Community Land Trusts: Permanent Affordability vs Displacement

From Urban Displacement Project
Community Land Trust
Permanent affordability

Example 2008-present

NCLT’s Mariposa Grove:

CLT Affordability vs Market
Mariposa Grove Example

- NCLT's Mariposa Grove:
  - Community Land Trust
  - Permanent affordability
Community Control through ground lease

Many Projects can be under the CLT umbrella

Community Land Trust role is to steward land under MANY projects guarantee affordability and long term support as needed
CLT Effectiveness:

Value of Community Equity and Resident Equity

- NCLT Mariposa Grove project
- No additional subsidy since 2008

Community Equity
Mortgage
Resident Equity
Finance Structure and Working with lenders

Finance sources:
- Community lenders
- Seller financing
- Investment pools
- Equity

Acquisition Funds:
- 60% LTV 1st Mortgage
- 40% “Equity”
  * Cash
  * Subsidy funds
  * Private investment
  * Donations / bargain sales
CLT’s support many social and legal structures

Social Structures
- Collective
- Co-housing
- Intentional community
- Intergenerational household
- Shared Living
- “Coop”
- consensus

Legal Structures
- Limited Equity Cooperative
- Stock Cooperative
- Resident controlled non-profit
- Condominium
- Tenancy in common
- LLC
- Non-profit rental
Mariposa Grove Case Study

CLT Limited equity condo

- Resident ownership of buildings, homes, etc., provides security, equity, and inheritance rights.
- 99-year "ground lease" ensures exclusive use of the land, and continued affordability through resale price restrictions.
- Community ownership of the land ensures community interests - in rebuilding, affordability, protection from speculators, and common uses.
Mariposa Grove Case Study

Legal Structure:
- Acquisition: CLT – Resident Development LLC
- Permanent: Limited equity condominium on CLT land

Social Structure:
- Intentional community with co-housing focus
- Indiv. apts with common house and gardens
Mariposa Grove Case Study

Acquisition Capital Structure:

- 60% LTV acquisition commercial loan
- 30% NCCLF (CDFI) Loan
- 5% resident cash
- 5% NCLT equity

**Plus** $750,000 equity donation / bargain sale

**END LOANS** – 20% NCLT down-payment fund, 10% alternative plus resident down payment, 20% donation, 60% mortgage
Permanent Capital Structure:

- $750,000 (approx 20% project cost) subsidy embedded in CLT
- Each unit affordable for by 80% AMI household
  - 20% NCLT Down-payment fund (CalHome)
  - 10% resident downpayment and sweat equity
  - 20% (land donation/perm subsidy)
  - 50% conventional mortgage
CLT Effectiveness:

- 2009-10 > 2018 AMI +36%
  - $66,250 to $89,600
- Real Estate Prices (median price in Oakland) +115%
  - 2009-10 = $350,000
  - 2018 = $745,000
- Average sales price $250,000 (before Down payment assistance) > with AMI inc $340,000
- Resident > $90,000 gain
- Community > $305,000 gain (“community equity”)
- 0 displacements, 0 foreclosures, 100% community owned
Land is life...

...Let's share it

Northern California Land Trust  nclt.org  3120 Shattuck Ave. Berkeley 94705
What is Affordability based on?

<table>
<thead>
<tr>
<th>% of Area Median Income (AMI)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;50%</td>
<td>Very Low Income</td>
</tr>
<tr>
<td>&lt;80%</td>
<td>Low Income</td>
</tr>
<tr>
<td>&lt;120%</td>
<td>Moderate Income</td>
</tr>
<tr>
<td>&lt;165%</td>
<td>Middle Income</td>
</tr>
</tbody>
</table>

The Median Family Income for a Family of 4 in Alameda County in 2018 is $104,400

VLI 1 person = $40,700
ELI 1 person = $24,000
Low 1 person = $62,750
• Community and smaller banks that portfolio loans: locally CBB, Presidio, Beneficial, (slightly larger) Silicon Valley, Bank of Marin, Bank of the West

• CDFI’s and community loan funds: NCCLF, Clearinghouse, Self Help Credit Union, NHT (National Housing Trust) / ICE

• Private lenders (hard money or asset backed lending),

• philanthropic / community lending
Community Co-Ownership Initiative (CCOI)

- NCLT / POCSHN (People of Color Sustainable Housing Network) program to provide cooperative / community ownership and leadership training through workshops, outreach and 1-1 technical assistance
- nclt.org/ccoi and learn.nclt.org
NCLT is a community land trust providing California families permanently affordable housing and community facilities since 1973.

www.nclt.org  FB @NorthernCaLandTrust/