Shared Equity Homeownership: Community Land Trusts

House Committee on Community Development, Housing and Tribal Affairs

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Northwest Community Land Trust Coalition

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Homeownership in the Continuum

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<tbody>
<tr>
<td>0 to 30% AMI</td>
<td>Government support used in all markets</td>
<td>378,600</td>
<td>233,870 (61%)</td>
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<tr>
<td>30 to 50% AMI</td>
<td>Government support used in many markets</td>
<td>340,245</td>
<td>201,130 (60%)</td>
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<tr>
<td>50 to 80% AMI</td>
<td>Government incentives used in some markets</td>
<td>500,866</td>
<td>198,355 (40%)</td>
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*Note: In rural communities affordable homeownership is often more feasible than rental housing development.

Sources: King County Affordable Housing Task Force; State of Washington Housing Needs Assessment 2015
What is a Community Land Trust?

A community land trust (CLT) is a private non-profit community organization that holds land in trust in order to provide affordable housing and other opportunities.

- Affordable housing
- Farming
- Commercial Ventures
- Community Services

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CLT Basics: The Organization

- Generally Not-for-Profit 501(c)3:
  - Community Based/ Membership organization
  - Dual Ownership
  - Local geographic service area
  - Permanent Affordability of Housing
  - Commitment to Local Control
  - Flexibility
  - Active Land Acquisition and Development
  - Sweat Equity: Homeowners help to build
CLT Basics: The Homes

- Buyer initiated scattered site
- Condos
- New construction
- Coops
- Co-housing
- Rural
- Urban

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CLT Basics: The People

- The average household income of families served by CLTs in the Northwest is 62% AMI.
- CLT homeowners work in retail, education, construction & landscaping, property maintenance, healthcare, public utilities, office services, non-profits…
Dual Ownership

- Individual or family owns the home and leasehold interest and gains equity in home.

- CLT owns the land or deed covenant and equity is restricted, never realized.
Dual Ownership

Ground Lease or Deed Restriction tie house & land together

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Closing the Affordability Gap

CLT = Reduce Cost + Control Future Increase

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Leveraging Investments

- Federal
  - HOME
  - CDBG
  - SHOP
- WA State HTF
- Local City/County
  - 2060
  - General Fund
  - Density Bonus
- Private

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Retaining Affordability

- **Legal Agreement and CLT Organizational Support:**
  - Period of affordability – starts over with each resale
  - CLT finds successive eligible buyers
  - CLT stewardship: Monitoring & Enforcement
  - CLT homeowner ongoing support and financial planning services
  - CLT maintain and ensure neighborhood stability
How It Works

San Juan County Median Price of Market Sales vs. OPAL Resale Restricted Sales

- San Juan County Median House Price
- House Price Affordable for Purchaser Earning 80% of Median
- OPAL Median House Price

Year
- 1990
- 1995
- 2000
- 2005
- 2010
- 2015
- 2020

Median House Price
- 0
- 50000
- 100000
- 150000
- 200000
- 250000
- 300000
- 350000
- 400000
- 450000
- 500000
- 550000
- 600000

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Performance Evaluations

- Expands Homeownership
- Step to Traditional Ownership
- Creates Individual Capital
- Enables Residential Mobility
- Preserves Affordability
- Sustains Community Wealth/Investment
16 CLTs in Washington Counties

- Chelan
- Island
- Jefferson
- King
- Kitsap
- San Juan
- Skagit
- Snohomish
- Whatcom
- Yakima

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Perpetual Affordability

- Lower price at sale
- Lower price at resale
- Again and again!

Perpetual is a very long time!

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Perpetual Responsibility

Ongoing Stewardship of Homes and Homeowners:

- Homeowner success
- Preservation of affordability and public investment
- Prevention of displacement

Perpetual is a very long time!

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Resources

- Grounded Solutions Network
  - www.groundedsolutions.org

- Northwest Community Land Trust Coalition
  - www.nwclt.org