



Community Land Trust Presentation
Turning the Corner
Steering Committee Meeting
November 30, 2018

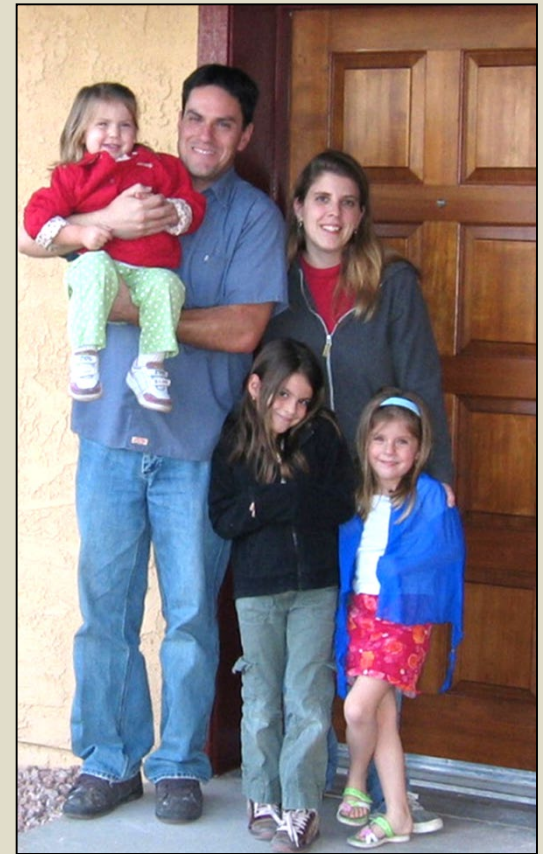
Newtown CDC

- 501 (c)(3) nonprofit (1994)
- CHDO board structure
- Community Land Trust (2001)
- 136 CLT homes: Chandler (62), Glendale (2), Scottsdale (10), and Tempe (62)
- HUD-Approved Housing Counseling Agency (2008)
- Serve Phoenix metro area



Community Land Trust

- Proven model for creating permanently affordable homes
- Homeownership opportunities for future lower income homebuyers
- Land is removed from the market, held by CLT to benefit community
- Subsidy used to create affordability stays with the land - protected
- Over 225 CLTs in US



Community Land Trust

- Buy for below market value
- Buy improvements, lease land
- 99-year renewable lease
- Homeowners agree to restricted sale price



- Balances preservation of affordability and opportunity to build wealth through homeownership
- Owner occupancy required and transfer to income eligible buyer

CLT Stewardship

- Stewardship / backstopping
- Ongoing support helps ensure successful homeownership
- Lower rates of delinquency / foreclosures compared to non-CLT homes
- High cure rates
- Newtown's stewardship
- Refinancing / resales



Newtown Resale Formula

- Appraisal-based formula
 - Based on value of improvements & land
- $\text{Appreciation} = \text{new appraisal} - \text{initial appraisal} \times 25\%$
- $\text{Resale price} = \text{appreciation} + \text{initial price}$
- 20 resales / average net proceeds > \$28,000



Newtown Resale Examples

New appraised value	\$ 221,000
Initial appraised value	112,000
Appreciation	109,000
X 25%	27,250
Initial purchase price	90,000
Resale price	\$ 117,250

Newtown Resale Examples

New appraised value	\$ 112,000
Initial appraised value	240,000
Appreciation	0
X 25%	0
Owner's Loan Bal	93,000
Resale price	\$ 112,000

Newtown Resale Examples

New appraised value	\$ 197,000
Initial appraised value	135,000
Appreciation	62,000
X 25%	15,500
Initial Purchase Price	109,000
Resale price	\$ 124,500

Subsidy Financing

- CHDO HOME, HOME, CDBG, NSP, HTF, Land
- Subsidy stays with the land - secured by Land Use Restrictive Covenant for period of affordability – between Newtown and funding source
- Ground lease secures resale restrictions
- Newtown also records performance DOT



Contact Newtown

(480) 517-1589

www.newtowncdc.org

allen@newtowncdc.org

