

The Florida Community Land Trust Certification Program is Underway...

By: Ashon Nesbitt

The first community land trust certification program in the nation has been launched! With funding and collaboration from Freddie Mac, the Florida Housing Coalition's Florida Community Land Trust Institute, has launched a pilot CLT Certification Program. The expectation is that the work we do in Florida can be replicated throughout the nation in collaboration with the Grounded Solutions Network.

The announcement of the CLT Certification Program at the 2018 Florida Housing Coalition Annual Affordable Housing Statewide Conference generated a surge of interest in the conference's CLT-related caucus and workshops. Attendees learned about CLTs and heard directly from the GSEs and lending community about how the CLT Certification Program can drive investment in CLTs and how individual CLTs can scale to address Florida's desperate need for permanently affordable housing. The CLT Certification Program is launching just as communities across Florida create new CLTs at an unprecedented rate.

The Value of a CLT Certification Program

Both Fannie Mae and Freddie Mac have a core mission

to increase liquidity in underserved markets. Beyond that central purpose, the GSEs also have a statutorily mandated Duty to Serve. As a component of its strategy for meeting obligations under the Duty to Serve, Freddie Mac identified support for shared equity programs, including developing product flexibilities and guidelines that facilitate new mortgage originations under shared equity programs. Similarly, Fannie Mae is working to increase liquidity for shared equity models.

The GSEs recognize that in order to facilitate mortgage originations and increase liquidity in shared equity programs, lenders must have confidence in their ability to sell loans made to CLT purchasers on the secondary market.

The Florida Community Land Trust Institute CLT Certification Program, underwritten by Freddie Mac, evaluates community land trusts for best practices related to both documentation and procedures.

This will ensure Florida's CLT-owned properties are safe investments for lenders and give a high degree of comfort to local governments as they are asked to donate property to community land trusts. In 2006, the Florida legislature passed requirements for counties and municipalities to identify surplus lands they



Packed room at the CLT Caucus on Day 1 of the Annual Affordable Housing Conference. Highlight was the recently-announced CLT Certification program.



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Florida Housing Coalition staff are currently working with Freddie Mac to finalize criteria and procedures for the CLT Certification Program. To receive certification, CLTs should expect a rigorous evaluation of stewardship functions, including data management, homebuyer education, clarity of resale procedures and how the CLT will intervene in events of default. Certification will also involve an evaluation of organizational stability, to include a thorough understanding of the CLT's governance, staffing structure and finances. CLTs should look for invitations to participate before the end of 2018.





It was another full house for CLT Nuts and Bolts on Day 2 of the Annual Affordable Housing Conference, demonstrating the groundswell of interest in community land trusts throughout the state – perfect timing for the new CLT Certification Program.

owned that were suitable for affordable housing. The requirements are found in two statutes: s125.379 for counties, and s166.0451 for municipalities. These properties are a valuable resource for community land trusts; they specifically favor the use of the land for affordable housing in perpetuity.

The private sector will also be able to rely on the CLT certification. For example, a market rate developer may turn to a certified CLT when in need of a partner for fulfilling its inclusionary zoning requirement. Any number of private or public agencies may call upon a CLT when trying to prevent displacement from redevelopment. Moreover, as the cost of building housing increases, community land trusts can serve to protect investments made by local government to produce this housing. As more and more local governments seek permanent affordability, it is imperative that CLTs adhere to best practices and standard procedures. The CLT Certification Program ensures local government trust in certified CLT capacity to be superior stewards of local subsidies and surplus lands. Additionally, viable CLTs will make the implementation of permanent affordability within inclusionary zoning programs easier to promote, as CLTs could serve as natural partners to manage an inclusionary program. Greater trust of local government will yield more volume for CLTs and greater organization sustainability. More volume equals more buyers, attracting more lenders and better options for purchasers. The CLT Certification Program is built from the ground up to encourage this positive feedback loop for local governments, lenders, and homebuyers. **HNN**

For more information on both the CLT Certification Program, please contact:

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Fannie Mae CLT Guidelines Review

The Florida Community Land Trust Institute is currently conducting reviews of CLTs as part of Fannie Mae's eligibility requirements for Community Land Trust loans found in its Selling Guide Section B5-5.1-04. Fannie Mae has been a long-time supporter of community land trusts though the establishment of its ground lease rider. Current procedures require the lender to complete a review of the CLT to ensure that it meets certain requirements. To increase the attractiveness of lending to CLTs, the Florida CLT Institute is working with Fannie Mae to complete the review of Florida CLTs for reliance by lenders on a test-and-learn basis with the intention of offering this option nationwide. In addition to meeting the requirements set forth in the Selling Guide, the review by Florida CLT Institute also confirms that loans sold to Fannie Mae through approved CLTs also meet the requirements of its Duty to Serve plan. Approved CLTs will soon be listed on the Florida Housing Coalition website with instructions for lenders in utilizing this information.

Florida CLT Institute is a program of the Florida Housing Coalition established in January, 2000.

If you have questions about this review, please contact: **Kimberly Spence** – **spence@flhousing.org**.