

HOMESTEAD



Community Land Trust

Affordable Homeownership for our Communities

The Community Land Trust Approach

NWCLTC DEFINITION OF A COMMUNITY LAND TRUST

A community land trust (CLT) is a private, non-profit, community-governed and/or membership corporation

whose mission is to acquire, hold, develop, lease, and steward land for making homes, farmland, gardens, businesses, and other community assets permanently affordable for current and future generations.

A CLT's bylaws prescribe that the governing board is comprised of individuals who reside in the CLT's service area, one-third of whom are currently, or could be CLT leaseholders.

NWCLTC The Northwest Community Land Trust Coalition is a membership organization of community land trusts in Washington, Oregon, Idaho, Montana, and Alaska.



A close-up photograph of a person's hand holding a small, stylized house. The house is constructed from two wooden blocks: a light blue triangular block for the roof and a bright green rectangular block for the walls. The house sits on a mound of dark, rich soil. The background is blurred, showing more of the hand and a dark surface.

Distinctive Features

- **Accountability and local control**
- **One-time investments stewarded for permanent affordability**
- **Equitable governance**
- **Prevents displacement**

Civil Rights Era Roots



Community land trusts were created in the late 1960s by Civil Rights leaders when Black sharecroppers were evicted from their homes and farms for registering to vote. The original model combined:
Collective ownership of land with
Individual ownership of homes, farms and businesses
to prevent displacement and to allow people to build wealth.

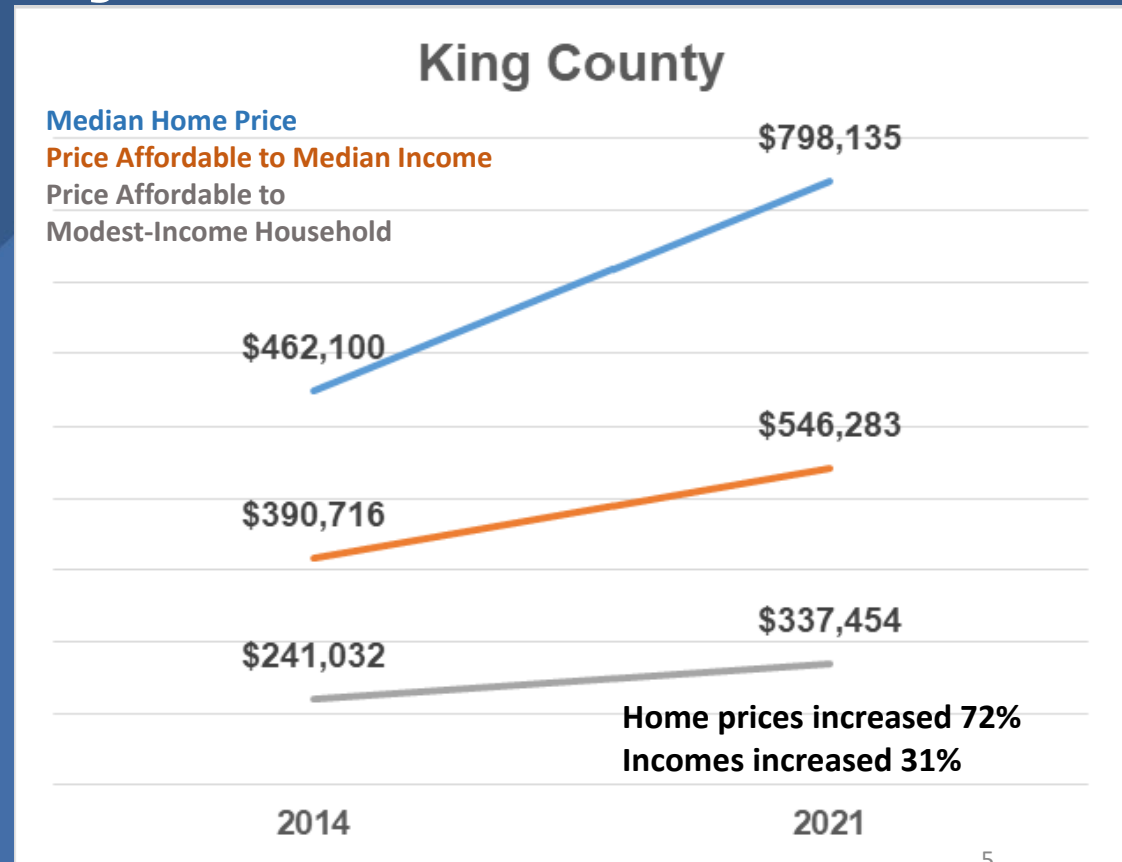
Buying a home in King County

The reality is King County is expensive. Housing prices are out of reach for most of us.

When the median home price requires \$169,000 income (150% median income) and 65% in King County make less than \$100,000, the math just doesn't add up.

When you earn less than median income, homeownership is out of reach.

*HUD Income Limits, 2021



Reminder: What does Median mean? It means the middle-point between higher and lower.

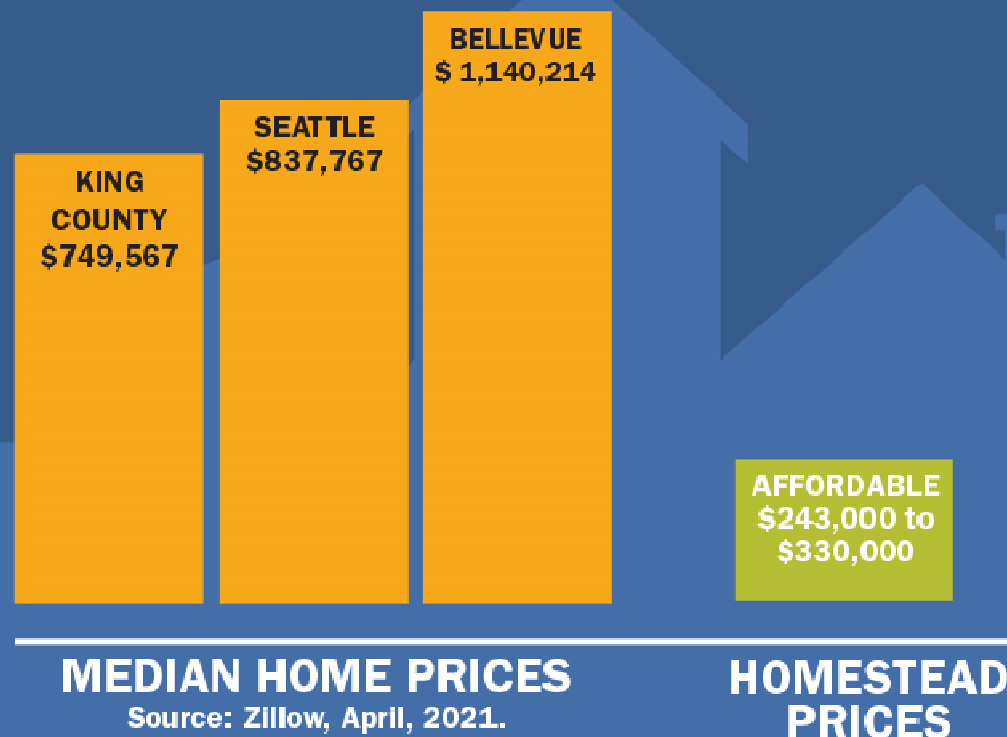


Solution: We put homeownership within reach

Homestead makes and keeps homes affordable to modest income families.

By building homes ourselves and acquiring them through partnerships, we are able to reduce the price of homes to 30% to 50% of market rate prices).

We keep homes affordable permanently through partnerships with our homeowners:



Tools for affordable homeownership



DOWNPAYMENT ASSISTANCE = Fill the gap

(Also known as Shared Appreciation, Subsidy Recapture)

- **Deferred no payments**
- **Repaid at resale with interest**
- **Examples: Homesight, House Key – Finance**

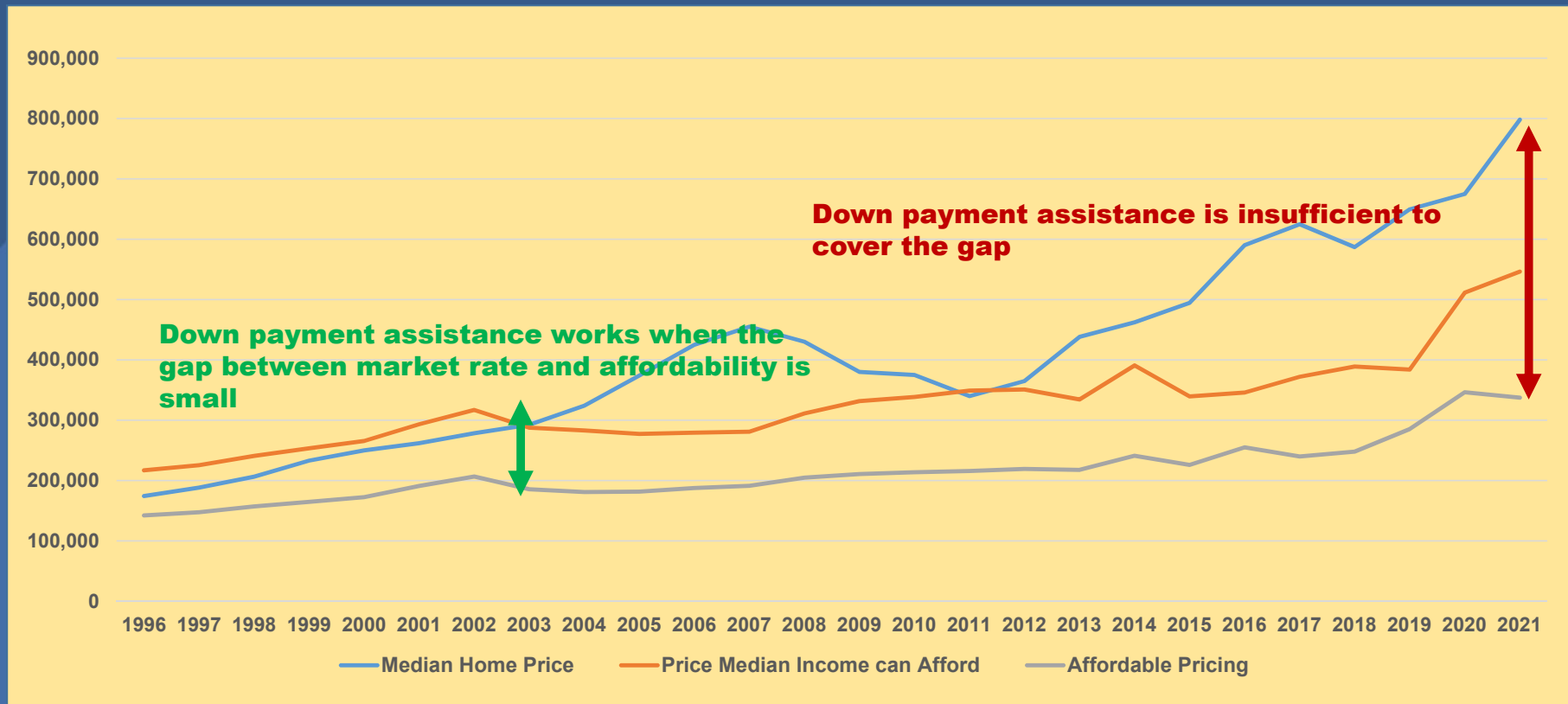


PERMANENTLY AFFORDABLE = Reduce price/control price increase

(Also known as Shared Equity or Resale Restricted or Subsidy Retention)

- **Resale formula**
- **Ensures on-going affordability**
- **CLTS, Some Habitat affiliates**

Different tools for different market conditions



What We Do



**We Build
& Rehab
Homes**



**We Subsidize
the Price
to What is
Affordable**



**Land is
Owned
Collectively
through the
Trust**



**Home
Purchased
with Fixed-
Rate Bank
Mortgage**



**Owners
Lease the
Land for
a Small
Monthly
Fee**

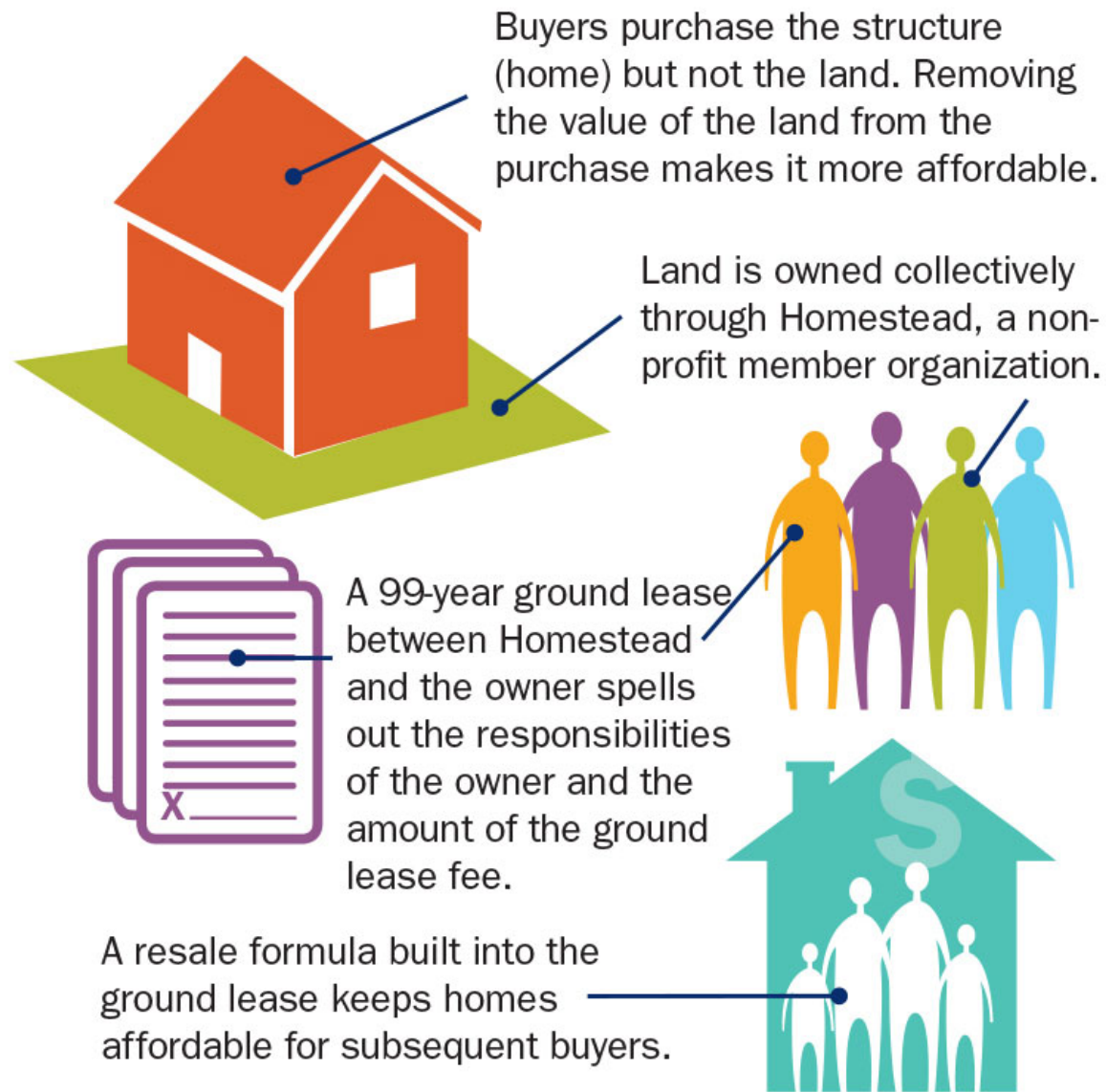


**Owners
Resell at
a Formula
Price, Still
Affordable**

How it Works

Community Land Trust homeownership subsidizes the initial price of the home and controls the future cost increase through agreements with the buyers

Ground leases are used when the home sits on land. When land is shared, such as in a condominium building, we use a covenant.



Who Qualifies

Qualified applicants to our program are:

- First-time homebuyers – Have never owned a home or have not owned within the last three years
- Income lower than 80% AMI (Area Median Income)
- Make more than \$50,000 per year (with exceptions)
- Qualify for a conventional 30-year mortgage from a participating lender (ITIN or Halal financing)
- Contribute 1% of the home price as down payment
- Minimum income qualifications are determined for each home as well



Income Qualifications

Area median income as defined by the United States' Housing and Urban Development (HUD). In real dollars, 80% AMI means:

Individuals in your household	Yearly Gross Household Income (before taxes) cannot be more than:	Monthly Gross Household Income (before taxes) cannot be more than:
1	\$66,720	\$5,560
2	\$76,250	\$6,354
3	\$85,800	\$7,150
4	\$95,300	\$7,942
5	\$102,950	\$8,579
6	\$110,550	\$9,213
7	\$118,200	\$9,850
8	\$125,800	\$10,483

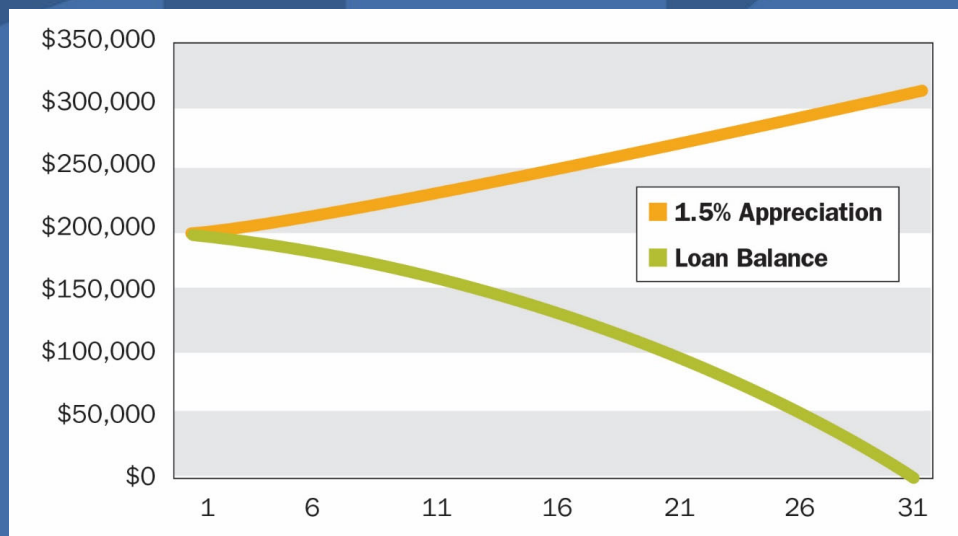
Source: HUD 2022; income limits are adjusted each year in April



How do our homeowners build wealth?

Let's say you buy your home for \$200,000 and in the tenth year you decide to sell it. Your maximum formula resale price would be \$221,968 (\$200,000 + 1.5% compounding annually).

Your equity at the time of sale would be roughly **\$67,026**. This is made up of both the 1.5% formula increase (\$32,108) and the amount of your loan that you have paid off (\$34,918) over those ten years. The equity amount does not account for your share of closing costs at the time of sale.



Our model works with many home types



Renton: Net-Zero Energy townhomes, 3- and 4-bedrooms, 12 homes in Phase I.



Tukwila: Net-Zero Energy cottage homes, 11 affordable; five market rate.

Scattered Site Single Family



VILLAGE GARDENS
CENTRAL DISTRICT, SEATTLE



Seattle: Condominiums





Community and homeowner governance

Centering the voices of those we serve in decisions that affect them

Homestead Community Land Trust Governance



New Developments Have Homeowners Associations



Stewardship preserves affordability

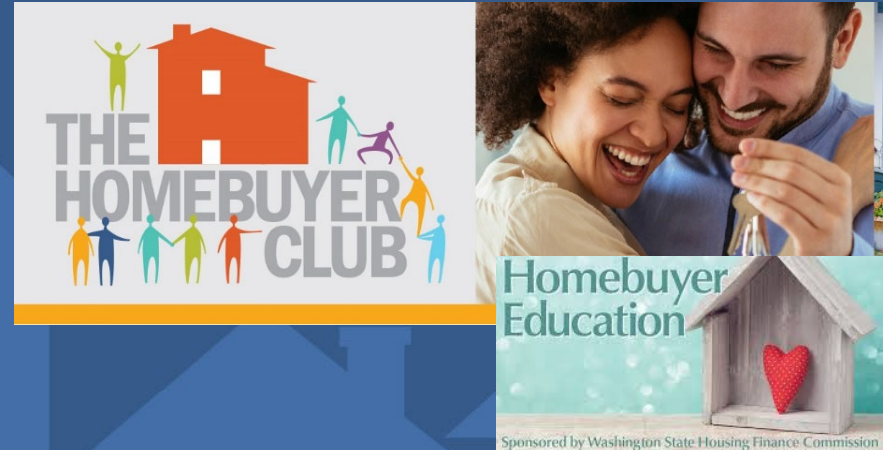
Informed homebuyers

Education & Purchase Support

- Is homeownership right for me?
- Purchase support
- Being part of an HOA

Supported homeowners and neighborhoods

- Household support (financial distress, maintenance resources)
- Re-selling to an income-qualified buyer
- HOA support



Low foreclosure rate

Less than
1%



245

Homes in Trust
(Permanently
Affordable)



total ownership
opportunities created

300



58%
BIPOC ownership
rate compared with
26% King County

LOW FORCLOSURE RATE



What cities can do to advance affordable homeownership

Policy

- **Homeownership in the continuum of housing (three legs of the stool: shelter, subsidized rental, affordable homeownership)**
- **Access to homeownership as a racial equity issue**

Public Subsidies

- **Protect the State Housing Trust Fund and advocate for homeownership**
- **County funding source, in the form of grants not interest bearing loans**
- **City funding mechanism (\$30K to \$50K per home)**
- **Contributing land at no or low cost**
- **Advocacy with State and County on behalf of specific projects**

Zoning and Incentives

- **Permit townhomes, duplexes, triplexes**
- **Property tax exemptions**
- **Reduced or waived permit fees**
- **Reduced or waived impact fees**

Continued.....

What cities can do to advance affordable homeownership

Land Use

- Streamlined subdivision process; no requirement for advance infrastructure improvements
- No requirement for off-site infrastructure upgrades
- Streamlined permitting process
- Permit the whole subdivision not individual homes
- Internal ombudsperson to assist with system obstacles

Inclusionary-Density Bonus

- Increase density in exchange for 3 or more homes (up to 10%)
 - Require resale-restricted model for homeownership
 - Award stewardship to nonprofit organization

Corporate Partnerships

- Advocate for bank grants, community foundation support
- Major employers, corporations – direct investments, philanthropic support

Advocacy

- Advocate for condominium law reforms

CLOSED DOORS:

The Crisis of Supply
of Affordable
Homeownership in
Washington State



Report and online Tableau dashboard
that examine prices, inventory and
the crisis' disproportionate impact
on homeownership opportunities
for Black, Indigenous and People of
Color Households

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ClosedDoorsReport.com

Thank you for your interest!

Kathleen Hosfeld, Executive Director
kathleen@homesteadclt.org