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### KEY POINTS



- BUY THE HOUSE—LEASE THE LAND
- HSCLT HOLDS THE LAND IN PERPETUITY
- TRI-PARTY AGREEMENT
- FULL BENEFITS OF BEING A PROPERTY OWNER
- RE-SALE PROCESS

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### LOCAL GOVERNMENT SUBSIDY RETENTION



- LOCAL GOVERNMENTS WANT TO SEE THEIR HOUSING SUBSIDIES LAST LONGER
- CLT RENTAL UNITS AND HOUSING SUBSIDIES
- FLORIDA— SUBSIDIES EXPIRE ON 35,000+ AFFORDABLE RENTAL UNITS (NOW — 2030)

— Shimberg Center for Housing Studies  
2016 Rental Market Study

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## HOW IT WORKS



BUYER PURCHASES THE IMPROVEMENTS –  
LEASES THE LAND

LAND VALUE IS DEDUCTED FROM THE  
PURCHASE PRICE ON NEW CONSTRUCTION

MONTHLY GROUND LEASE FEE → EXCLUSIVE  
RIGHTS TO THE LAND

ACCESS TO  
HOMEOWNERSHIP  
INTERGRATION OF  
INCOMES

SAME TAX BENEFITS AS  
STANDARD OWNERSHIP

HOME PRICE  
– LAND  
= AFFORDABLE

**NEIGHBORHOOD STABILITY**  
THROUGH HOMEOWNERSHIP

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## HOW IT WORKS

IDEALLY, LAND IS DONATED TO  
THE CLT

- Land Value is deducted from the  
full market value after construction

HSCLT USES  
APPRAISAL-BASED  
FORMULA




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## HOW IT WORKS

OCB EXAMPLE

PHASE 1 TOWNHOMES

- Land Purchase Price = \$515,000  
(~ \$17,167 per Townhouse)
- HSCLT Provides \$17,500 Sellers  
Credit
- Monthly ground lease fee = \$50




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## SAMPLE SALES PRICE



SAMPLES OF SALES PRICE AND SUBSIDIES:

"MARKET PRICE"	\$295,000	\$295,000
CLT LAND SUBSIDY	(\$17,500)	(\$17,500)
"SALES PRICE"	\$277,500	\$277,500
HOP DPA	(\$25,000)	(\$35,000)
CITY DPA PROGRAM	(\$50,000)	(\$84,500)
BUYER'S MORTGAGE	\$205,500	\$158,000
Mortgage to Price Ratio	69.6%	53.6%

\*The list price will be determined by a local appraiser. End unit only, appraisals higher than interior units.

## GROUNDLEASE AGREEMENT



NEIGHBORHOOD STABILITY  
THROUGH HOMEOWNERSHIP

### TRI-PARTY AGREEMENT

- HSCLT – BUYER – MORTGAGE LENDER

99-YEAR LEASE; RENEWABLE; TRANSFERABLE

- BUYER BECOMES A MEMBER OF HSCLT

PROHIBITS MARKET RATE RE-SALE

LENDER UNDERSTANDS  
THAT THIS IS A LAND  
LEASE

LENDER AGREES TO  
PROVIDE HSCLT WITH  
PURCHASE OPTION IN  
CASE OF DEFAULT

BUYER CAN  
IMPROVE THE  
PROPERTY LIKE ANY  
OTHER HOMEOWNER

## BENEFITS

PURCHASER PAYS PROPERTY  
TAXES AND CAN CLAIM  
HOMESTEAD EXEMPTION

SAME MORTGAGE INTEREST  
DEDUCTIONS ON FEDERAL  
INCOME TAXES

EQUITY FROM PROPERTY  
VALUE APPRECIATION



SAMPLE RESALE FORMULA CALCULATION			
Appraised Value of Land	\$ 33,000		
Appraised Value of House	\$190,000		
Total Appraised Value	\$223,000	(MARKET SALES PRICE)	
Homebuyer's MORTGAGE	\$170,000	(ex. DPA of \$20,000)	
Sales Price to Value Ratio	76.2%		
**** (THEN...Family decides to sell after 10 years) ****			
Total Appraised Value After 10 Years	\$300,000		
Minus: Initial Appraised Value	\$223,000		
Appreciation in Market Value	\$ 77,000		
CALCULATION:			
Appreciation in Market Value	\$77,000		
Purchase Price to Value Ratio	$\frac{170,000}{223,000}$		
Times Shared Appreciation Factor	$\frac{77,000}{170,000}$		
HOMEOWNER'S SHARE OF THE APPRECIATION	\$14,668		
		MAXIMUM RE-SALE PRICE	
		Homeowner's Purchase Price	\$170,000
		Homeowner's Share of the Appreciation	+ \$14,668
		MAXIMUM RE-SALE PRICE	\$184,668

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# PATHWAY TO ECONOMIC STABILITY

**MARKET RATE HOME**  
**\$140,268**  
Mortgage Equity + Appreciation

**CLT HOME**  
**\$49,919**  
Mortgage Equity + Appreciation

**MARKET RATE APT.**  
**\$1,400**  
Rental Deposit

## EQUITY FROM HOMEOWNERSHIP VS. RENTING

	Traditional Home Loan	CLT Homebuyer	Apartment Renter
Housing Size	3BR/2BA	3BR/2BA	2BR/2BA
Home Price	\$250,000	\$140,000	\$4,200
Deposit/Down Payment - Out of Pocket	\$10,000	\$5,000	\$4,200
<b>MONTHLY PAYMENT</b>	\$1,700	<b>\$902</b>	\$1,400
Total Paid (Mortgage/Rent) in 30 yrs	\$204,000	\$108,240	\$168,000
Property Value After 10 Years	\$330,000	\$213,495	0
Payout After 10 Years			
Mortgage Equity	\$55,268	\$22,795	
Equity from Appreciation	<del>\$85,000</del> \$140,268	<del>\$10,000</del> \$49,919	\$1,400

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## THE COMMUNITY IMPACT



## COMMUNITY IS THE KEY

CLT AS INTERMEDIARY BETWEEN  
HOMEBUYER,  
MORTGAGE HOLDER,  
LOCAL GOVERNMENT

COMMUNITY EVENTS AND  
HOMEOWNER WORKSHOPS

CLT BOARD INCLUDES HOMEOWNERS

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