



One of the 10 homes built for and sold by the Hannibal Square Community Land Trust in Winter Park; highlighted in the Summer Conference 06' issue of the Housing News Network Journal.

Community Land Trusts: *On the Move in Florida*

BY GLADYS SCHNEIDER
FLORIDA HOUSING COALITION

Just one year ago in Florida, there were 17 community land trusts and the formation of 12 more were being considered by various local governments or housing nonprofit organizations. This year, 24 community land trusts are in operation and 10 are in exploratory stages. The Florida Community Land Trust Institute and the Florida Housing Coalition have been assisting both established and exploratory Community Land Trusts around the state, with particular emphasis on those issues raised at the Florida CLT caucus.



COMMUNITY LAND TRUSTS
COORDINATED WITH
INCLUSIONARY HOUSING
PROGRAMS

Community land trusts were formed and considered for many reasons. Over the past three years CLTs were contemplated in Florida as a response to out of control property value inflation. They were also viewed as an adjunct to inclusionary housing ordinances under consideration around the state. One of the most important rationales for the community land trust model is to provide a permanent inventory of affordable housing.

At the Florida Community Land Trust Caucus, sponsored by SunTrust and held at the Florida Housing Coalition's annual conference last September, participants addressed a variety of issues of common concern. The most pressing was the ad valorem tax issue, which is presently being re-addressed by the 2008 legislature (see sidebar on page 23). The caucus participants also touched on the critical need for CLT homebuyer education, sufficient operating funding for the community land trust, and the know-how to set price points. At the caucus, we announced the launch of the Florida CLT blog, hosted by the Florida Community Land Trust Institute. This site is an opportunity for community land trusts and the curious to post questions and comments as well as link to valuable sites and resources.

Many Florida communities are examining inclusionary housing ordinances not only to create a more balanced share of affordable housing, but also to create a sustainable inventory. Several communities, including the City of Destin, Palm Beach County, Martin County, and St. Lucie County view the community land trust as the receiving end of housing units that are mandated under some type of land use requirement for the production of affordable housing units. In Monroe County, funds that have been generated from a fee in lieu provision have been transferred to the Middle Keys Community Land Trust to offset impact fees for the Woods Corner Plantation CLT project. In Lee County, linkage fees have been considered for both residential and commercial projects, with the funds used for CLT activities, including land acquisition.

HOW TO USE THE BLOG

Log on to our website, www.flhousing.org and click on Nonprofit Developer Tools. Scroll down to the Community Land Trust Blog link which will take you to floridactinstitute.blogspot.com.

Continued on page 18

RESALE FORMULAS FAVORED IN FLORIDA: APPRAISAL, INDEX, AND HYBRIDS

As any community land trust enthusiast has learned, the development of the ground lease is an extensive exercise in legal, economic, and organizational planning. This document provides for the renewable 99 year term for the land beneath the affordable unit. The resale formula contains the specific language required to establish the shared equity position of the land trust. This identifies how much the community land trust homebuyer can expect to receive upon resale of the home. An informal survey of Florida's community land trusts indicates that most employ an appraisal method to establish the proportionate share of the appreciation that will belong to the home seller. Many utilize a simple 25 percent of appreciation share. That is, the home is appraised at initial purchase and again at the time of resale. If the initial appraisal of the improved portion of the home is for example, \$150,000, and by the time of the resale, the appraisal is \$200,000, then the appreciation amount is \$50,000. The seller would be entitled to 25 percent of \$50,000, which is \$12,500. The purchase proceeds will also cover the first mortgage balance and in some optional cases the down payment and equity of the buyer. Several CLTs who utilize the appraisal method allow for an increasing share the longer the home is owned.

For example, in Citrus County, the share is 25 percent for the first five years. After that, the share increases annually until it is capped at 50 percent after 10 years of ownership. This method encourages stability and rewards the CLT homeowner for longevity in the home. An alternative that is less frequent is the index method. An index factor, for example, income level or CPI is applied on an annual basis. This method encourages long-term ownership but since the amount is basically guaranteed, there must be incentives built in to ensure that the homes are properly maintained. In one CLT, an index method of 3 percent annually is employed, which caps in ten years. This will encourage short term stability and encourages residents to move into other housing choices after a decade.

PUBLICLY OWNED LAND SUBLEASED TO COMMUNITY LAND TRUSTS

Not all land that is developed for affordable housing must be owned by the CLT. In fact, land can be owned by a local government, leased to a CLT, who then subleases the land to its lower income buyers. While this might sound like "public housing," it is in effect a great way to ensure permanent affordability and tax exempt status for the ground portion of the property.

CLT STORIES FROM AROUND THE STATE

SOUTHWEST FLORIDA

CHARLOTTE COUNTY: PEACE RIVER COMMUNITY HOUSING TRUST. In just over one year, the land trust used Hurricane Housing Recovery and Homeownership Pool (HOP) funds to purchase land and build 10 homes in Punta Gorda and Charlotte County. Buyers tend to have very low or low incomes and did not income qualify for more costly housing solutions.

LEE COUNTY HOUSING DEVELOPMENT CORPORATION/CLT. Using funding from the Florida Housing Finance Corporation CLT demonstration program, the CLT is preparing to close on the first of seven homes in Fort Myers. Partners also include Lee County SHIP, Homeownership Pool (HOP), and the City of Fort Myers



*Charlotte County puts **community** in community land trust.*

SHIP. These scattered site single family homes will serve buyers with very low to low income ranges with first mortgages of approximately \$52,000.

SARASOTA COMMUNITY HOUSING TRUST. The CHT has completed 10 homes and is working on development plans for 82 new townhomes and condominiums in three locations in downtown Sarasota. Two of the projects will be located on County-owned land, the third on City-owned land. The City and County have offered to assist with predevelopment expenses. Two of the projects are funded by the CWHIP program. The CHT also provides homebuyer training and credit counseling. The CHT works with local housing providers such as Goodhomes of Manasota and Habitat for Humanity.

HABITAT FOR HUMANITY OF KEY WEST AND THE LOWER KEYS. Habitat uses the CLT model for its homes and has just been awarded a 99 year lease on land and is working on a similar arrangement made last year on two tracts that would result in 12 and 16 homes.



Middle Keys Community Land Trust Woods Corner under construction.



Habitat for Humanity Community Land Trust Duplex



Habitat for Humanity Community Land Trust Triplex

SOUTH FLORIDA

MIDDLE KEYS COMMUNITY LAND TRUST. Recently honored as one of the area’s “Unsung Heroes” by the Community Foundation of the Florida Keys, the land trust is completing a 16 unit complex called Woods Corner in Islamorada. Part of the impact fees on this project are being offset by a transfer from Monroe County of inclusionary housing fee proceeds in the amount of \$53,000. Woods Corner is also a “green” community for low and moderate income households with units priced from \$130,000 to \$190,000. Partners in the Woods Corner project include the Village of Islamorada, which donated the land, the Florida Housing Finance Corporation (HOME), and Monroe County (SHIP). When Woods Corner is completed, the land trust will have constructed 24 homeownership units. In addition, they own and manage an affordable rental property with 14 units.

BAHAMA CONCH VILLAGE COMMUNITY LAND TRUST, KEY WEST. Florida’s oldest CLT, this organization was recently awarded a 99 year lease from the City of Key West to develop 6.6 acres of land for 60-70 units of affordable housing and other mixed uses. The CLT has completed 7 out of 15 single family homes plus owns and manages a variety of apartments and single room occupancy units in the village at the heart of old Key West.



Lafrance Sr. Apartments Grand Opening- a Delray Beach CRA property managed by the Delray Beach Community Land Trust.



Delray Beach CLT house warming.

DELRAY BEACH COMMUNITY LAND TRUST

2007 was a great year for the Delray Beach Community Land Trust! We achieved a level of success that exceeded everyone's expectations. The tremendous level of support that we have received from all corners of the community is the primary reason for all of our accomplishments during our second full year of operation. The City of Delray Beach and the Community Redevelopment Agency have been the primary sponsors of the DBCLT, providing land, financing for home construction and acquisition, and technical support. Our membership ranks swelled to over 450 members this year, and reflects the wonderful diversity of the City of Delray Beach.

The DBCLT has received a total of 46 single family lots from the CRA and the City. Twenty-one new homes have been constructed to date, and another 16 homes are currently under construction. Over 200 individuals and families have applied for DBCLT home ownership opportunities, since our inception and we have been able to secure mortgage commitments for a large percentage of those families. We continue to provide counseling and support to the rest of the families that applied as they pursue the dream of home ownership.

*Joseph E. Gray
Executive Director
Delray Beach Community Land Trust*

SOUTHEAST FLORIDA

COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC.

This CLT has an agreement with Palm Beach County for operations funding and has hired its first executive director, Cindee LaCourse-Blum. The CLT is planning a board retreat and has asked the Florida Housing Coalition to facilitate the meeting. The CLT of Palm Beach is seeking opportunities for land trust projects throughout the county and will be in a good position to manage properties developed pursuant to Palm Beach County's inclusionary housing ordinance.

NORTHWOOD RENAISSANCE CLT. This neighborhood based CLT is completing 14 single family homes in West Palm Beach. This organization has a well rounded bank of activities including economic development and neighborhood work. Its housing programs include multifamily ownership and scattered site infill housing. There is a monthly CLT orientation meeting for prospective buyers to learn about the program.



621 32nd Street: recently completed Northwood Renaissance CLT home in West Palm Beach.



The Araujo's and their new home.



THE ALPHABET STREET CLT

The Alphabet Street CLT is a program of Adopt-A-Family and I am excited to report that we sold our first house in May of 2007. Our CLT is a neighborhood based CLT that has received support from the City of Lake Worth, The Lake Worth Community Redevelopment Agency as well as from the Tropical Ridge Neighborhood Association. Cristina and Rigoberto Araujo overcame tremendous odds to make their dream of home ownership a reality. The Araujo's were able to purchase the home with a mortgage amount just under \$100,000 - truly affordable housing. Since purchasing the home Cristina has been selected to serve as the Secretary of the Tropical Ridge Neighborhood Association and they recently were awarded the coveted "Tropical Ridge Yard of the Month." (the sign in the photo).

*Matt Constantine,
Director of Housing for Adopt-A-Family
of the Palm Beaches, Inc.*

HOUSING PARTNERSHIP, INC. This Palm Beach County organization is using funds provided through the Florida Housing Finance Corporation CLT demonstration loan project for ten new homes in Jupiter. Four of the 10 homes have now closed.

THE COALITION FOR ATTAINABLE HOMES, INC., INDIAN RIVER COUNTY, will use the community land trust model to work with Indian River County as well as municipalities to use surplus land for affordable housing. The organization is researching multiple opportunities for single family land trust ownership as well as town homes and condos. The Coalition for Attainable Homes is a broad representation of lenders, service providers and businesses including real estate. The Florida Housing Coalition recently provided technical assistance on a mixed use project in the community of Gifford that would provide 14 CLT units on site with a commercial grocery and office facility. The CLT hopes to work with private sector developers to fulfill affordable housing mitigation requirements.

NORTHEAST FLORIDA

ESCAMBIA COUNTY COMMUNITY LAND TRUST. The land trust has a variety of activities including housing, both owner and rental, education- life skills and credit counseling, and child care. These ambitious tasks form the organization's mission to build and strengthen the community in Pensacola and Escambia County. The CLT has purchased a 144 unit apartment building used for rental housing and operating support. The organization has acquired 10 parcels of land totaling 9 acres for future housing and community development. Ten families are in the process for homeownership.

FRANKLIN COUNTY HOUSING COALITION. This is a housing organization hoping to use the CLT ground lease model to provide housing for lower income families. As a coalition, the organization is working in a grass roots manner. The City of Carabelle recently donated two lots, one of which will have a home built by Habitat for Humanity.

GENERAL HOME DEVELOPMENT,

Two projects as they relate to Community Land Trusts

Our first is with Workforce Housing Ventures, a long running non profit serving both Pasco and Pinellas County. We are currently in the works for a number of New Homes with this partnership, utilizing the CLT formulas that were taught and discussed during the workshops offered by the Florida Housing Coalition. The CLT formula, combined with our attractively designed, energy efficient homes makes the opportunity of affordable units a reality.

Another project is with St. Petersburg Neighborhood Housing Services. Having worked with SPNHS over the years they turned to GHD for our guidance and resources, helping them secure the 10 lots for their CLT. SPNHS needed not only the backing to secure these lots but the builder who could construct and carry this project.

We are quite excited to be a part of these projects as we see this as a start to the solution in ever rising home costs.

*Jerome Hendrickson
GHD of Pinellas, Inc.*



CENTRAL FLORIDA

WESTSHORE ALLIANCE COMMUNITY DEVELOPMENT CORPORATION. This project is a CWHIP participant and will produce 57 Community Land Trust town homes in Tampa. Along with the Florida Housing Finance Corporation, partners include Neighborhood Lending Partners, and the Federal Home Loan Bank. The townhomes will sell for \$150,000 to \$160,000 with down payment assistance from the City of Tampa.

PINELLAS COUNTY. The Housing Finance Agency of Pinellas County has established a land trust program utilizing the 99 year ground lease for use with its for and nonprofit partners for a variety of owner or rental developments.

FLORIDA LOW INCOME HOUSING ASSOCIATES, INC. CITRUS COUNTY. This project involved the purchase of 10 existing homes from a builder utilizing funding from the Florida Housing Finance Corporation CLT demonstration. The homes were resold to buyers in the low to very low income range with a below market interest rate of 2 or 3 percent.

These homes have been closed and occupied as land trust homes. This project is an example of how to use the current market downturn to increase the supply of housing that is permanently affordable.

IN SUPPORT OF CLT SUCCESS

As communities in Florida continue to develop and use community land trusts as an integral part of their continuum of housing, we will continue to provide assistance, with particular attention to the following:

-  **Community Land Trust homebuyer counseling.** In addition to the counseling that all first time home buyers must have, it is essential that specialized training be available to ensure that homebuyers understand the differences between fee simple ownership and the restrictions on ownership present in the ground lease. It is also important to provide marketing materials that clearly differentiate between land trust housing and market rate housing.

 **Structuring subsidies for CLT units.** Since subsidies are often needed for both the buyer and the land portion of the project, it is important to ensure that funding requirements are met. For example, if SHIP funds are to be used for land acquisition, it is important that the jurisdiction's Local Housing Assistance Plan allow for subsidy to remain with the property through a series of potential income eligible buyers. When subsidy is provided to the buyer for the improvement, it is important that resale formulas account for either the repayment of the subsidy amount or its re-assignment to the new income eligible buyer. The market downturn has presented challenges to land trusts as market rate homes can now compete with appreciated restricted homes, reducing the pool of interested buyers. Most land trusts continue to serve very low and low income buyers rather than those with higher incomes.

 **Education of lenders, appraisers, originators, processors, title professionals.** These services are available but the staff are often unfamiliar with the peculiarities of closing a land trust deal. A training session for lenders and other closing professionals is recommended. Closing involving layered funding plus ground leases and other CLT documents can be cumbersome for even the most experienced housing provider.

 **CLT stewardship and operating fund.** Keeping the organization financially stable is an ongoing challenge. Community land trusts need sources of money for their own organizations, as well as a stewardship fund for assisting CLT homeowners with unexpected expenses which may arise from time to time. Sources of operating income include transfer fees on re-sales, developer fees, and community based fund raising activities.

 **CHDO training.** Many CLTs have been encouraged to become Community Housing Development Organizations. Benefits include eligibility for HOME set-asides as well as board representation by homeowners or low income representatives. The Florida Housing Coalition provides CHDO training as well as board of directors orientation and strategic planning workshops.

 **Emphasizing a sense of community.** The community land trust is a legal tool but the foundation for success for community land trusts is based on local support and homeowner participation. Neighborhood stability, pride, and a sense of belonging embody the spirit in the traditional land trust model. 

SENATOR BENNETT AND REPRESENTATIVE FITZGERALD HAVE FILED IDENTICAL BILLS (SB 796, HB 431) TO PROVIDE DIRECTION ON PROPERTY ASSESSMENT OF COMMUNITY LAND TRUST PROPERTIES.

193.017 Assessment of structural improvements on land owned by a community land trust used to provide affordable housing.

- 1) As used in this section, the term "community land trust" means a non-profit entity that is qualified as charitable under s. 501(c)(3) of the Internal Revenue Code and has as one of its purposes the acquisition of land to be held in perpetuity for the primary purpose of providing affordable homeownership.
- 2) A community land trust may convey structural improvements located on specific parcels of land to provide affordable housing, which are identified by a legal description contained in and subject to a ground lease having a term of at least 99 years, to natural persons or families who meet the extremely-low, very-low, low, and moderate income limits specified in s. 420.0004, or the income limits for workforce housing, as defined in s. 420.5095(3). A community land trust shall retain a preemptive option to purchase any structural improvements on the land at a price determined by a formula specified in the ground lease which is designed to ensure that the structural improvements remain affordable.
- 3) In arriving at just valuation under s. 193.011, a structural improvement that provides affordable housing on land owned by a community land trust and subject to a 99-year or longer ground lease shall be assessed using the following criteria:
 - (a) The amount a willing purchaser would pay a willing seller is limited to the amount determined by the formula in the ground lease.
 - (b) If the ground lease and all amendments and supplements thereto, or a memorandum documenting how such lease and amendments or supplements restrict the price at which the improvements may be sold, is recorded in the official public records of the county in which the leased land is located, the recorded lease and any amendments and supplements, or the recorded memorandum, shall be deemed a land use regulation during the term of the lease as amended or supplemented.

Section 2. This act shall take effect July 1, 2008.