

MACLT 101
The Madison Area Community Land Trust

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What is a Community Land Trust?

- Private, non-profit corporation
- Acquire and hold land for the benefit of the community
- Provide affordable and permanently protected access to land and housing for community residents

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What does a CLT do?

- Prohibit speculation and absentee ownership of land and housing
- Promote ecologically sound land-use practices
- Preserve long term affordability of housing by splitting ownership of land and housing:
 - reducing land-related costs of housing.
 - reducing property tax assessments.

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CLT Movement

- **RECENTLY DISCOVERED HISTORY:** The histories of the founding of the CLT movement and Habitat for Humanity are connected from the beginning with both being "conceptualized" at Koinonia Farm in the mid-1960's.
- There are more than 200 CLT's in the US, with rapid growth in recent years related to the increase in the number of cities adopting inclusionary housing ordinances.

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CLT's and Foreclosure

- In 2007, 0.06% of CLT homes were in foreclosure (National CLT Network).
- In the 4th quarter of 2007, 2.04% of single family homes in the US were in some stage of foreclosure (Mortgage Bankers Assoc) -- a rate 34 times greater than for CLT homes.
- The CLT model is robust, and resistant to downward turns in the national housing

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What makes the CLT model different?

- Commitment to local control
- Dual ownership
- Protects long term affordability
- Flexibility -- works with almost any type of development you can imagine -- housing, conservation, agriculture, retail, business incubators, artist's coops, etc.

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Shared Equity Housing

- There are different ways to keep housing affordable for the long-term -- and still provide a reasonable rate of return to the homeowners: deed-restrictions, limited equity coops, and ground leasing
- The vast majority of CLTs use a ground lease as a mechanism for permanent affordability.

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Our Founder, Sol Levin

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Madison Area CLT

- Founded in 1991 -- due to the passion and efforts of Sol Levin.
- We have built/renovated 65 homes -- of these, 41 have been built in the last 5 years.
- Neighborhoods include:
 - Anniversary Court
 - Camino del Sol
 - Troy Gardens

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How We Do Housing

- Affordability
 - Remove the land from the purchase price
 - Lease the land to the homeowner
- Sustainability
 - Resale formula that passes savings on to the next owner
 - Right to repurchase
 - Subsidy keeps working forever creating a stock of permanently affordable housing
 - Ecologically friendly building practices

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Ground Lease

- In Wisconsin, we use a 99-year renewable ground lease -- based on the national model CLT ground lease
- It was developed for single-family housing -- and has been adapted for condominiums
 - And it even works for mixed-income housing
- Ground lease fee covers cost of post-purchase support -- each home creates an amenity for program operators
 - To be honest, MACLT fees are high (compared to other CLTs): \$75/mo for single-family, \$50/mo for condos
- Balanced out by reduced property taxes -- through indexing lease fee to property tax assessment

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Resale Formula

- If you decide to sell, you receive what you paid for it plus 25% of the appreciation
- Example:
 - Original price: \$100,000 / Appraisal: \$115,000
 - 5 years later home appraises at \$155,000
 - 25% of \$40,000 (appreciation) is \$10,000
 - New price: \$110,000
 - Share your appreciation with the next buyer

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Property Taxes

- Pay taxes on land and improvements
- Improvements assessed at discounted sale price (subsidy buried in the land)
- Land does not increase once caps are reached
- Annual increase on improvements is 25% of surrounding area

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Benefits of Owning a CLT home

- Purchase a home you might not otherwise be able to afford
- Create a legacy for your family
- Guidance before, during and after you buy your home
- Assistance with financial problems and foreclosure prevention
- Feel good knowing your home will be permanently affordable to future generations

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Building Wealth vs Quality of Life

- Building equity through market appreciation is great if:
 - You sell your home someday
 - You refinance your home or take out a home equity loan
- But this comes at a price
 - higher property taxes,
 - less income for day to day living

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Funders Want Money to Work Harder

- Funders are increasingly being drawn to models of permanent and/or long-term affordability because
 - one subsidy/grant works for 198 years
 - cost of replacing lost affordable units rises every year
 - recycling subsidy results in net decrease in affordable housing units
- For Madison's IZ program, it is estimated that it will require the subsidies from 3 to 4 IZ units when they are resold to create one new unit of affordable housing

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Troy Gardens

- Work began in 1995.
- Neighborhood-based planning process built upon excellent community organizing by the Northside Planning Council.
- MACLT purchased 31 acres in 2001
 - 26 acres leased to Friends of Troy Gardens
 - 5 acres reserved for housing development

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Awards/Recognition for Troy Gardens

- AARP/NAHB Livable Communities Award
- Lincoln Institute for Land Policy -- Troy Gardens is the first case study of a community land trust they have undertaken.
- Wall Street Journal article on innovative approaches to housing for seniors, including Troy Gardens (May 2008)
- UW-Madison Chancellor's Award

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2007
LIVABLE COMMUNITIES AWARD
SMALL DEVELOPER

AARP/NAHB Livable
Communities Award Video

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Community Agriculture Center
(SketchUp is Awesome)

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Resources

- MACLT website:
www.affordablehome.org
- Troy Gardens Case study:
www.troygardens.net
- National CLT Network:
www.cltnetwork.org

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