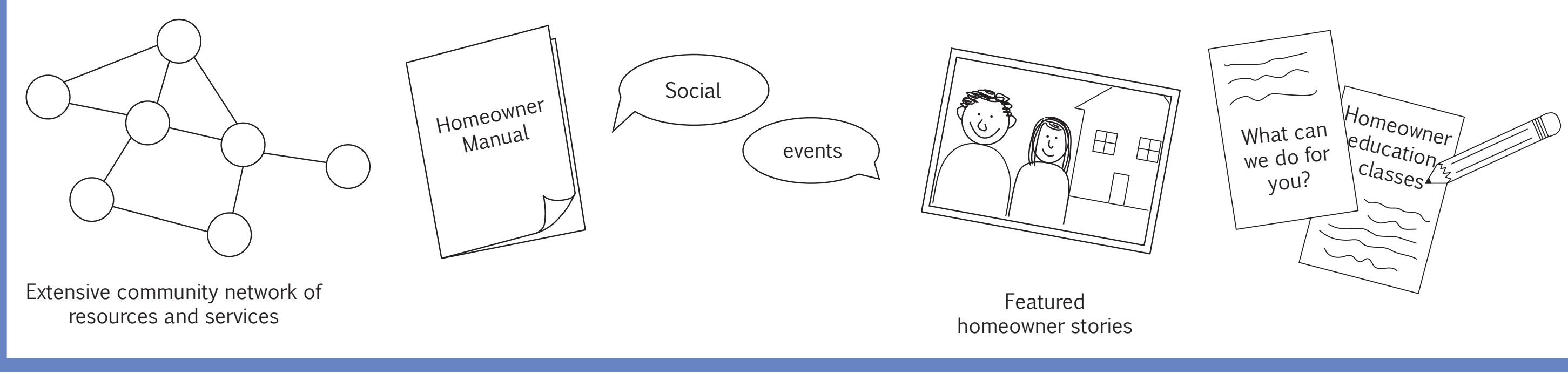
CLT 1: Homeowner Services

- Founded 2002
- Collective of neighborhood associations and individuals interested in preserving housing affordability in their community
- 130 housing units in the trust (single-family houses, condos and town homes)

- Federal and state funds distributed primarily through city subsidies
 - Community Development Block Grants (CDBG)
 - Home Investment Partnerships Program (HOME)
 - Neighborhood Stabilization Program (NSP)
- Private donations (financial and property)



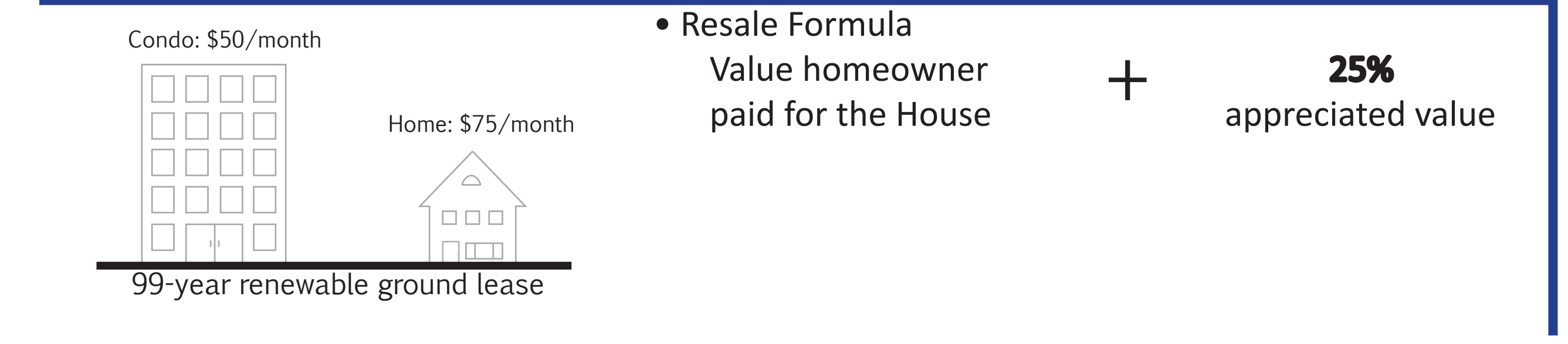
- Application: Paperwork, \$10 processing fee, Homebuyer Orientation class
- Income Qualification: Household earns below 80% Area Median Income
- Purchasing Options:
 - Homes for Sale: new construction and homes bought by the CLT for sale
 - Homebuyer Initiated Program (HIP): purchase and rehab
 - Project Reclaim: partnership with local and state housing programs to offer low-interest contract for deed; requires refinancing into traditional mortgage within two years
- Borrowing Options: 3 local banks process CLT mortgages
- Meeting with Attorney: third party legal council hired to go over trust, deed and mortgage documents-fee covered by CLT up to \$300



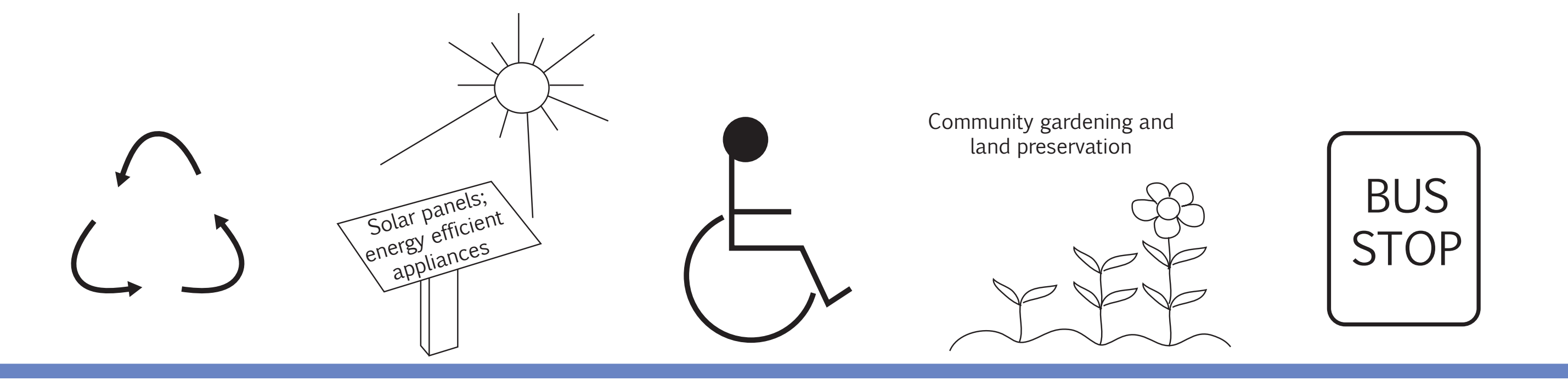
CLT 2: Sustainable, Universal Design

- Founded 1991
- Leadership and vision of one individual who saw a need for sustainable, affordable housing in his community
- 65 housing units in the trust (single-family houses and condos)

- Federal and state funds distributed primarily through city subsidies
 - Community Development Block Grants (CDBG)
 - Home Investment Partnerships Program (HOME)
- Local gas/electric company offers credits for use energy efficient appliances
- Private donations (financial and property)



- Application: Paperwork, \$20 processing fee
- Income Qualification: Household earns below 80% Area Median Income
- Purchasing Options:
 - Homes for Sale: new construction and homes bought by the CLT for sale
 - Homebuyer Initiated Program (HIP): purchase and rehab
- Borrowing Options: 1 local bank process CLT mortgages
- Meeting with Attorney: third party legal council hired to go over trust, deed and mortgage documents-fee covered by homeowner



Conclusions and Recommendations

In order to operate affordably as organizations and create affordable housing opportunities for qualified homeowners all CLTs are advised to consider the following recommendations:

- To build as many relationships as possible with supporting organizations so as not to take on unnecessary time and monetary costs and to provide the greatest level of support and cost efficiency to homeowners.
- To strive for the involvement of homeowners in the preservation of the CLT through community-maintained garden and recreation lands, support of homeowners’ businesses, organized volunteer projects and community clean up events.
- To engage the larger community outside the CLT through publications and social events to gain the support of individuals, policy-makers, lenders, and developers for CLT programming and raise awareness about CLT opportunities and benefits.
- To maintain above all a flexibility of operation and development which is capable of adaptation given economic, social and political conditions and to continuously seek the best practices for meeting the housing, affordability and welfare needs of the community.

“The strength of the Community Land Trust lies in its ability to serve the interests of both individuals and communities and to serve each through the other.”
Institute for Community Economics