

Community Land trusts in Boston

Community Land Trusts: *How do they work?*



Buildings (residential or commercial) are owned by individuals. Because they pay only for the structure, and not the underlying land, purchasing the building is more affordable.

Land is owned by the Community Land Trust, which is governed by a non-profit board.



A 99-year ground lease between CLT and owner ensures owner-occupancy and responsible use and outlines fees paid to the CLT.

A resale formula built in to the ground lease is designed to keep homes affordable for subsequent buyers.



Homeownership on a CLT



Family owns the home

- Home can be passed on to children
- 100% of improvements are added to the value of the home to increase homeowner's equity
- Homeowner can access equity loans and refinance while he/she lives in the house
- Homeowner makes decisions about upgrades, repairs, paint color, etc.
- Homeowner pays property taxes at residential exemption rate
- Homeowner receives federal tax deductions for mortgage interest and property taxes

Community Land Trust owns the land

- Due to 99-year deed restriction, homeowner must sell to another income-qualified, first time homebuyer (or back to CLT who runs a lottery for the sale)
- CLT works with homeowner and bank to avoid foreclosure
- CLT and CLT community provide support and counseling around debt, home repair and other issues affecting family's stability

What happens in case of a foreclosure?

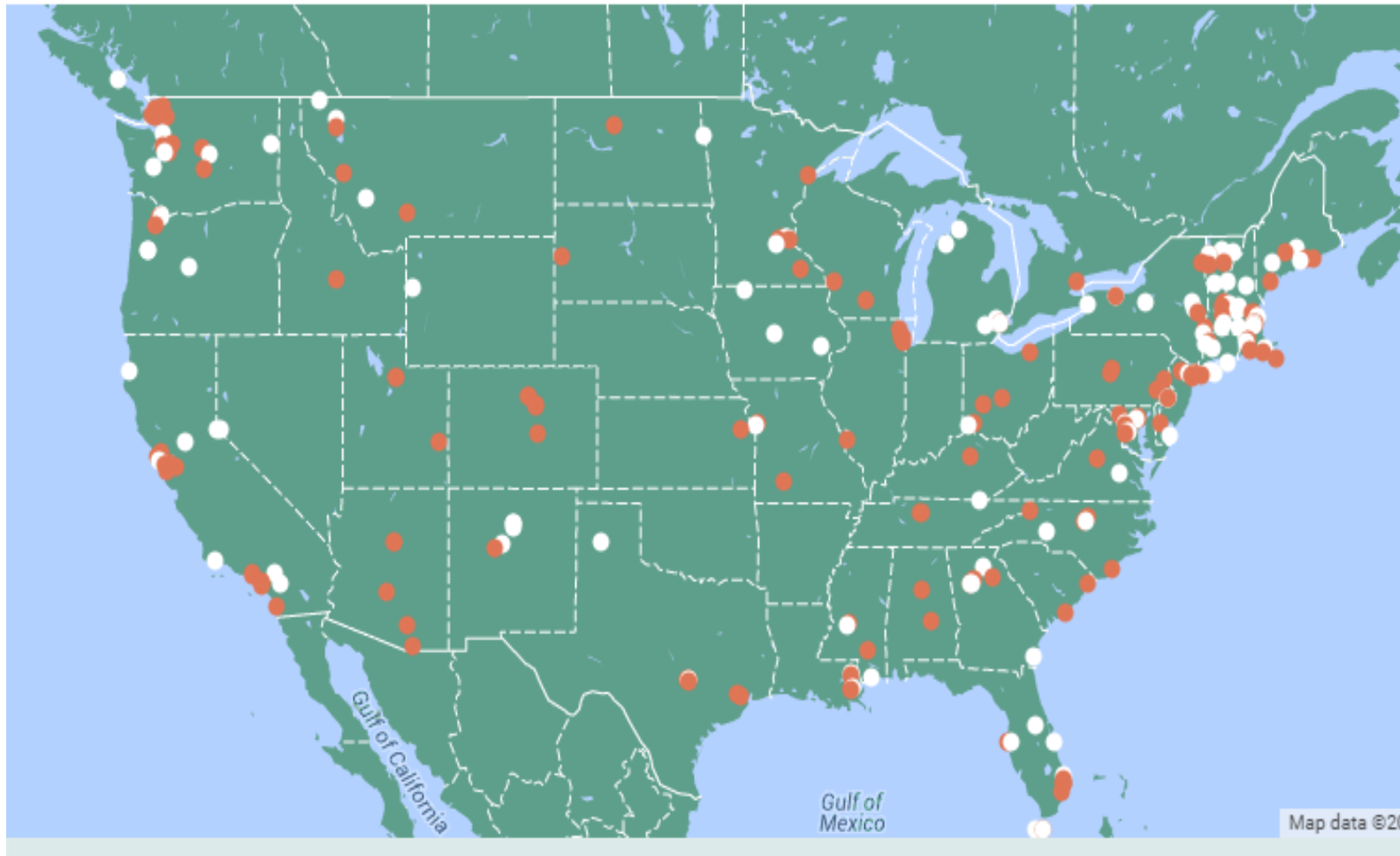
- The CLT ideally (and so far this is true for all DNI cases) will work with the homeowner to get connected to foreclosure counseling and get the owner back on track with payments. Because CLTs charge a monthly ground lease fee, not getting that payment is a great way to alert the CLT that the homeowner is having financial difficulties and to work with them preventatively
- If the homeowner is unable to get a loan modification or get caught up, the bank must give the land trust 90 days to cure the homeowners' debt.
- After 90 days, the land trust has 30 days to buy the home in a short sale before the bank can foreclose.
- Once those 30 days are up, the land trust and bank will work together to do everything possible to sell the home to another income-qualified homeowner.
- If that is not possible, the deed restrictions are lost at foreclosure and the bank can resale for market rate. However, in DNI's history, the banks have not chosen to give up the deed restrictions after our 4 foreclosures.

8 Lender Forum



- We had 27 institutions and community partner organizations attend a lender forum hosted by the Greater Boston Community Land Network in June 2016.
- Panel included Boston Private Bank, Equity Trust and national CLT consultant, Michael Brown
- Since then we have been working with 4 of the banks that attended to work on the details of lending to CLT homeowners on the Dudley Neighbors, Inc. Community Land Trust.
- We are continuing our relationship with Boston Private Bank who has been a key lending partner for DNI homeowners, and have developed products with Santander and One United Bank.
- Santander and Citizens are offering the loan products they already had; One United has developed a CLT-specific project.

over 260 CLTs
across the US
growing



Community Land Trusts Massachusetts

- Worcester Common Ground, Worcester
- Bread and Roses, Lawrence
- Holyoke CLT, Holyoke
- Berkshire Community Land Trust, Great Barrington
- Amherst Community Land Trust, Amherst
- Valley Community Land Trust, Greenfield
- CLT of Cape Anne
- Arise for Social Justice, Springfield
- Housing Nantucket
- Falmouth Housing Trust, Falmouth
- Andover Community Trust, Andover
- Dudley Neighbors, Inc., Boston
- Chinatown CLT, Boston

What is coming
for DNI?



Staff and board team

- Up to 95 homeowners interested in refinancing or selling their homes to other income-qualified buyers
- 3-4 story commercial building (RFP closes July 2016)
- Expanding our community land trust outside of the Dudley Triangle including:
 - 10 new construction homeownership units in 2017
 - 10-15 new construction homeownership units in 2018

Supporting other land trusts around Greater Boston in their formation and development!

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The Greater Boston Community Land Trust Network is made up of 11 organizations exploring and/or implementing the CLT model including:

- **COHIF (The Coalition of Occupied Homes in Foreclosure)**
- Goal of CLT: buy scattered site foreclosed and at-risk properties occupied by low and moderate income individuals and families and convert the properties into permanently affordable housing.
- Lending opportunity: acquisition financing (to purchase the properties) and then construction/perm financing to rehab and operate the properties long term. In the future hoping to include homeownership
- **The Urban Farming Institute**
- Goal of the CLT: hold developed farm sites or land ready to be developed as urban farms in Boston, protect the use as farms and lease them to individual farmers to grow for the market.
- Lending opportunity: Capital to purchase land or or to make capital improvements on leased (long term) land and start up funding for farming enterprises.
- **Chinatown Community Land Trust**
 - housing for very low-income tenants, preserving cultural spaces, rehabbing and preserving historic row houses as affordable housing

Organizations in Somerville, Roxbury, Mattapan and along the Fairmont Corridor are also exploring land trusts for homeownership and rental housing, commercial space, community gardens and urban farms.