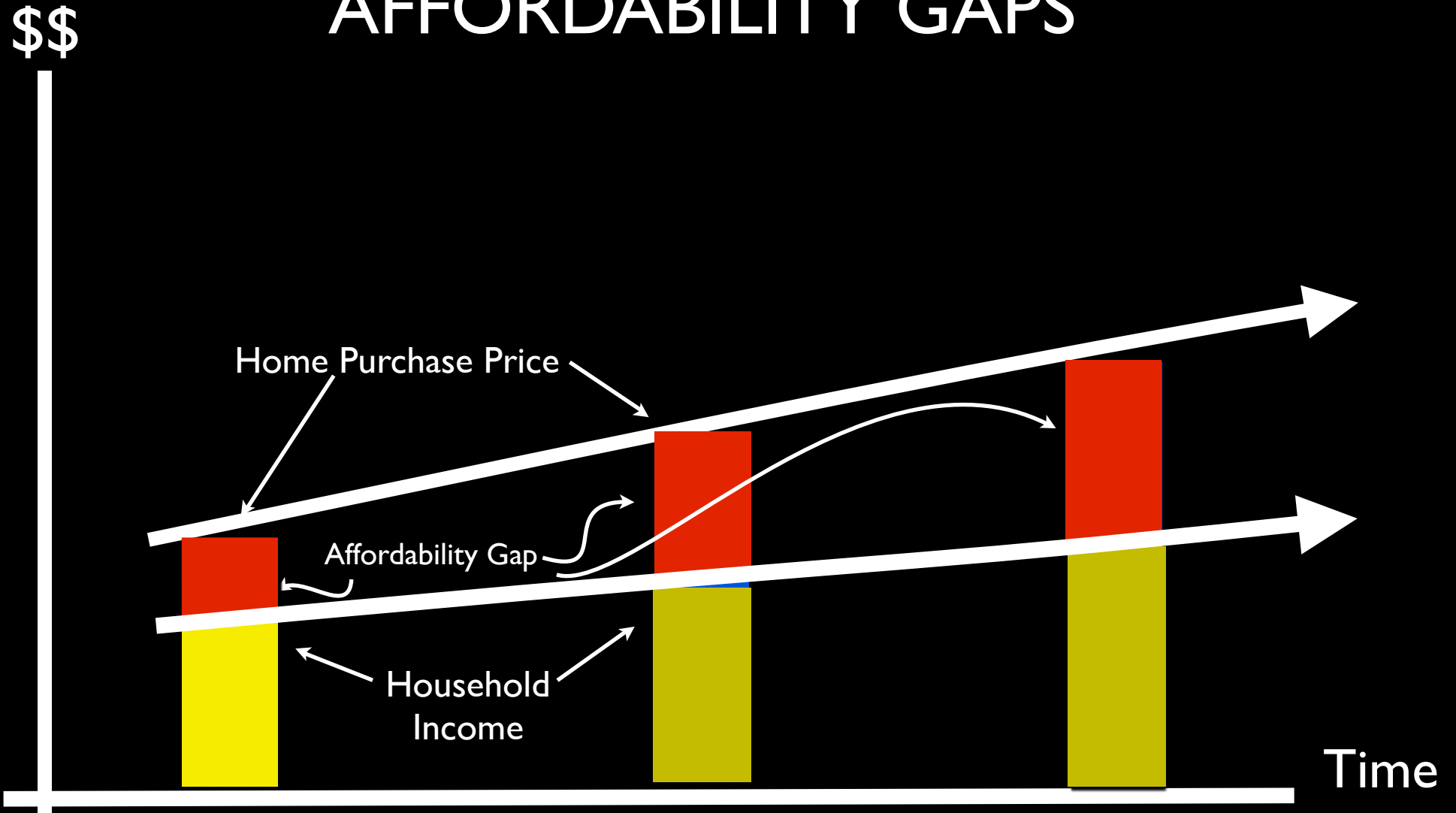


COMMUNITY LAND TRUSTS

EQUITABLE & SUSTAINABLE
SOLUTIONS
FOR OUR COMMUNITIES

HOMEOWNERSHIP AFFORDABILITY GAPS



COMMUNITY LAND TRUSTS

- Take a unique and long-term approach to affordable homeownership - by altering:
 - How homeownership is structured
 - How affordability subsidy is applied
 - How long-term relationships with homeowners are nurtured and maintained

COMMUNITY CONTROL & DECISION-MAKING

• Typically, a local CLT is a nonprofit, community-based, 501(c)(3) corporation



• Variations:

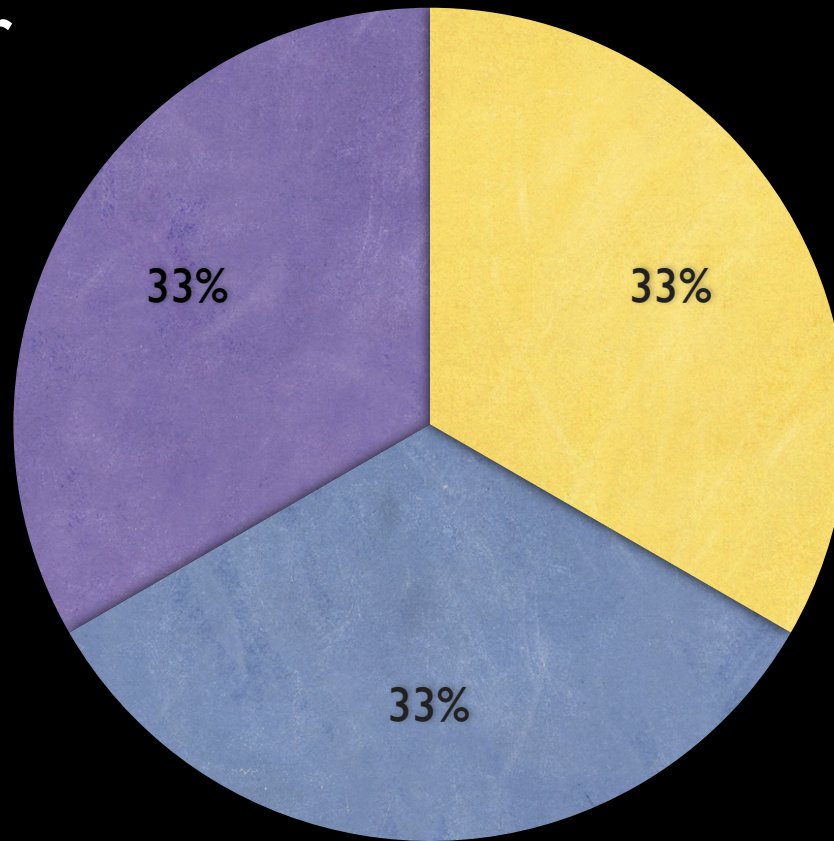
• Program of existing housing nonprofit

• Regional collaboration

COMMUNITY GOVERNANCE

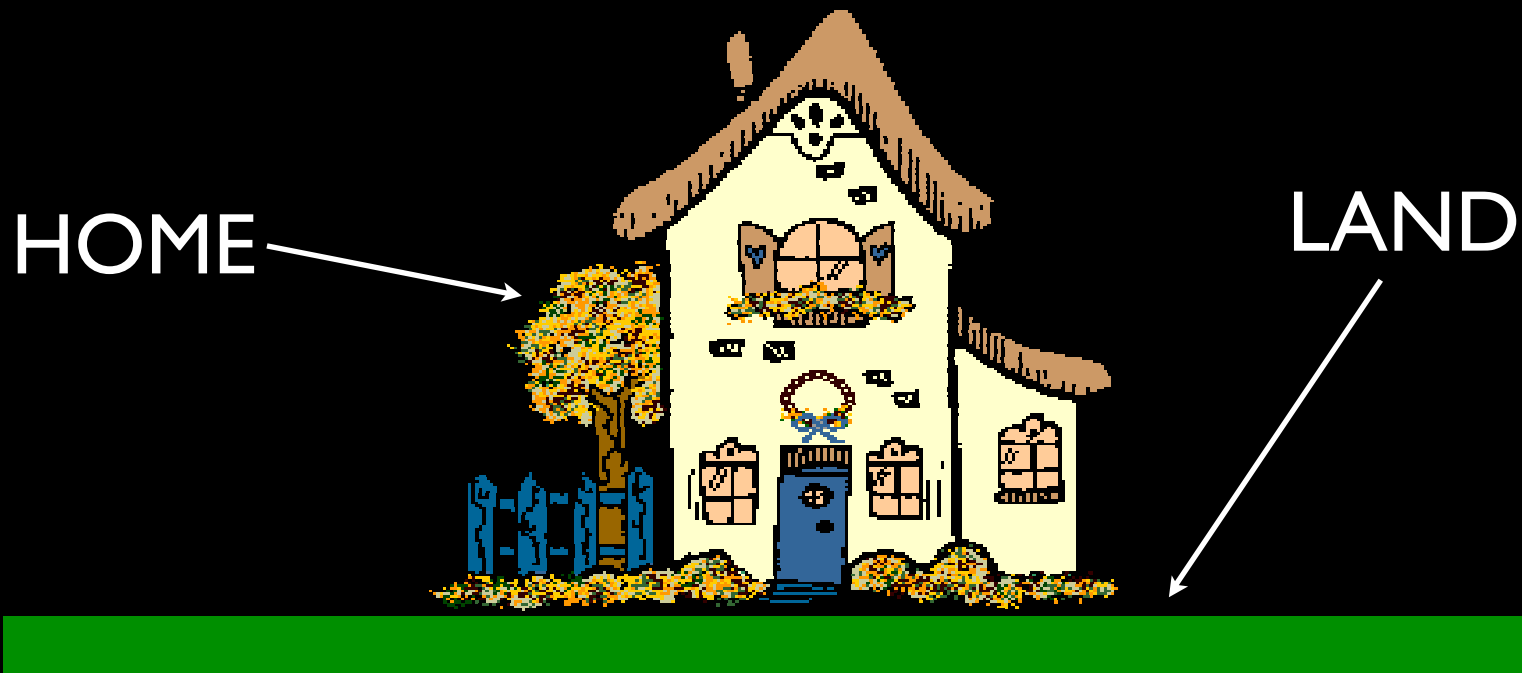
Homeowner
Directors

Community
Directors



Public Directors

DUAL OWNERSHIP



CLT separates ownership of land from home

Homebuyer buys - and owns - the affordable home

CLT leases land to homeowner

CLT GROUND LEASE

Twofold function:

1. Conveys exclusive, legally binding right to homeowner to use and occupy the land on which his/her home is located.
2. Stipulates specific expectations regarding homeowner's use, occupancy and transfer of home they own and land they lease - e.g., owner-occupancy required, no subletting, etc.

PERMANENT AFFORDABILITY

- Subsidy is used to write down the sales price of the home to an affordable *purchase* price
- CLT homeowners, by signing the ground lease:
 - Agree to share with future homebuyers the affordability that was initially created for them
 - Agree to resale formula that will be used to determine the price at which they can sell their homes

RESALE FORMULA - EXAMPLE

Original Value (by appraisal) = \$120,000

Minus Subsidy: (\$40,000)

Original Purchase Price = \$80,000

Owner's Share of Appreciation = 25%

Resale

Value at Resale (by appraisal) = \$140,000

Increase in Value (\$140,000 - \$120,000) = \$20,000

Owner's share (\$20,000 × 25%) = \$5,000

Resale Price = \$85,000

(\$80,000 + \$5,000)

PERMANENT AFFORDABILITY

- The community - rather than the marketplace - determines the future use and disposition of these community assets
- Quality homes made initially affordable remain affordable from one homeowner to the next - without requiring additional subsidy investments
- The benefits of limited and precious public and private subsidies used to create the initial affordability of these homes is preserved for generations to come

STEWARDSHIP

PERMANENT ACCOUNTABILITY

- CLTs enter into long-term, mutually accountable relationships with their homeowners
- Ground lease lays out clear expectations - and CLT monitors and enforces homeowner compliance
- CLTs stand behind - and 'backstop' - their homeowners help ensure the prospects their success



COMMUNITY LAND TRUST
--TANGIBLE OUTCOMES --

STEWARDSHIP OUTCOMES

HOMEOWNER SECURITY

- Over 90% of CLT homeowners remain in their homes at least five (5) years
- Historically, the average tenure of CLT homeowners is seven (7) years
- Over 70% of CLT homeowners, when they sell their CLT homes, purchase an unrestricted, market-rate home

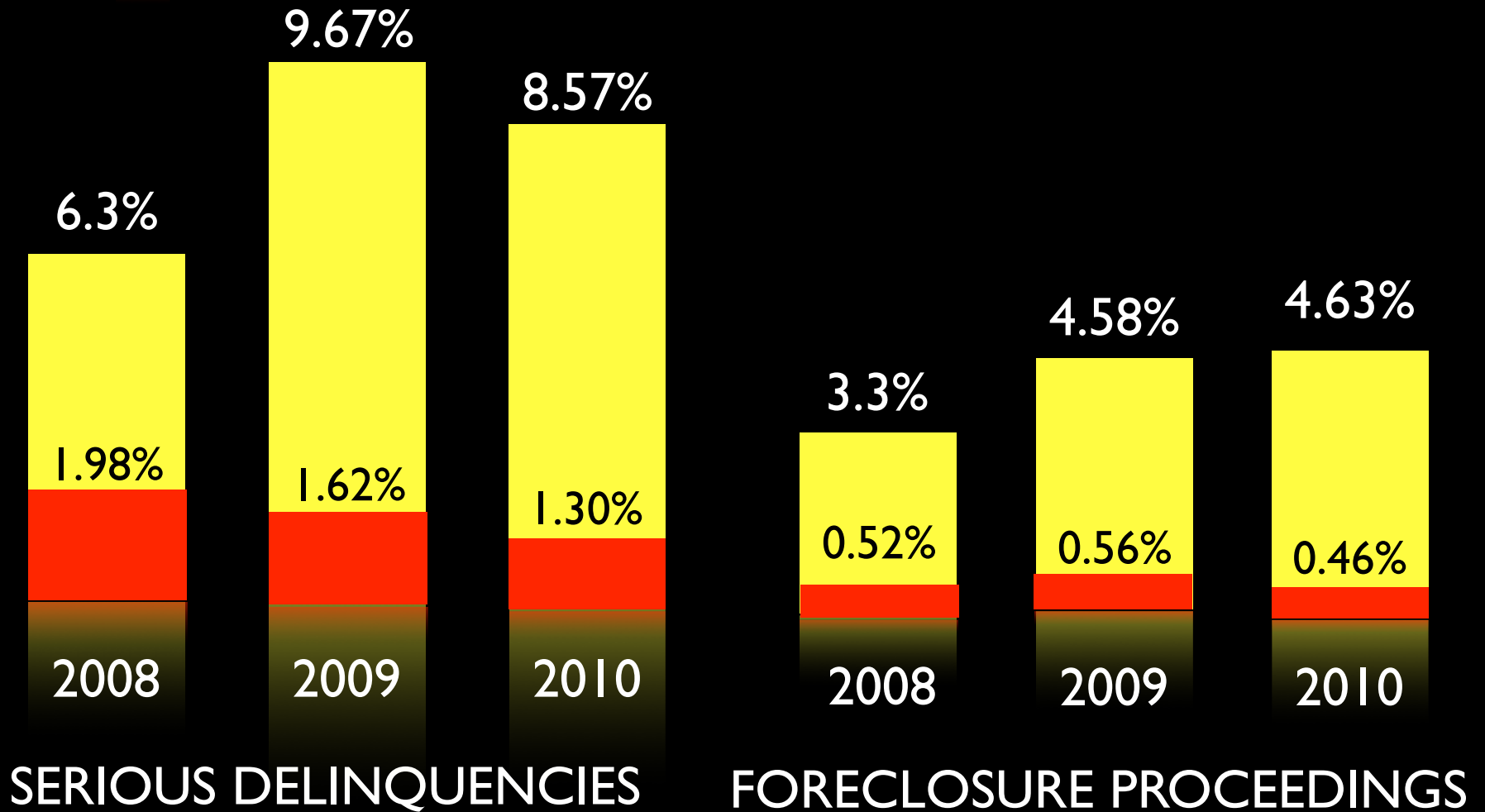
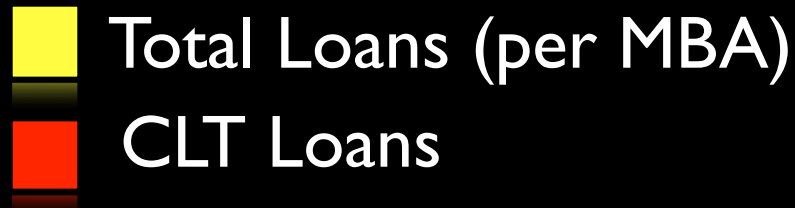
STEWARDSHIP OUTCOMES

SUBSIDY LEVERAGE

- CLT homes remain affordable over time, from homeowner to homeowner, without requiring additional subsidy investment.
- Public and private resources invested to create initial housing affordability is preserved and leveraged over time.

STEWARDSHIP OUTCOMES

MORTGAGE PERFORMANCE



OUTCOMES

- Housing affordability and quality is preserved
- Public and private investment is leveraged
- CLT homeowners are successful and stable
- Communities benefit: impact on local work force; housing quality; housing values
- Mortgage financing is secure
- Flexible strategy for multiple community uses

QUESTIONS?
COMMENTS?
OBSERVATIONS?

SITKA CDC
COMMUNITY LAND TRUST
PROGRAM

TECHNICAL ASSISTANCE SCOPE OF SERVICES

- Phase 1: Planning

- Assess feasibility of CLT in Sitka
- Outreach and education
- Develop business plan for CLT

- Phase 2: Implementation

- Design CLT homeownership program
- Implement and build support/partnerships

FEASIBILITY ASSESSMENT

- Sitka Single-Family Home Prices (Sept. 2013)
 - Average list price = \$445,422
 - Median list price = \$380,500
- 2013 median household income = \$75,300

BUSINESS PLANNING ASSUMPTIONS

- Organizational framework:
 - Service area: City and Borough of Sitka
 - Organizational structure: CLT will be operated as a program under corporate structure and governance of SCDC
 - Board of directors: to include CLT homeowners

BUSINESS PLANNING ASSUMPTIONS

- Program eligibility:
 - Maximum income: 120% AMI
 - Priority targeting: <80% AMI

BUSINESS PLANNING ASSUMPTIONS

- Housing development:
 - SCDC will not be the primary developer of its CLT homes
 - SCDC will partner with public and private (for-profit and nonprofit) housing development companies

BUSINESS PLANNING ASSUMPTIONS

- Portfolio development projections:
 - 2014-2015: 1 home each year
 - 2015-2023: at least 13 more homes

BUSINESS PLANNING ASSUMPTIONS

- Preliminary staffing projections:
 - Boost Executive Director staffing to manage CLT program, beginning 2014
 - Add stewardship staffing as portfolio of homes and homeowners expands
 - Additional annual admin/overhead costs

BUSINESS PLANNING ASSUMPTIONS

- Revenue projections:
 - Portfolio revenue
 - Earned fee revenue
 - External fundraising
- Like all nonprofits, SCDC will rely on external fundraising as its portfolio grows

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