

# Community Land Trusts in Expensive Housing Markets – How It Works In Practice



**INTERBORO**  
**COMMUNITY**  
**LAND TRUST**

 **Habitat for Humanity®**  
New York City and Westchester County



# Agenda

- Who is Habitat NYC & Westchester and how do we develop affordable housing?
- What are Community Land Trusts and why CLTs?
- Interboro CLT
- Discussion

## **Vision:**

Habitat NYC & Westchester's vision is a city - and a world - where everyone has a decent place to live.

## **Mission:**

We transform lives and communities by building and preserving quality, affordable homes with families in need — and by uniting New Yorkers around the cause of affordable housing.

# What we do



**We build & preserve homes**



**We unite communities**



**We advocate for affordable homeownership**



### **Who We Serve**

We serve hard-working New Yorkers, like single parents, seniors, and public service employees. Habitat homebuyers are of low-to moderate-income, have stable employment history and decent credit scores, agree to fulfill the “sweat equity” component, and participate in financial & homeownership education.



### **How We Work**

We are a non-profit housing developer that works with both government agencies and philanthropic donors to offer hard-working New Yorkers “a hand up, not a hand out.”



### **Why Homeownership Matters in NYC**

It's clear there is a housing crisis eroding our city's culturally rich communities. Habitat NYC homes give families a path towards financial stability and the choice to remain within their communities.

# The Need

- 55% of NYC households making 50-80% of the Area Median Income (AMI) – Habitat NYC's eligible applicant pool – are rent burdened: they spend more than 30% of their income on rent.
- More than 278,000 families are on the wait list for NYCHA public housing because they can't afford NYC housing costs.

Sources: NYU Furman Center and City Limits

# The Need

## HOMEOWNERSHIP RATE

63%

**National** home-ownership rate

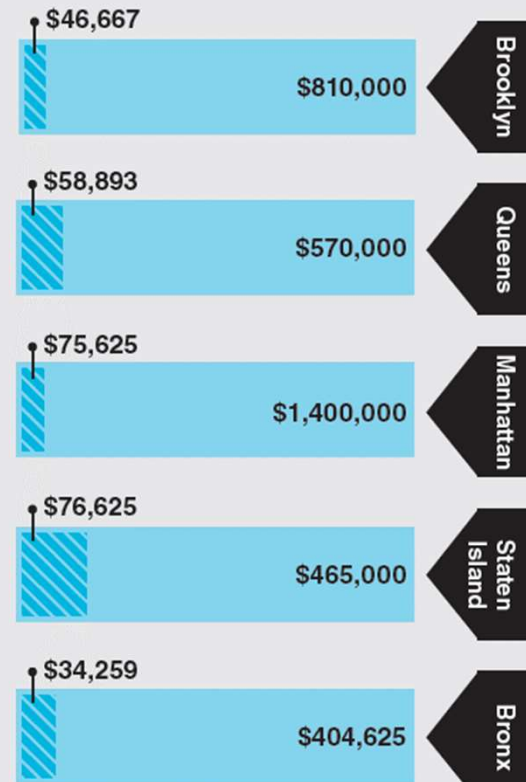
31%

**NYC** home-ownership rate

Source: NYU Furman Center/City Report on Homeownership & Opportunity in New York City (2016)

## COST VS. INCOME

Median annual income | Median cost to buy a home



Source: Trulia.com

# Why homeownership?

Homeowners are more likely to:



**Achieve higher  
educational  
outcomes**



**Have better  
health outcomes**



**Build more  
equity**

## **Completed**

- Sydney House - 56 limited equity cooperative units

## **Construction Pipeline**

- Queens Phase II - 23 one-family homes
- SEED - 25 limited equity cooperative units
- Net-Zero - 16 one-family passive homes on CLT

## **Development Pipeline**

- Glenmore/Jersey - 12 limited equity cooperative units on CLT
- Weeksville - 44 limited equity cooperative units on CLT
- Brownsville - 70 limited equity cooperative units on CLT

## **How do we create permanently affordable homeownership?**

- Work with the City to obtain public land at no or a nominal cost
- Obtain public and private subsidies to sell housing units below market. Government partners:
  - AHC – NYS
  - SONYMA – NYS
  - HPD – NYC
- Retain subsidies in the housing units:
  - Previously via expiring enforcement debt and deed restrictions for terms from 10-30 years depending
  - Currently permanent via HDFC corporate structure and/or CLT

# **Community Land Trusts (CLTs)**

## **What are they?**

# How does a CLT work?

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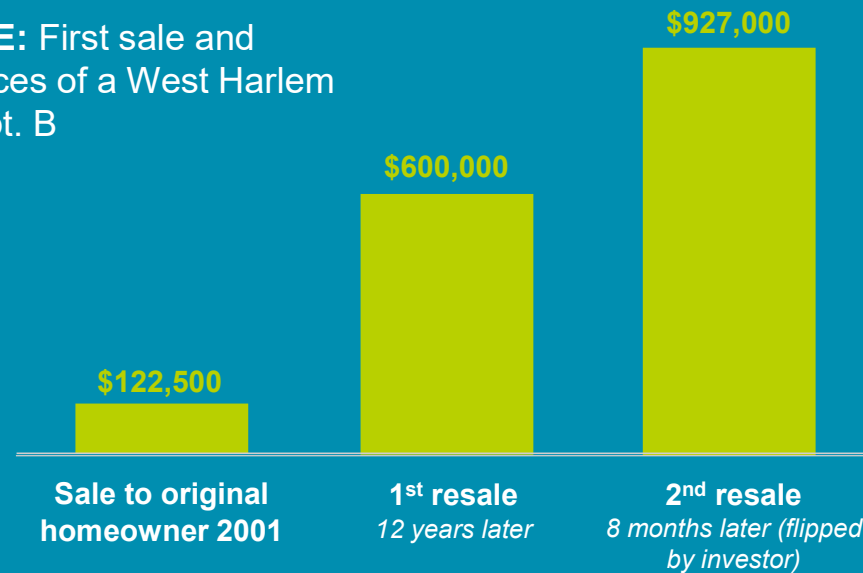


# Community Land Trusts (CLTs) Why?

# Why Community Land Trust (CLT)?

Responsible stewardship requires us to build generational family and community assets, not single-household windfalls.

**EXAMPLE:** First sale and resale prices of a West Harlem condo, Apt. B

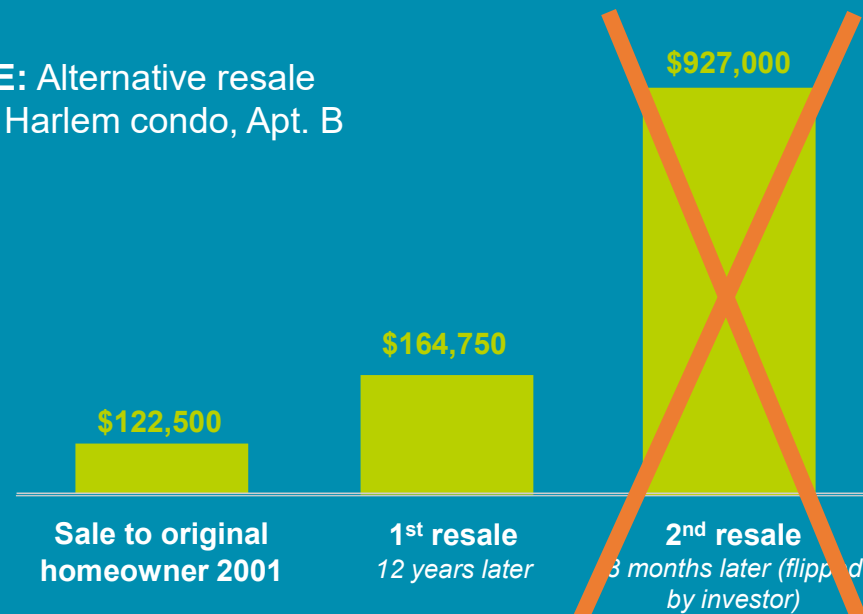


Market	
Initial Price	\$122,500
First Mortgage	\$122,500
<b>Initial Affordability</b>	<b>65%</b>
Market Resale Price	\$600,000
<b>Affordability at resale</b>	<b>287%</b>

# Why Community Land Trust (CLT)?

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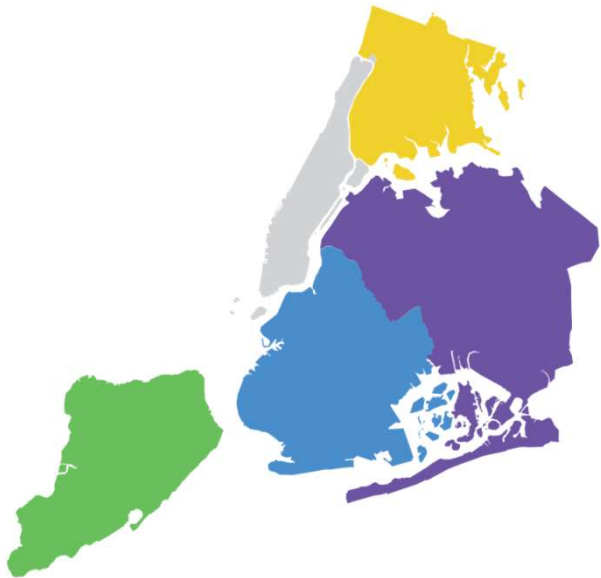
**EXAMPLE:** Alternative resale of a West Harlem condo, Apt. B



## **CLTs are a shared-equity model of ownership**

A homeowner on the CLT shares their equity with a future low-income owner of their home by accepting a limit on the resale value and capital improvements of their units via the Ground Lease with the CLT.

# INTERBORO COMMUNITY LAND TRUST



## **Mission Statement:**

Balancing permanent affordability, equity building, and neighborhood stability, Interboro CLT supports New Yorkers and strengthens communities through the development and stewardship of permanently-affordable homes for ownership by low-income households across the five boroughs of New York City.

## **Interboro CLT is...**

- A tax-exempt, not-for-profit organization incorporated in 2018
- Formed in 2017 as a citywide collaboration between four community-based not-for-profit organizations with extensive experience in developing and managing affordable housing and supporting low-income tenants and homeowners with free counseling, legal assistance, and other services

- The Center for NYC Neighborhoods



- Habitat for Humanity NYC



- Mutual Housing Association of NYC (MHANY)



- Urban Homesteading Assistance Board (UHAB)



## What does “community” mean?

- The organization is structured to be governed by a Board of Directors divided in three equal parts with the community holding the majority of the seats
  - CLT residents (1/3)
  - Members of the community who don't live on the CLT & Community Based Organizations (1/3)
  - Founding partners (1/3)

## **Interboro CLT homeowners build equity by**

- Making their monthly mortgage payments
- Annual appreciation at a 2.5% compounding fixed rate
- Affordable monthly mortgage payments
- Credit for approved capital improvements
- Reduced costs typically associated with homeownership (e.g., tax breaks, energy efficiency/green features)

## **How does Interboro sustain permanently affordable homeownership?**

- Caps the initial and resale price of homes/units
- Includes income caps and asset limits for buyers
  - Interboro Area Median Income (AMI) cap is 165%
- Requires owner occupancy
- Monitors compliance with Ground Lease

**Two types of housing will go on to the CLT:**

- Single-family home
  - new construction
  - rehabbed vacant units
  - occupied single-family homes facing foreclosure or in distress

**Two types of housing will go on to the CLT:**

- Multifamily/unit co-ops
  - new construction
  - preservation
  - conversion

## **Where is Interboro CLT located?**

- Interboro plans to create permanently affordable homeownership opportunities all over New York City
- Currently the CLT has two properties: two owner-occupied single-family homes in Brooklyn (East Flatbush) – Preservation Pilots
- Interboro has 498 units in its pipeline across the four partner organizations in:
  - Brooklyn – Ridgewood-Bushwick, Brownsville, Weeksville, East New York
  - Queens – Southeast Queens, Cambria Heights, Queens Village
  - The Bronx – Melrose

# Habitat Net Zero

## Modular Home



## Rehabbed Home



# Discussion