

Crescent City Community Land Trust Lower 9 CLT Homeownership Program

FREQUENTLY ASKED QUESTIONS

What is a Community Land Trust?

A community land trust (CLT) is a nonprofit, community-based organization committed to the permanent stewardship of land and the permanent affordability of housing and other buildings located upon its land. Crescent City Community Land Trust (CCCLT) is a 501(c)3 nonprofit organization that targets its programs and resources toward charitable activities like redeveloping blighted neighborhoods or providing housing for lower-income households in New Orleans.

Land acquired by a CLT is never resold. It is retained by the CLT and held in trust for the community. Although a CLT never resells its land, it provides for the use of its land by leasing out parcels to individual homeowners, cooperative housing corporations, nonprofit developers of rental housing, or other nonprofit, governmental, or for-profit entities. These ground leases last for a very long time, typically 99 years.

Community Land Trusts: How do they work?



The main tool that community land trusts use to maintain permanent affordability is the Resale Formula. The Resale Formula is determined by the community land trust board of directors and it sets limitations on how much the house can be resold for. It is designed to ensure affordability to future buyers ("pay it forward") AND to ensure a fair return for CLT

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homeowners when they sell.

What are the benefits of CLT Homeownership?

The benefits of owning a Community Land Trust (CLT) home include:

- Homeowners can purchase CLT homes for a significantly lower cost than traditional market-rate, and even subsidized, homes
- Property taxes on CLT homes are reduced. Homeowners are responsible for taxes on the house only, not the land.
- The CLT supports the homeowner over the long term to be successful
 - The CLT holds a Repair Reserve for homeowners in case emergency repairs to the home are needed
 - The CLT helps Homeowners find the resources they need to maintain their home and avoid foreclosure
 - The CLT remains in communication with both the Homeowner and the Lender
 - As a result, CLT homes experience a far lower rate of foreclosure than traditional homes

What does it mean that I don't own my land?

CLT homeowners do not own the land; they lease it from the CLT organization. This Ground Lease Agreement gives them the rights to use the land in the same ways any other homeowner would (within the law). Homeowners can garden, landscape, grill, and enjoy the use of the property. CLT homeowners also have the same responsibilities as other homeowners, including mowing their own lawn and maintaining homeowner's insurance.

By maintaining ownership of the land, CCCLT is able to ensure that these homes stay available for low- and moderate-income homeowners, at an affordable price, for years to come.

What are the ongoing fees involved in CLT homeownership?

CCCLT will charge two low monthly fees:

1. The Ground Lease Fee. This is the fee that Homeowner pays to the CLT organization for leasing the land. These funds go directly to the CLT and help pay for stewardship services.
2. The Repair Reserve Fee. This fee is held in escrow for the Homeowner and is available to use for emergency repairs that the Homeowner cannot pay for on their own.

In the Lower 9 CLT Homeownership Program, the total monthly fee will be \$50 (\$25 Ground Lease Fee and \$25 Repair Reserve Fee).

Are there restrictions on what I can do with my property?

Generally, no. You would be able to do what most other Homeowners are able to do, within the law. However, Homeowners would need to communicate with the CLT first if they want to

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refinance the mortgage or expand/change the footprint of the house or do any other significant renovation (like adding a 2nd floor).

Will CCCLT perform annual income certifications or home inspections?

No. Homeowners are income-qualified once – before the sale of the home – and never again. CCCLT does not do annual income certification. We also do not have the right to inspect your home, unless we have received an Intent-To-Sell Notice from you. At that time, we will arrange to inspect the interior of the home to determine its condition prior to sale.

How much do I need to earn to qualify?

For the Lower 9 CLT program, the minimum annual household income to participate is \$20,000. All homebuyers must have a steady and stable source of income. There is a maximum income for all homes that changes depending on your household size and the funding sources for each home. CCCLT will have homes available for households below 50%, 80%, and 120% of the Area Median Income for Orleans Parish.

Household Size	1	2	3	4	5	6
Maximum Income (50% AMI)	\$23,000	\$26,250	\$29,550	\$32,800	\$35,450	\$38,050
Maximum Income (80% AMI)	\$36,750	\$42,000	\$47,250	\$52,500	\$56,700	\$60,900

How much will my house cost?

Homes will be priced to be affordable to YOU! Each home will be priced so that your monthly payment will not exceed 25% of your monthly income. The maximum home price will be \$90,000. Prices will vary depending on the home and household income.

For buyers below 50% AMI (see chart above), the minimum sales price will be \$33,000. For buyers below 80% AMI, the minimum sales price will be \$55,000.

Some sample calculations are below, based on the buyer's total household income. *All numbers are estimates*

Annual Household Income	Estimated Principal + Interest	Estimated Taxes + Insurance	CCCLT Fee	Estimated Total Monthly Payment	Estimated Home Price

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\$25,000	\$281	\$190	\$50	\$521	\$52,000
\$30,000	\$385	\$190	\$50	\$625	\$71,000
\$35,000	\$483	\$190	\$50	\$723	\$90,000

Can I go to any lender to get a mortgage for a Community Land Trust home?

No. Only certain banks offer community land trust mortgage products. Home Bank is our qualified lender. By mid-2019, CCCLT plans to have 2-3 additional qualified lenders.

Can I pass my house onto my spouse, my children or other members of my household?

Yes. There are three categories of heirs to which you can transfer your home: 1) your spouse, 2) your children, or 3) members of your household who have resided in the home for at least one year immediately prior to transfer.

What happens if I want to resell my home and move away?

CCCLT has a preemptive option to purchase any homes that are located upon its land. The CLT may exercise this option itself, purchasing the home and reselling it to another income eligible buyer. Alternatively, CCCLT may waive its option to purchase and help the homeowner to sell their home directly to another income-eligible qualified buyer. In either event, the CCCLT homeowner is obliged to sell the home for no more than the maximum price determined by the Resale Formula stipulated in the homeowner's ground lease.

Can I sell my home for its maximum resale value?

CLT home sales are restricted by the Resale Formula, which is designed to offer affordability to the Buyer and a fair return to the Seller. CLT homes may not be sold for an amount higher than the maximum price determined by the Resale Formula.

What happens after the 99-year ground lease expires?

Prior to the expiration of the Lease, the CLT will send a written notice stating the date of the expiration and the conditions for renewal ("Expiration Notice"). The Homeowner has the right to renew the Lease for another 99 years provided that: 1) the Homeowner sends a written notice to the CLT within 60 days of receipt of the Expiration Notice, 2) the current Lease is in effect on the last day of the original 99-year term, and 3) the Homeowner is not in default under the current Lease or under any mortgage on the last day of the original 99-year term.

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Can I rent out my house for a profit?

No. Homeowners must live in the home as their primary residence for at least 10 months each year. Under certain circumstances, with prior approval of CCCLT, a homeowner may sublet all or part of the home. The duration of this sublet and the amount of rent a homeowner may charge are both controlled by the ground lease (and by CCCLT).

Who pays the property taxes?

CCCLT homeowners are responsible for paying their own property taxes on the value of the home. Because the land is owned by CCCLT (a tax-exempt non-profit organization), taxes will not be owed on the value of the land itself.

If my home is damaged in a hurricane or another natural disaster, will I still be eligible for FEMA assistance?

Yes. FEMA Individual Assistance is available for homeowners who own homes on leased land. In Louisiana, CLT homes are considered "Site-built Homes on Leased Land." The two recent state recovery programs, the Road Home program (re: 2005 Hurricanes Katrina and Rita) and the Restore LA program (re: the August 2016 Floods), include policy for Site-Built Homes on Leased Land.

See page 12 of [The Road Home Homeowner Program Policies Version 10.1](#)

See page 52 of [The Restore Louisiana Homeowner Assistance Program Program Manual Version 5.1](#)

Do you work with real estate agents?

In order to keep the prices on our homes low, we do not include real estate commissions in our listings. When it is time to sell your home, we will assist you in marketing the house through our waiting list of prospective buyers. If you choose to engage a real estate agent on your own, you can do so at your own expense.