



## Cohousing and Community Land Trust Homeownership

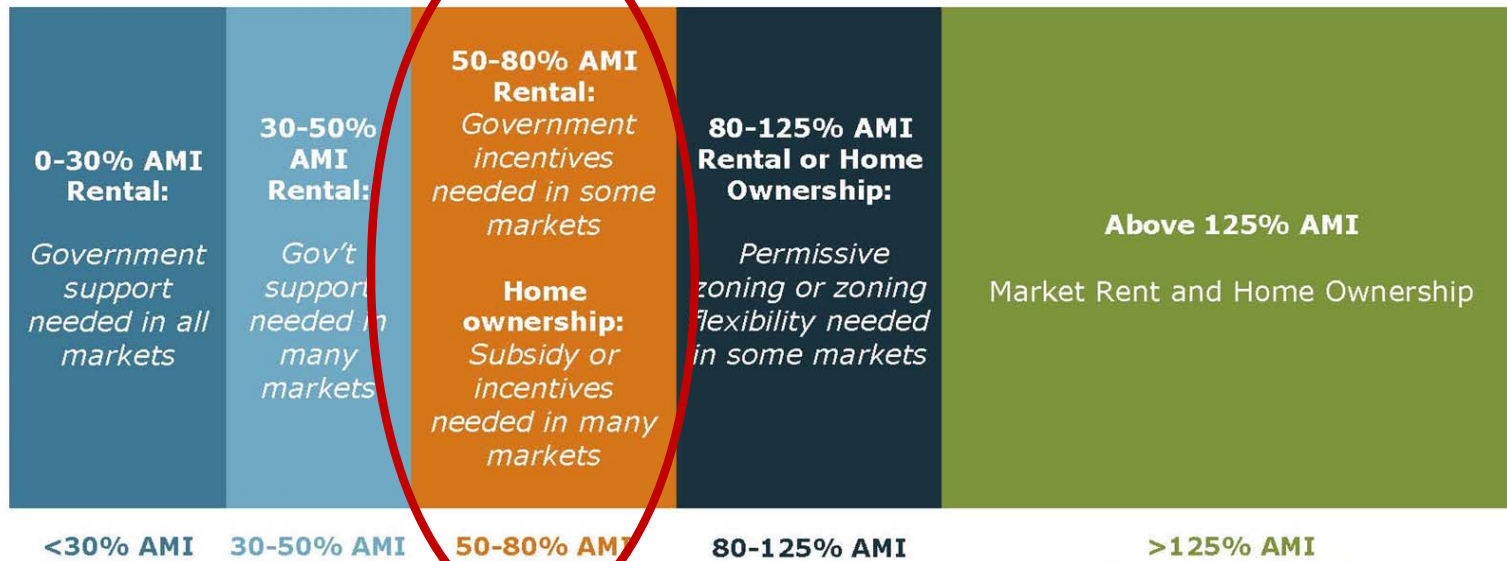
Kathleen Hosfeld, Executive Director  
Rebecca Lane, Board of Delegates

## In this Session

- **Definition of Affordable Housing – Getting oriented**
- **Intro to Homestead – Who we serve**
- **What is a Community Land Trust**
- **What do we mean by permanently affordable**
- **How we achieve permanent affordability**
- **Applying the CLT model to cooperatives**
- **Cohousing and CLT permanent affordability**
  - **Our first project**
  - **Our challenges**

**Q&A**

## AFFORDABLE HOMEOWNERSHIP



Affordable homeownership is one of the methods used to address the housing needs of those who make 50 to 80% AMI. Homeowners accrue equity while making a housing payment comparable to an affordable rent payment.

## What is AMI?

**AMI means Area Median Income**

- **The Department of Housing and Urban Development determines Area Median Income by county for affordable housing purposes**
- **Income is determined by household size**
- **Median income for a household of four:**

King Co	Pierce Co	Franklin Co	San Juan Co	Spokane Co
\$108,600	\$80,200	\$78,000	\$76,900	\$72,700

**Affordable homeownership serves those whose incomes are below median income, often 50 to 80%, but at times as low as 40%**

# Housing Cost Burden

**Cost-Burdened Households** pay more than **30%** of their income for their housing

**Extremely Cost-Burdened Households** pay more than **50%** of their income for their housing

Cost-burdened households are

- At risk of housing instability
- Make tradeoffs between competing necessities
- Have fewer savings and less financial resilience

# Calculating an Affordable Price in the First Place



## FY 2016 INCOME LIMITS DOCUMENTATION SYSTEM

[HUD.gov](#) [HUD User Home](#) [Data Sets](#) [Fair Market Rents](#) [Section 8 Income Limits](#) [MTSP Income Limits](#) [HUD LIHTC Database](#)

### FY 2016 Income Limits Summary

FY 2016 Income Limit Area	Median Income <a href="#">Explanation</a>	FY 2016 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
King County	\$90,300	Very Low (50%) Income Limits (\$) <a href="#">Explanation</a>	31,650	36,150	40,650	<b>45,150</b>	48,800	52,400	56,000	59,600
		Extremely Low Income Limits (\$)* <a href="#">Explanation</a>	19,000	21,700	24,400	<b>27,100</b>	29,300	32,580	36,730	40,890
		Low (80%) Income Limits (\$) <a href="#">Explanation</a>	48,550	55,450	62,400	<b>69,300</b>	74,850	80,400	85,950	91,500

**Industry Best Practice**

## INCOME QUALIFICATION

To purchase a home through Homestead Community Land Trust you must earn less than 80% of area median income as defined by Housing and Urban Development (HUD), an agency of the federal government. In real dollars this means:

Individuals in your household	Yearly Gross Household Income (before taxes) cannot be more than:	Monthly Gross Household Income (before taxes) cannot be more than:
1	\$61,800	\$5,150
2	\$70,600	\$5,883
3	\$77,450	\$6,620
4	\$88,250	\$7,354
5	\$95,350	\$7,945
6	\$102,400	\$8,553
7	\$109,450	\$9,120
8	\$116,500	\$9,708

## Our Member-Homeowners

Homestead Community Land Trust partners with homeowners who make 60 to 80% of area median income to create and preserve opportunities for homeownership that provide stability, financial and social benefits of homeownership.

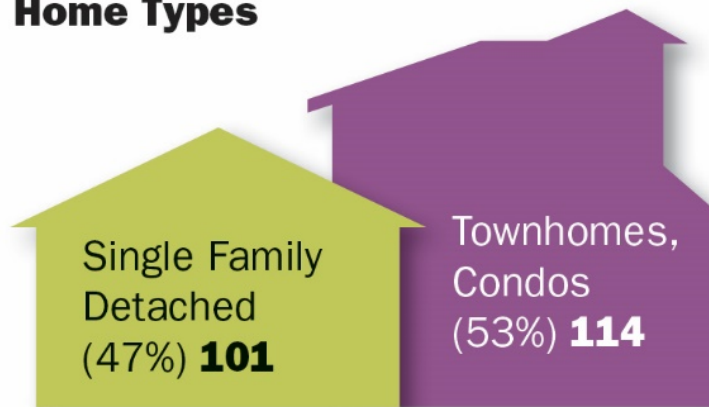
This income range includes teachers, health care workers, first responders, some corporate employees, people who work for non-profit organizations – people who create quality of life for all of us.





# Impact

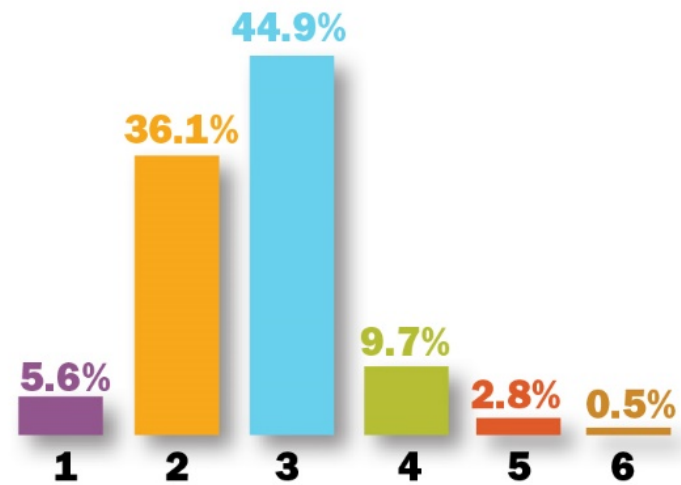
## Home Types



Multi-unit homes (higher density) are more than 50% of our portfolio

## Homes for Larger Households

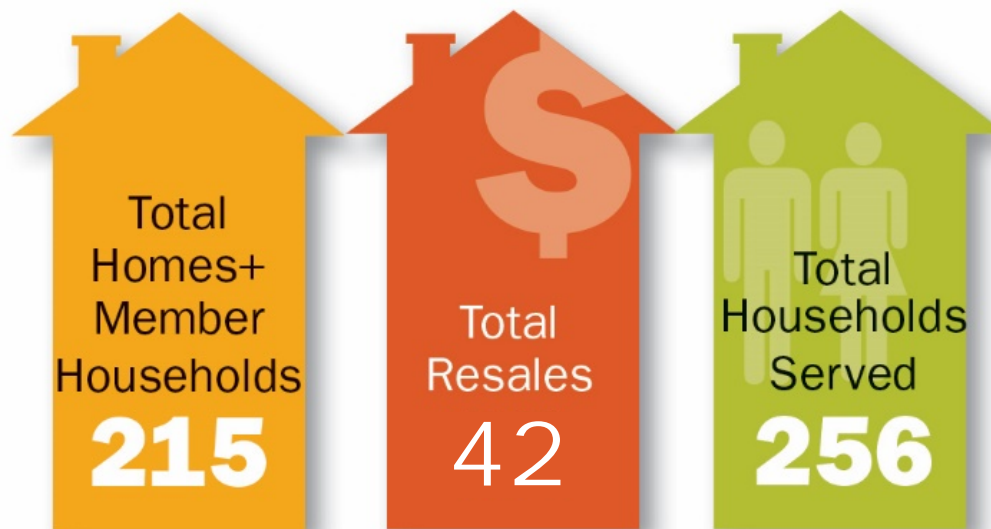
*(Homes by Bedroom Size)*



We provide homes for families of all sizes.

# Impact

## Our Community is Growing





# What is a Community Land Trust?

Membership-based

Non-profit organization

Acquires and uses land to benefit low- and moderate-income people and neighborhoods

Most often – by creating housing

Homestead focuses on affordable homeownership

# What is Permanently Affordable Homeownership?

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- a resale restriction designed to provide affordability for future low- and moderate-income homebuyers,
- a right of first refusal for the sponsor organization to purchase the home at resale, and
- a requirement that the sponsor must approve any refinancing, including home equity lines of credit.

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And the sponsor organization:

- executes a new ground lease or deed restriction with a duration of at least 50 years at the initial sale and with each successive sale; and
- enforces the ground lease or deed restriction, and provides homeowners with support and counsel.

# Creating and Preserving Affordability



We Build  
& Rehab  
Homes



We Subsidize  
the Price to  
What Is  
Affordable



Land is  
Owned  
Collectively  
through the  
Trust



Owners  
Lease the  
Land for a  
Small  
Monthly  
Fee



Owners  
Resell at a  
Formula  
Price,  
Still  
Affordable



# Our sources of subsidy

*This slide was not in our presentation but answers a question that came up during the breakout*

Community land trusts subsidize the affordability of our homes from a variety of public and private sources:

Public (tax) sources include:

- City and County funds
- State Housing Trust Funds
- HUD funds – HOME and SHOP

Private sources include:

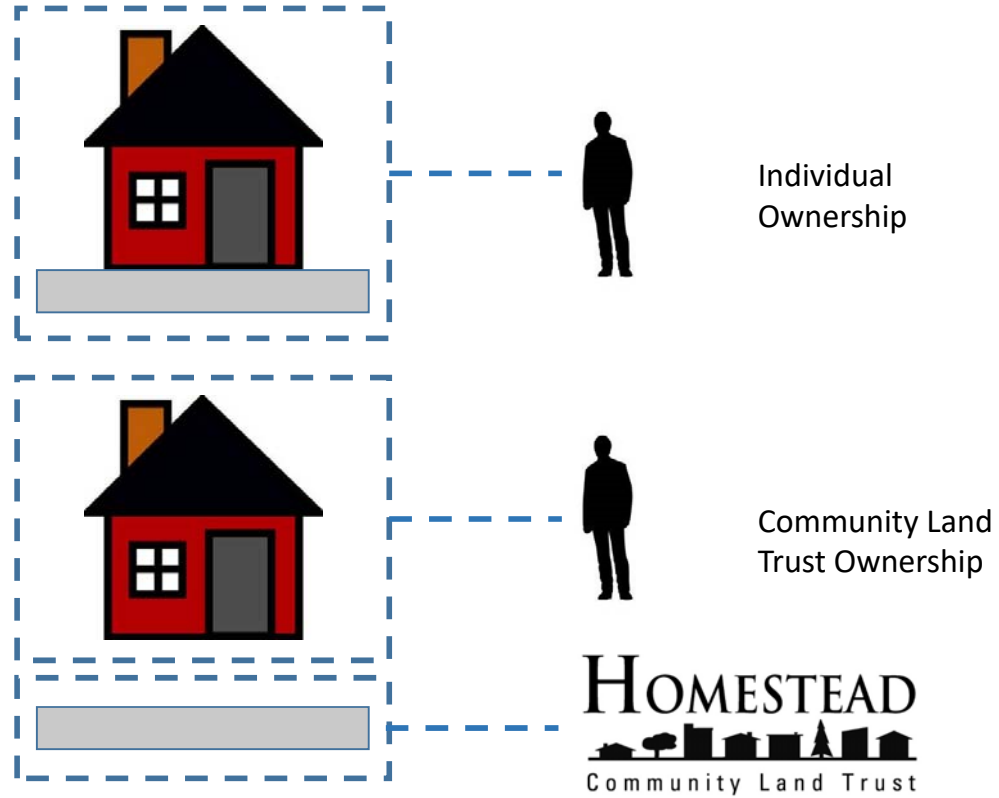
- Federal Home Loan Bank grants
- CRA Grants from financial institutions
- Grants from private foundations

These funds are contingent upon our ability to price homes to serve households whose incomes are less than 80% AMI, and to keep homes affordable long-term

Traditional fee simple ownership

Vs

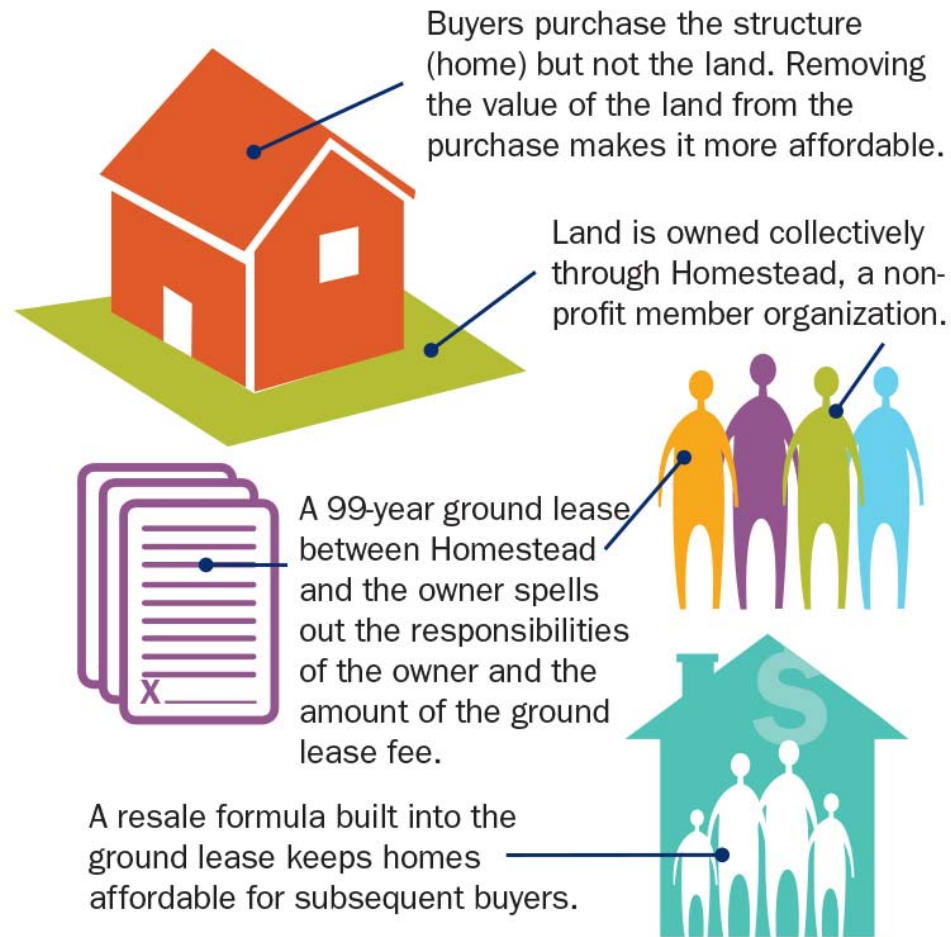
Community Land Trust



Homestead thanks Boyd  
Pickrell for the original  
version of this slide.

## How it Works

Community Land Trust homeownership subsidizes the initial price of the home and controls the future cost increase through agreements with the buyers



# Informed Homebuyers

Pre-Purchase Outreach & Support  
-- Is buying a home right for you?

Counseling & Education

- Buying a home – process requirements
- Buying a community land trust home
- Being part of an HOA

Hand-holding throughout mortgage application and qualification, and sales process



# Successful Homeowners

## Household Support

Homestead provides monitoring and enforcement of owner obligations for maintenance and affordability compliance

Homeowners in financial distress receive ongoing support and technical assistance

## Neighborhood Support

Homestead provides leadership development and support to Homeowners Associations

**Low foreclosure rate**



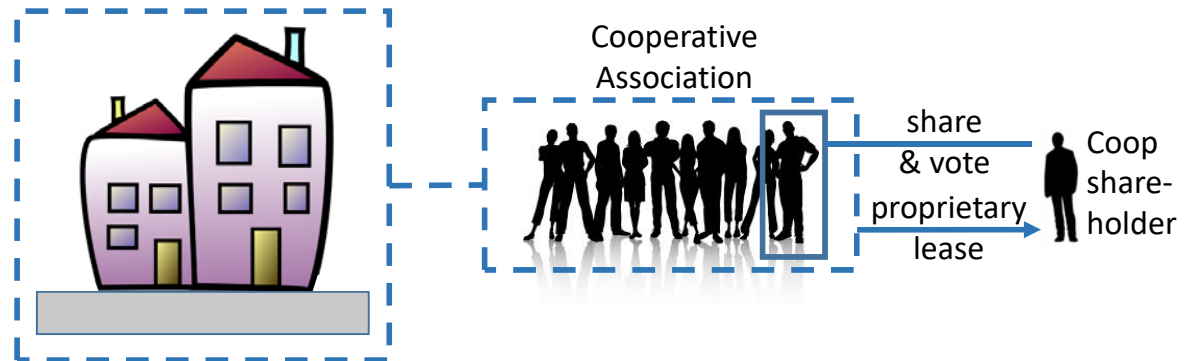
# Coops

Traditional cooperative

Own shares in coop association

Right to vote and participate in governance

Proprietary lease for a particular unit



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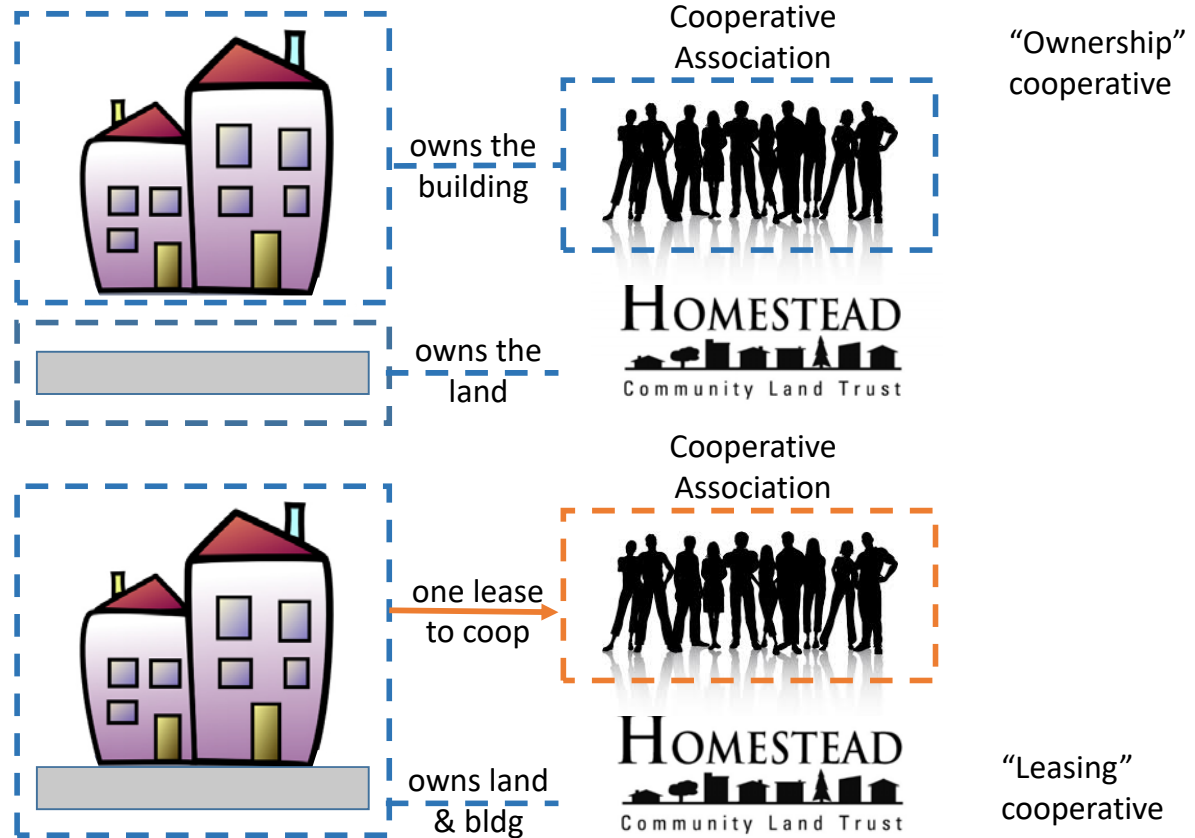
# Coops

CLT Cooperative

"Ownership" cooperative

Vs

"Leasing" cooperative



Homestead thanks Boyd Pickrell for the original version of this slide.





City of Seattle press event  
– Homestead received a  
new property in the  
Phinney neighborhood to  
develop for condos





## Cohousing at Homestead's Phinney Condos

- In conversation with a cohousing group that seeks to create a “mixed ability” model with adults with disabilities
- Project is a condominium development of 30 units
- Issues to Address:
  - Cost of cohousing gathering space
  - Multi-layered “memberships”

# Cost

**Affordable homeownership requires public investment to subsidize the initial price of homes**

**We have to close the gap between**

- **what homes cost to build (\$400,000)**
- **and what LMI people can afford to pay (\$240,000)**

**In addition to fundraising \$160,000 per home to achieve an affordable price, we need to fundraise an additional \$800,000 to pay for the cohousing space.**

- **This may add \$26,000 to the cost of each home**

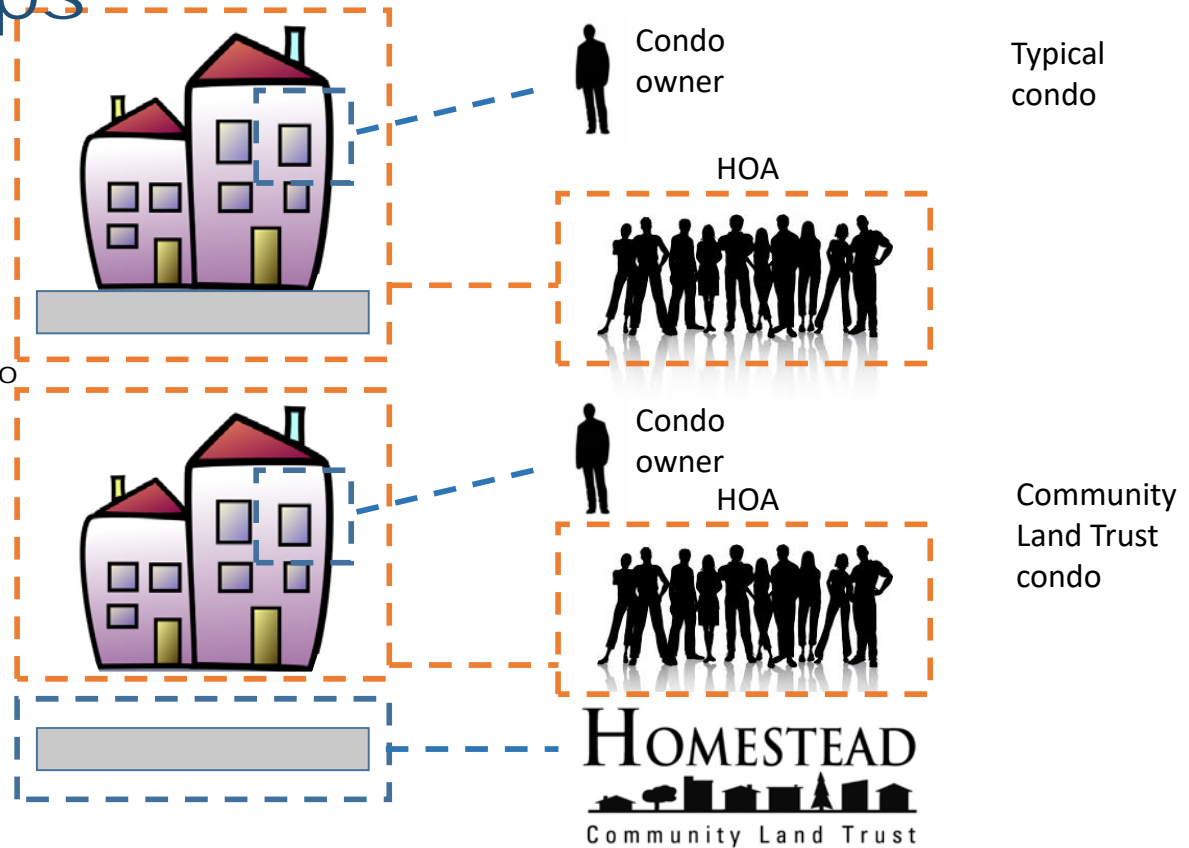
# Memberships

**In a community land trust condominium with a cohousing group, residents may have at least three different organizations of which they are a member:**

- **Community land trust**
- **Condominium Association**
- **Cohousing group**

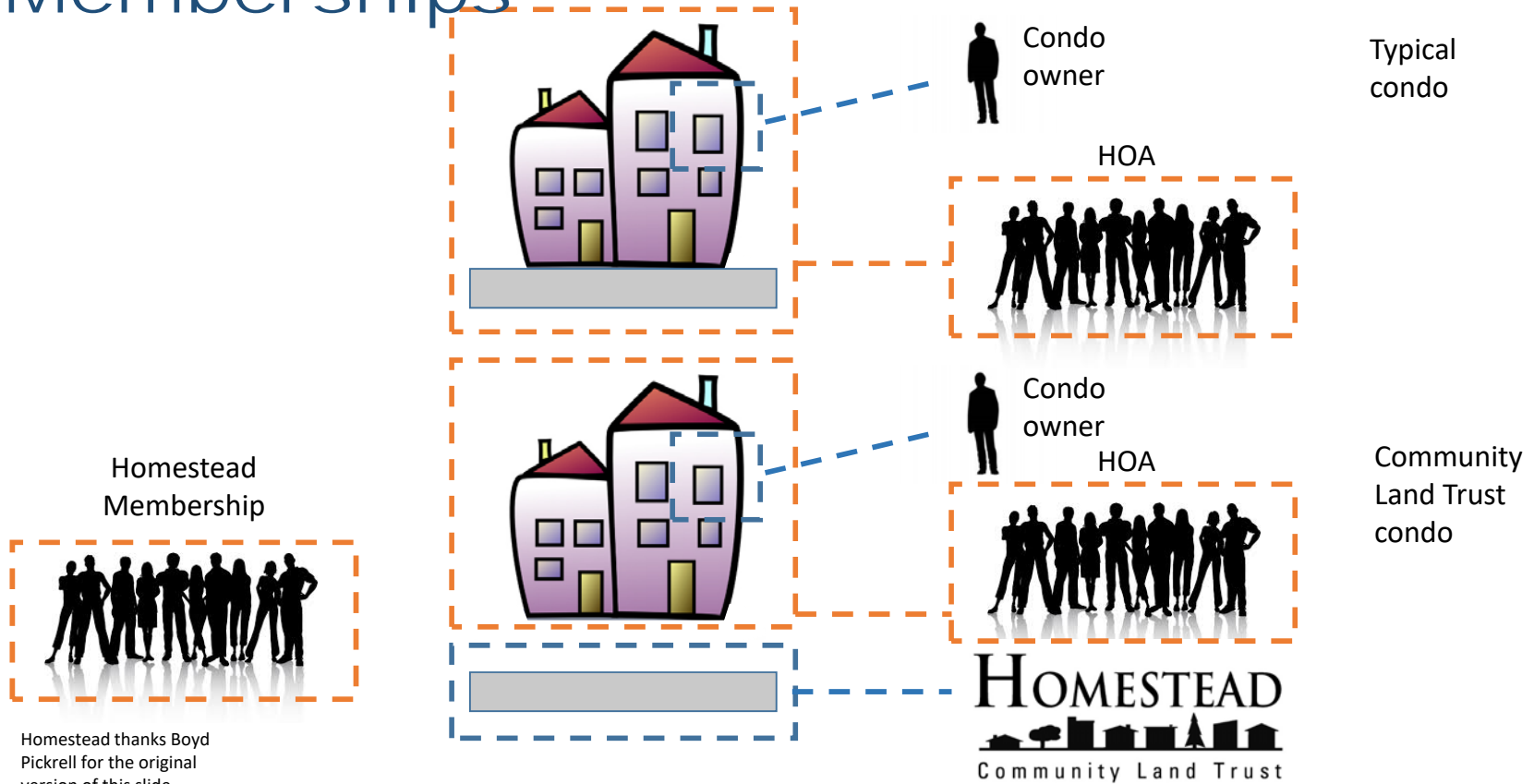
# Memberships

Traditional Condo Vs  
Community Land Trust Condo

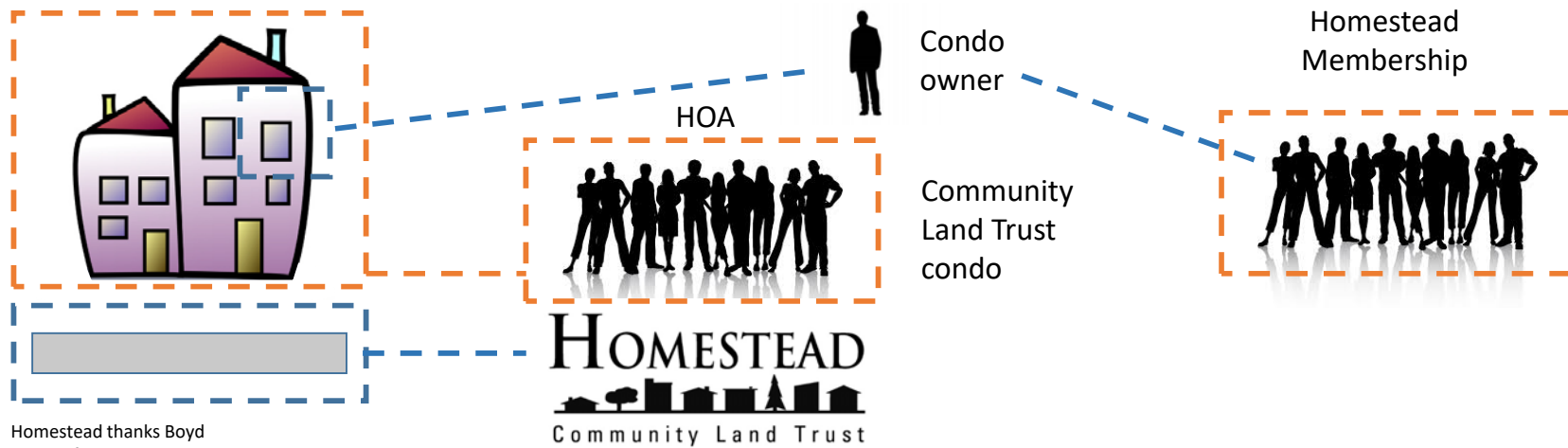


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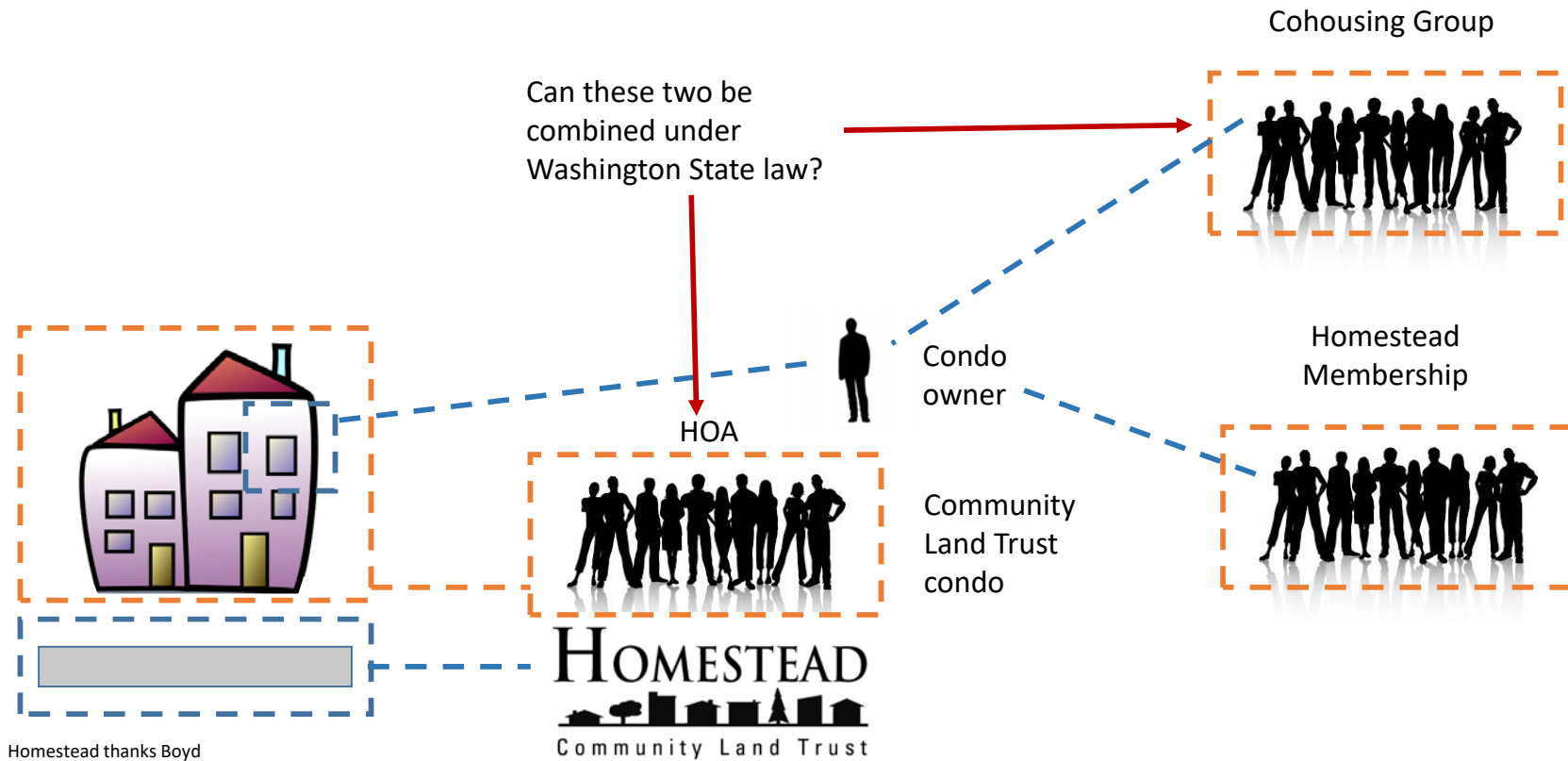
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# Questions





# Thank you!

Additional information: [Kathleen@homesteadclt.org](mailto:Kathleen@homesteadclt.org)