Neighborhood Renaissance

Community Land Trust

“An Alternative to the High Cost of Housing”
What is our Mission?

• Neighborhood Renaissance’s mission is to build and support strong economies and diverse communities in Palm Beach County.

• We are guided by a vision where everyone is self-reliant, empowered and lives in their community of choice.
History

- Incorporated in 1992 with an initial focus on breathing new life into the Northwood Village, a six block historic commercial district, (one mile north of downtown West Palm Beach) through small business development and job creation

- Broadened our focus in 1998 through our national award winning Model Block strategy to uplift the surrounding Northwood residential neighborhoods by creating homeownership opportunities and implementing comprehensive neighborhood improvements

- Expanded our mission county-wide in 2006 to include the underserved communities located in the central unincorporated part of Palm Beach County
Our Background

We have a long history of working in partnership with residents, local government, businesses and lending institutions to reclaim troubled properties and improve neighborhoods while helping families to become economically self-sufficient. Our efforts have:

- helped 80 low and moderate-income families to become first-time homeowners
- constructed or substantially rehabbed over 121 homes for low and moderate-income families
- invested over $25 million for targeted neighborhood improvements
Policy Briefings
House Hunters South Florida: Where Will Our Workers Live?

Worker Housing Demand and Affordability in South Florida, July 2013

<table>
<thead>
<tr>
<th></th>
<th>Broward County</th>
<th>Miami-Dade County</th>
<th>Palm Beach County</th>
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<tbody>
<tr>
<td>Annual Median Wage</td>
<td>$31,970</td>
<td>$31,013</td>
<td>$32,427</td>
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<tr>
<td>Annual Household Median Wage</td>
<td>$63,939</td>
<td>$62,026</td>
<td>$64,854</td>
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<tr>
<td>Affordable Home Price*</td>
<td>$191,818</td>
<td>$186,077</td>
<td>$194,563</td>
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<tr>
<td>Current Median Sale Price</td>
<td>$240,800</td>
<td>$238,100</td>
<td>$269,200</td>
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<tr>
<td>Affordability Gap</td>
<td>$48,982</td>
<td>$52,023</td>
<td>$74,637</td>
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<td>Affordable Rent**</td>
<td>$1,598</td>
<td>$1,551</td>
<td>$1,621</td>
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<td>Current Median Rent List Price</td>
<td>$1,850</td>
<td>$2,100</td>
<td>$1,700</td>
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<tr>
<td>Affordability Gap</td>
<td>$252</td>
<td>$549</td>
<td>$79</td>
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Sources: Florida Department of Economic Opportunity, Occupational Employment Salaries & Wages, 2013; Zillow. Table and calculations prepared by the FIU Metropolitan Center.
* Estimated affordability based on standard underwriting criteria.
** Estimated affordability based on 30 percent housing cost standard.

Dr. Ned Murray, AICP
Associate Director, FIU Metropolitan Center
Traditional Solution to the Affordability Gap

- Public subsidy is provided to an income-qualified homebuyer to bridge the affordability gap
- Over time, the widening affordability gap makes the traditional subsidy approach cost prohibitive
An Alternative Approach:  
The Community Land Trust (CLT) Model

• A non-profit organization maintains ownership of the land, which is typically purchased through public grants and sells the improvements (house structure) exclusive of the land costs to a qualified homebuyer.
• With the land cost excluded from the purchase price the home becomes much more affordable.
• CLT’s keep homes affordable FOREVER and maintain public subsidies for future generations!

Typical CLT home in Northwood
CLT:
• separates ownership of the home from ownership of the land
• retains ownership of the land
• enters into a recorded 99-year renewable ground lease with the homebuyer

Homebuyer:
• owns the structure and all improvements to the land
• pays a small land lease fee (usually $25) to the non-profit each month
• has all the legal rights of homeownership and possession of the underlying land
Community Land Trust

- Acquires land through donation and purchase
- Removes land cost from the buyer’s purchase price
- Maintains affordability for future home owners

**Example**

<table>
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<tr>
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<th>Value</th>
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<tbody>
<tr>
<td>Original home price</td>
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<tr>
<td>Price of the land</td>
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<tr>
<td>CLT home price</td>
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Key Principles of a Community Land Trust (CLT)

- Driven by a community based 501 (c)(3) non-profit
- Governed by a volunteer board comprised of members of the community, including CLT homeowners
- Places long-term control of land with the members of the community
- Ensures housing affordability for generations to come
- Creates dual ownership (CLT + homeowner)
- Uses a recorded 99 – year renewable ground lease to guarantee the legal rights of the homeowner to the land
- Shared equity with the CLT when the homebuyer wants to sell. Homeowners receive a reasonable return on their original investment
Benefits of a CLT

• Individuals and families realize all the benefits of homeownership with lower monthly housing expenses

• Provides a community support network that empowers the homeowner to succeed in the long-term and helps guard against foreclosure

• The community (rather than the marketplace) determines future land use and development in our neighborhoods

• Members are able to purchase a home closer to their workplace, school and family with lower housing costs that leaves more money for other living expenses, like child care, retirement, and education

• Stronger more stable neighborhoods result in an improved quality of life

• Public funds used to develop the homes are preserved for years to come
The South Florida CLT Network

- CLT model is a good strategy to preserve affordability in high land costs areas such as South Florida
- South Florida CLT Network is a collaborative of seven nonprofit CLTs working to bring this model to economic scale:
  - Neighborhood Renaissance
  - CLT of Palm Beach County
  - South FL CLT
  - Delray Beach CLT
  - Adopt A Family
  - Habitat for Humanity
  - Housing Partnership
- Current goal is to secure a CLT mortgage product. Recently held a Lender's Forum. Other goals include: Capacity building training, shared marketing …