Displacement is Preventable

Community Land Trusts Preserve Land for the Community

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Jeff Washburne
Agenda

• Introduction

• What is a Community Land Trust?

• Case Studies of CLTs in Communities at Risk of Displacement

• Q&A

• Wrap-up
INTRODUCTIONS

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INTRODUCTIONS

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SMART GROWTH BENEFITS CITIES

- Sustainability
- Investment
- Livability
- Attractive to new residents
- Attractive to businesses
BENEFITS WITH A COST

Increased density and access to transit or amenities leads to increased land values (value premiums):

Transit:\
• Up to 32 percent value premium for single-family homes
• Up to 45 percent increases in rents

Increased land values can lead to displacement and exclusion.

Center for Transit Oriented Development, "Capturing the Value of Transit," 2008
HOW DOES A CLT WORK?

“Classic” CLT Model

CLT (501c3) owns the land

Homeowner purchases just the improvement (the home), and leases the land from the CLT for a nominal fee via a 99-year ground lease

The 99-year ground lease outlines the rights and responsibilities of the CLT and the homeowner, allows the homeowner use of the land, and sets the resale formula that will keep the home affordable after sale

This is known as “shared equity” ownership

Armstrong Townhomes
102 units, San Francisco

Single-family homes
Albuquerque, NM
WHAT IS A COMMUNITY LAND TRUST?

A Community Land Trust (CLT) is a private, non-profit organization that acquires and stewards land for the development of lasting community assets, most often permanently affordable ownership housing.

- Over 250 CLTs in 46 states with about 10,000 units
- Serve primarily low- and moderate-income residents
- In addition to housing, provide commercial spaces, urban agricultural sites and land conservation

Nova Townhomes
15 units, Seattle

Single-family homes
Durham, N.C.
The benefits of home price appreciation are shared between the low-income subsidy recipient and the public or private entity providing the subsidy.

Forms of shared equity homeownership other than CLTs include:

- Deed-restricted housing (such as inclusionary housing)
- Shared-appreciation loans
- Limited-equity cooperatives
SUBSIDY RETENTION

Programs maintain affordability while eliminating the need for further subsidy

INITIAL SALE: The program secures subsidy that can cover the difference between the cost of buying/developing a home and what the buyer can afford. The homebuyer takes out a mortgage based just on what they can afford.

OCCUPANCY: The homebuyer makes affordable monthly payments on the mortgage including all taxes, insurance and utilities.

RESALE: Homebuyer sells the home at a resale restricted price that ensures that the home will be affordable to the next homebuyer without any influx of new subsidy.

Modified from Jacobus & Lubell. 2007.
SUBSIDY RETENTION CONT’D

Modified from Jacobus & Lubell. 2007.
HOUSEHOLD WEALTH IS CREATED

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<tr>
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<th>All</th>
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<td>Net Cash to Seller</td>
<td>$11,168</td>
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<td>Initial Investment</td>
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Cornerstone Partnership, HomeKeeper Social Impact Report, 2014
HOMES REMAIN AFFORDABLE

All Resale Transactions

Components of Market Value at Sale

Prior Purchase: $89,800
Resale: $104,900

Community Investment: $37,600
Subsidized Price: $49,846

Affordable to Whom (% of AMI)

Prior Purchase: 57.0%
Resale: 70.9%

Program: 73.4%
Market: 54.4%

Cornerstone Partnership, HomeKeeper Social Impact Report, 2014
STEWARDSHIP

THE STEWARD...

❖ PROMOTES success of residents
❖ PROTECTS affordability
❖ PRESERVES use and condition of properties
❖ PREVENTS loss of public investment
Questions?

Homeowners from Champlain Housing Trust
Burlington, VT