An alternative, affordable housing solution providing a permanent asset and sustained investment (equity) over time.
What is a Community Land Trust?

• A community land trust (CLT) is a nonprofit, community-based organization committed to the permanent stewardship of land and the permanent affordability of housing and other buildings located upon its land.
What is a Community Land Trust? continued

- A chance for low to moderate-income families to reach their dream of homeownership
- Provides an immediate and safe path to ownership with an opportunity to begin building equity
- Simultaneously preserves affordability for future generations with the 99-year land lease
Ownership

Property Interests in the Land Trust

- Ohio: Community Land Trust owns fee simple interest in the land.

- Community Land Trust and Land Trust Homeowner enter into a 99-year lease for the dwelling:
  - Secure Property Interest (recorded with County)
  - Inheritable
  - Mortgageable
### Key Features of a Community Land Trust Land Lease

- Support and Intervention if homeowners begins to default on loan
- Promotion of sound maintenance and repairs
- Equity building for Community Land Trust homeowners from day one of ownership
- Facilitating re-sales to assure affordable occupancy and sound mortgages
### Key Features of a Community Land Trust Land Lease, continued

- Affordable pricing, affordable mortgages, and ongoing support to lower risk for lower income homeowners
- Requirement of owner occupancy
- Involvement in Community Land Trust homebuyers’ mortgage decisions, at first mortgage and any re-financing
- Pre- and post- purchase homebuyer education
### Impact of Community Land Trust Resale Price

- The house remains affordable at resale with no new subsidy.
- The sale price compared to market values of comparable properties is favorable enough to insure a pool of interested buyers.
- The loan-to-value ratio of the home is very favorable for the new buyer’s mortgage financing.
### 3 Steps to Understanding the COCLT Resale Model

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>COCLT Homebuyer #1</td>
<td>Appraisal at the time of purchase: $200,000</td>
</tr>
<tr>
<td>2</td>
<td>COCLT Homebuyer #1 Resale in 7 Years</td>
<td>New appraisal at resale time: $250,000</td>
</tr>
<tr>
<td>3</td>
<td>COCLT Homebuyer #2</td>
<td>Homebuyer #2 purchase price: $162,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Original selling price</th>
<th>$200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homebuyer #1 purchase price</td>
<td>$150,000</td>
</tr>
<tr>
<td>Homebuyer #2 purchase price*</td>
<td>$162,500</td>
</tr>
</tbody>
</table>

#### Homebuyer #1

**Shared appreciation formula**

- Appraisal at resale: $250,000
- Appraisal at original purchase: $200,000
- Fair market appreciation: $50,000
- Homebuyer #1 share is 25%: $12,500

**Equity in the home**

$35,000

Includes:

- Down payment: $4,500
- Mortgage amortized over 7 years**: $18,000
- Shared appreciation: $12,500

* COCLT will cover the difference between the original selling price and what the homebuyer can afford up to $50,000.

** Homebuyer #1 agrees to a land lease with COCLT and to 25% of shared appreciation. This is the appraised fair market appreciation that occurs between initial purchase and resale.

*** Homebuyer #1 equity is per land lease agreement with COCLT.

**** Based on a 5% interest, 30-year mortgage

***** Determined by original sale price plus shared appreciation earned by homebuyer #1 ($150,000 + $12,500)
• The City of Columbus and Franklin County Land Banks have an inventory of vacant parcels due to demolition programs since 2012.

• Market Interest Rate is high in areas where the Land Banks own vacant land.

• Holding the parcels, for the best end use is a priority.

• The Central Ohio Community Land Trust (COCLT) is formed to offer a housing model that keeps houses permanently affordable with an initial investment.
Land Bank Vacant Lots

- **Inventory**: Total inventory of 1750 vacant lots, primarily central city, single-family lots.

- **Opportunity**: Tremendous opportunity to utilize the lots to promote affordable housing and community redevelopment.

- **Acquisitions**: Expect a drop off of new acquisitions, especially structures for renovation.
Columbus, Ohio

- The 14th Largest City in the United States
- The 2nd Largest City in the Midwest and made up of 142,790 acres
- 10% growth in the last 7 years (900,000 residents)
- #1 Real Estate Market Sales in March 2019, #3 in July 2019
- Consistently in the top 10 of the Real Estate Market sales- last 3 years
- Average Sales Price - $253,531
- Average House Rental - $1,600/month
As of June, 2019
Highpoint on Columbus Commons

**Studio**: 525 sq ft. up to $1,976 mo.
**1 Bdrm**: 704 sq ft. up to $2,547 mo.
**2 Bdrm 2 Ba**: 1,141 sq ft. up to $3,965 mo.
Listings for Houses and Condos built between 2015 and 2019 within I-270

All Price Point Listings: 107
$200K & Below Listings: 5

*All within one subdivision in Obetz*
Three examples on one block on N. 21st between Long and Mt Vernon:
## General Principles of the COCLT

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Recognize this is one tool in the toolbox to provide a solution to the lack of affordable housing in Franklin County-</td>
</tr>
<tr>
<td>2.</td>
<td>Provide opportunity for working families to purchase homes under $200,000 dollars</td>
</tr>
<tr>
<td>3.</td>
<td>Promote Mixed Income Communities – where everyone can benefit from areas that are starting to show stabilization and revitalization.</td>
</tr>
<tr>
<td>4.</td>
<td>Provide a one-time initial investment for a project and provide long term sustainability. Benefits to the first homebuyer, and subsequent homebuyers who follow.</td>
</tr>
<tr>
<td>5.</td>
<td>Sell COCLT homes for a reasonable purchase price/base price and stop competing with appraisal pricing.</td>
</tr>
</tbody>
</table>
General Practices of the COCLT

1. Launch the COCLT with our nonprofit housing partners for development of new homes.

2. Prioritize projects where the land banks already own parcels and develop in areas where there is clearly an increase in market rate home sales.

3. Require homebuyer education as part of the COCLT homebuyer process and work with our HUD-Approved Counseling Agencies. Require an income eligibility requirement (up to 120% AMI)
## General Practices of the COCLT, continued

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.</td>
<td>Provide a consistent homebuyer experience for everyone that inquires about purchasing a COCLT home.</td>
</tr>
<tr>
<td>5.</td>
<td>Provide a write down on the purchase price to make the home affordable for an income eligible buyer, up to 50,000 dollars.</td>
</tr>
<tr>
<td>6.</td>
<td>List properties on the MLS, provide opportunity to everyone that qualifies.</td>
</tr>
<tr>
<td>7.</td>
<td>Work with developers and stakeholders to make the numbers work between what it costs to build a home, and what homebuyers can afford.</td>
</tr>
</tbody>
</table>
### Community Land Trust Effectiveness Across Markets Over Time In U.S.

April 2019 Lincoln Institute of Land Policy Working Paper:

- Data from 58 Shared Equity Homeownership Programs, primarily Community Land Trusts, 4,108 properties over past 3 decades

- Sales and resales analyzed in 4 housing market periods (pre-boom, housing boom, housing bust, housing recovery)
Community Land Trust Effectiveness Across Markets Over Time In U.S., continued

Key Findings:

• Affordability is achieved for both first purchases and resales of shared equity housing.
• Homeowners accumulate equity through shared equity models, with low initial investments.
• Shared equity models mitigate risks for lower income homeowners (though not eliminating it)
• Shared equity models create stable housing opportunities for homeowners.
• Shared equity programs increasingly serve households of color, female headed households, single parent households
Why would a Land Bank add a Community Land Trust component to its organization?

- The Land Bank already is a landowner.

- The Land Bank has support by DTAC dollars and is an organized, known entity throughout the community.

- The Land Bank is already part of community re-vitalization and stabilization and can be one of the first to identify tipping point neighborhoods.

- The Land Bank can play a role in the balance that is needed for market rate projects and affordable housing projects to achieve true mixed income communities.
Why would a Land Bank add a Community Land Trust component to its organization?

• The land bank can strategically consider projects for preserving affordable housing before it is needed and hold properties for future development.

• Example:
  Victorian Village, Short North, Italian Village were all areas in Columbus that were once low-income neighborhoods...
  They are now areas that have apartments being priced at approx. $1,000 per bedroom, and single residential homes are being sold for $400,000.