

Community Land Trusts 101

The Baltimore Housing Roundtable

The Housing Challenge:

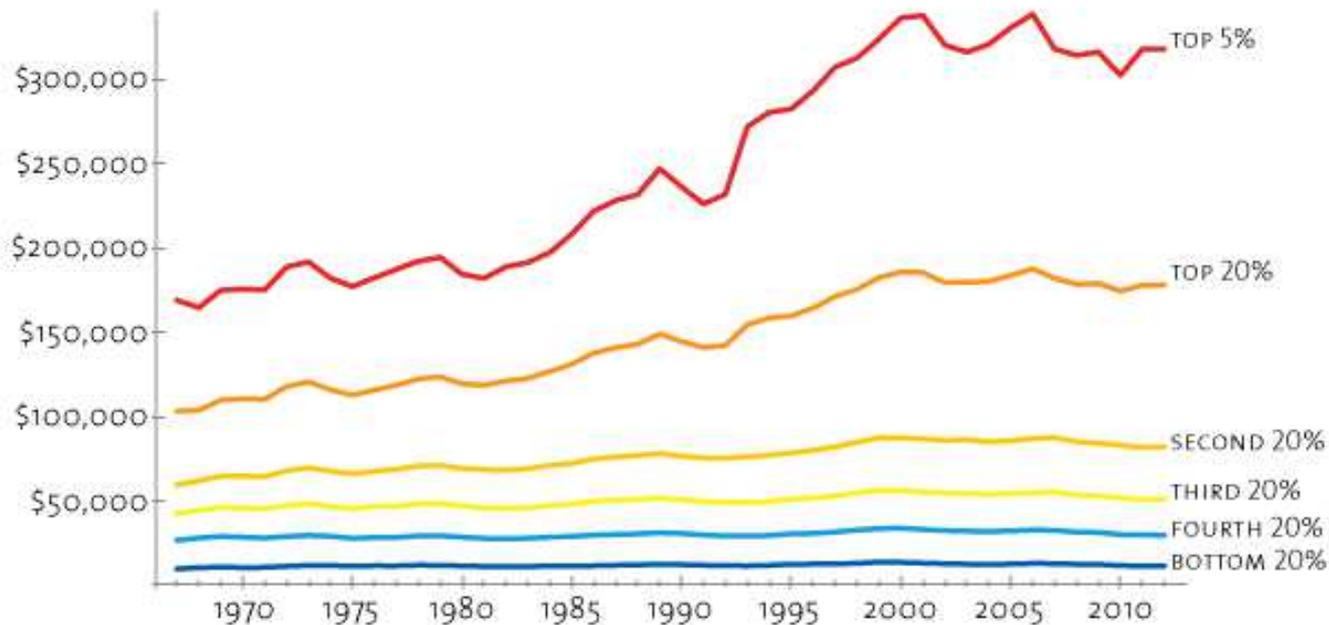
1. Economic Decline: 40 years ago industrial jobs that had provided a large base of good, living wage jobs left for cheap labor elsewhere.



The Housing Challenge:

Average Household Income, 1967-2012

in 2012 dollars, by percentile



SOURCE: CENSUS BUREAU

Mother Jones

The Housing Challenge:

A History of Home Values

The Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for \$100,000 (inflation-adjusted to today's dollars), an equivalent standard house would have sold for \$66,000 in 1920 (66 on the index scale) and \$199,000 in 2006 (199 on the index scale, or 99 percent higher than 1890).

DECLINE AND RUN-UP Prices dropped as mass production techniques appeared early in the 20th century. Prices spiked with post-war housing demand.

BOOM TIMES Two gains in recent decades were followed by returns to levels consistent since the late 1950's. Since 1997, the index has risen about 83 percent.



PROJECTION

Updated as of May 2010 Data by
Steve Barry for The Big Picture
<http://www.rtholtz.com/blog>

The Housing Challenge:

4. Development is a reflection of who has power in our city



The Community Land Trust (CLT) is an alternative that promotes long-term housing stability, community participation, and community wealth building.

What is a CLT?

Community Land Trusts (CLTs) are non-profit organizations that treat land as a public good



Buildings are owned and used by organizations, businesses, and individuals.

The CLT owns the land and works to ensure it is used in ways that benefit the community.

HOME



LAND

Community separates ownership of land from home
Community (CLT) retains ownership of land
Homebuyer buys - and owns - her home
Community (CLT) leases land to homeowner

How does a CLT operate?

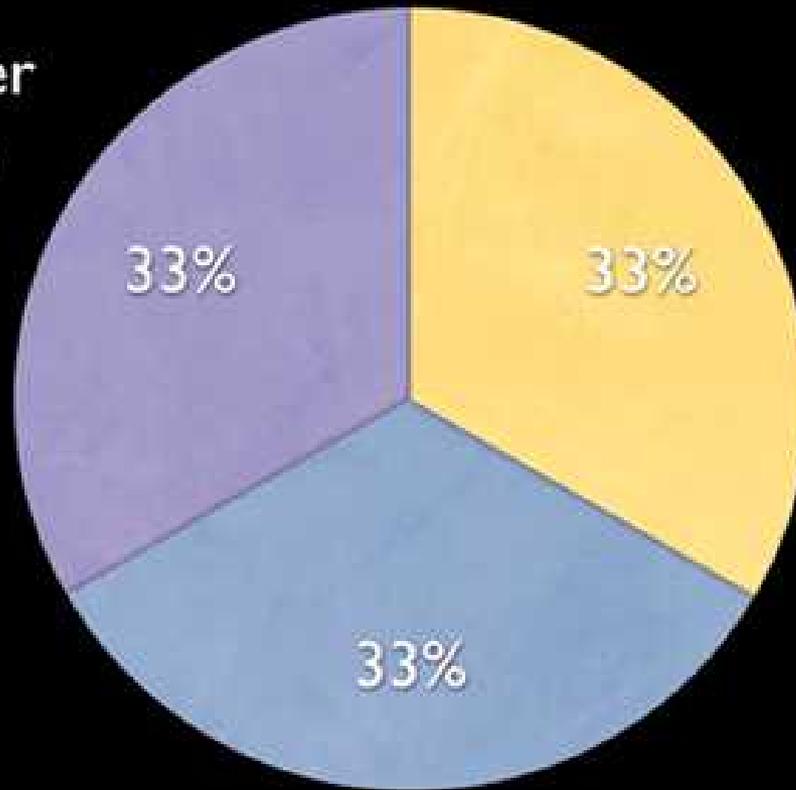
COMMUNITY LAND TRUST

Corporate Structure

- Nonprofit community-based corporation
- Mission typically qualifies for 501(c)(3) charitable designation by IRS
- Place-based membership
- Representative three-part governance

CLT Board of Directors

Homeowner
Directors



Community
Directors

Public
Directors

COMMUNITY LAND TRUST

Homeownership Structure

- Community land trust legally separates ownership of land and improvements
 - Ownership of land is retained by community land trust
 - Home and improvements are sold at affordable price to an eligible, qualified homebuyer

How Community Land Trusts structure single-family homeownership

- Affordability subsidies are used to write down the purchase price of a home to an affordable level
- CLT owns and holds title to the land forever
- CLT conveys use of land to qualified homebuyer via a 99-year, inheritable, renewable ground lease
- Homeowner owns home and all improvements
- Ground lease (to land) and Deed (to home) are recorded in land records

Appraisal-based Resale Formula - Example

Original Value (by appraisal) = \$150,000

Minus Affordability Subsidy: (\$40,000)

Original Affordable Purchase Price = \$110,000

Owner's Share of Appreciation = 25%

Resale

Value at Resale (by appraisal) = \$190,000

Increase in Value (\$190,000 - \$150,000) = \$40,000

Owner's share (\$40,000 × 25%) = \$10,000

Resale Price = \$120,000

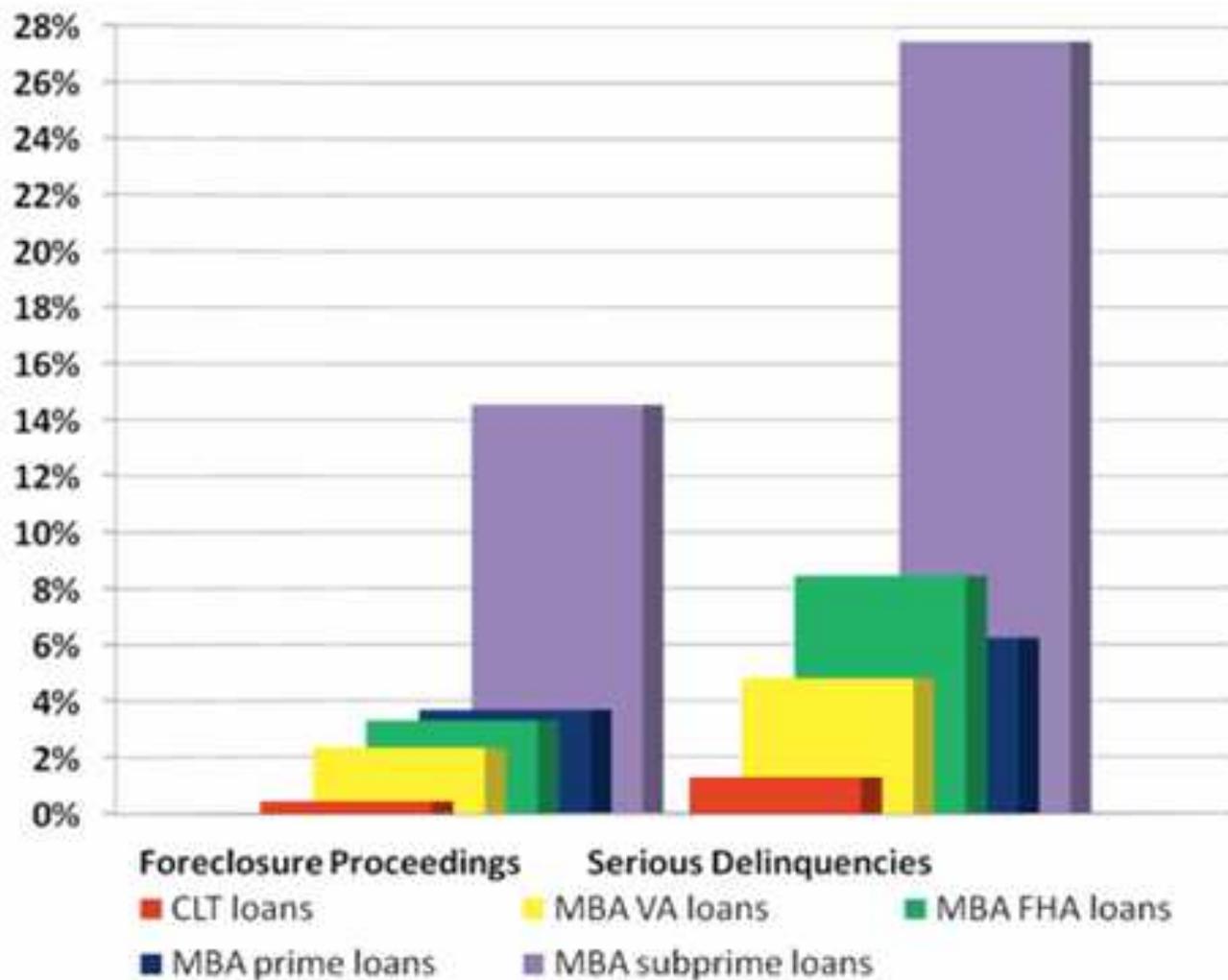
(\$110,000 + \$10,000)

COMMUNITY LAND TRUST

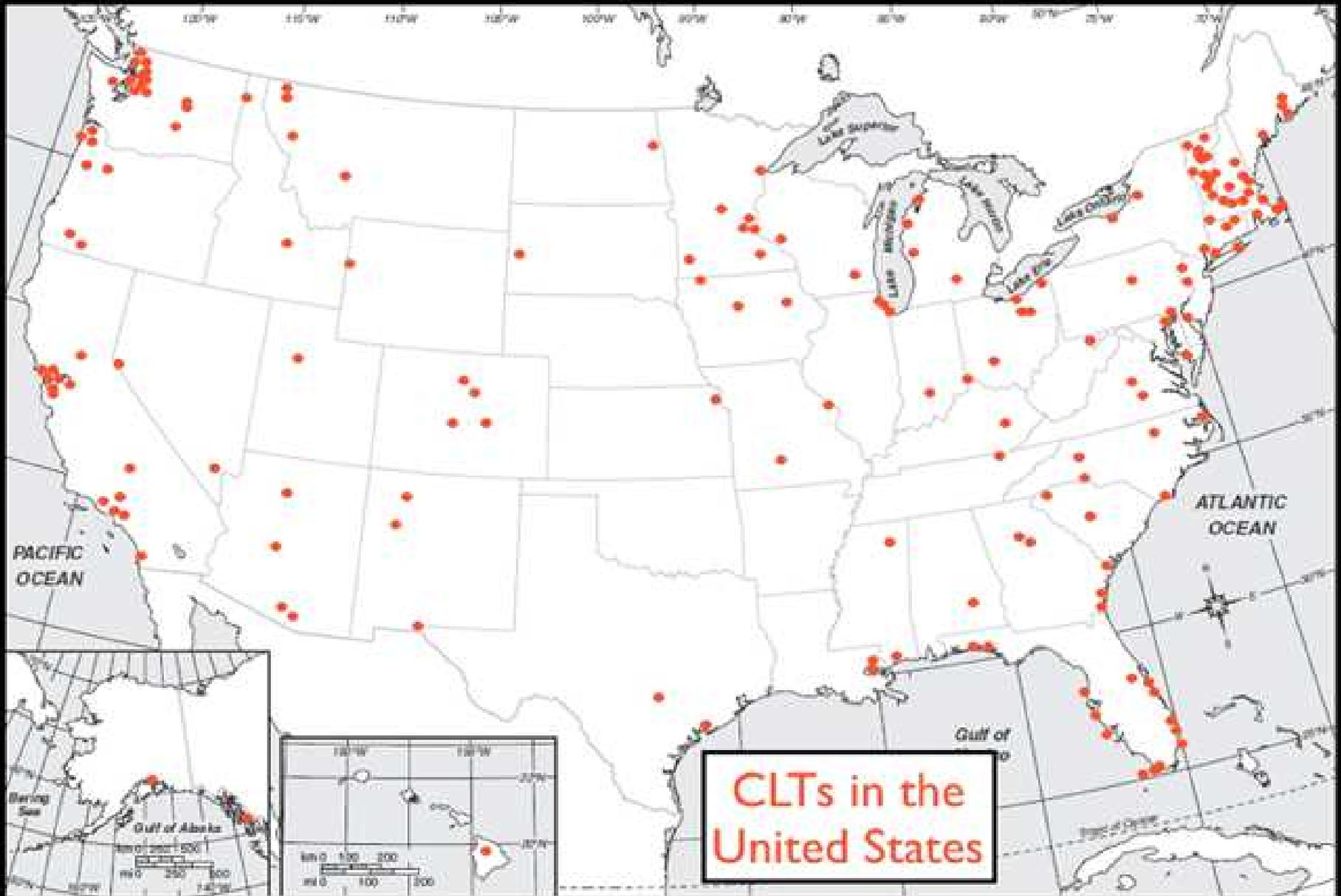
Stewardship

- CLT commits to “backstopping” its homeowners
 - Lays out clear expectations - and monitors & enforces homeowner compliance
 - Provides - or arranges for - additional support services for homeowners
 - Reserves ability to intervene in event of homeowner difficulties, including mortgage default

End of 2010 rates of foreclosure proceedings and serious delinquencies by loan type



Where are CLTs working now?



In similar markets to Baltimore such as Philadelphia, the Women's Community Revitalization Project has over 246 units of CLT Housing in Northern Philadelphia.

Grace Townhomes

36 units of permanently affordable homes, lease purchase



Ensuring affordable housing is not lost

26 affordable townhomes 3 blocks from new 5-story housing/commercial development

- 15 year compliance period ends in 2014
- Transfer to Community Justice Land Trust



Baltimore— The North East Housing Initiative

NEHI members are united and committed to improving their communities by creating and promoting permanently affordable housing for those who have the greatest need, including people of low and moderate income, the physically and cognitively challenged, veterans, and the elderly by creating a community land trust, whose ownership is shared by individuals and the community.



The Baltimore Housing Roundtable: Fighting for Fair Development!

Phase 1: Education



Phase 2: Demonstration



Phase 3: Move to Scale—
Securing public investment in
permanently affordable
housing.



Fair Development is guided by Human Rights values



Equity: Fair development prioritizes communities in need



Universality: Fair development benefits all



Transparency and Participation: Fair development is conducted in the open and seeks community input



Accountability: Fair development holds politicians & developers accountable

How can you support Baltimore's Land Trust efforts?

1. Become a member of the Housing Roundtable
<https://www.baltimorehousingroundtable.org>
2. Sign-On: Join the campaign to secure public investment in community-controlled development.

Rachel Kutler— Rachel@unitedworkers.org, 443-745-8950