

Community Land Trust Symposium

The Impact of Community Land Trusts in Florida and
Introducing the Training and Certification Program

Florida Housing Coalition Annual Affordable Housing Conference

August 28, 2019

Opening Moderator: Jaimie Ross



THE FLORIDA HOUSING COALITION



Today's Agenda

- The impact of the Florida CLT Institute
- The impact of Florida's CLTs
- Introducing the Training and Certification Program
- Update on CLT Lending
- The future for CLTs

The Work of the Florida CLT Institute

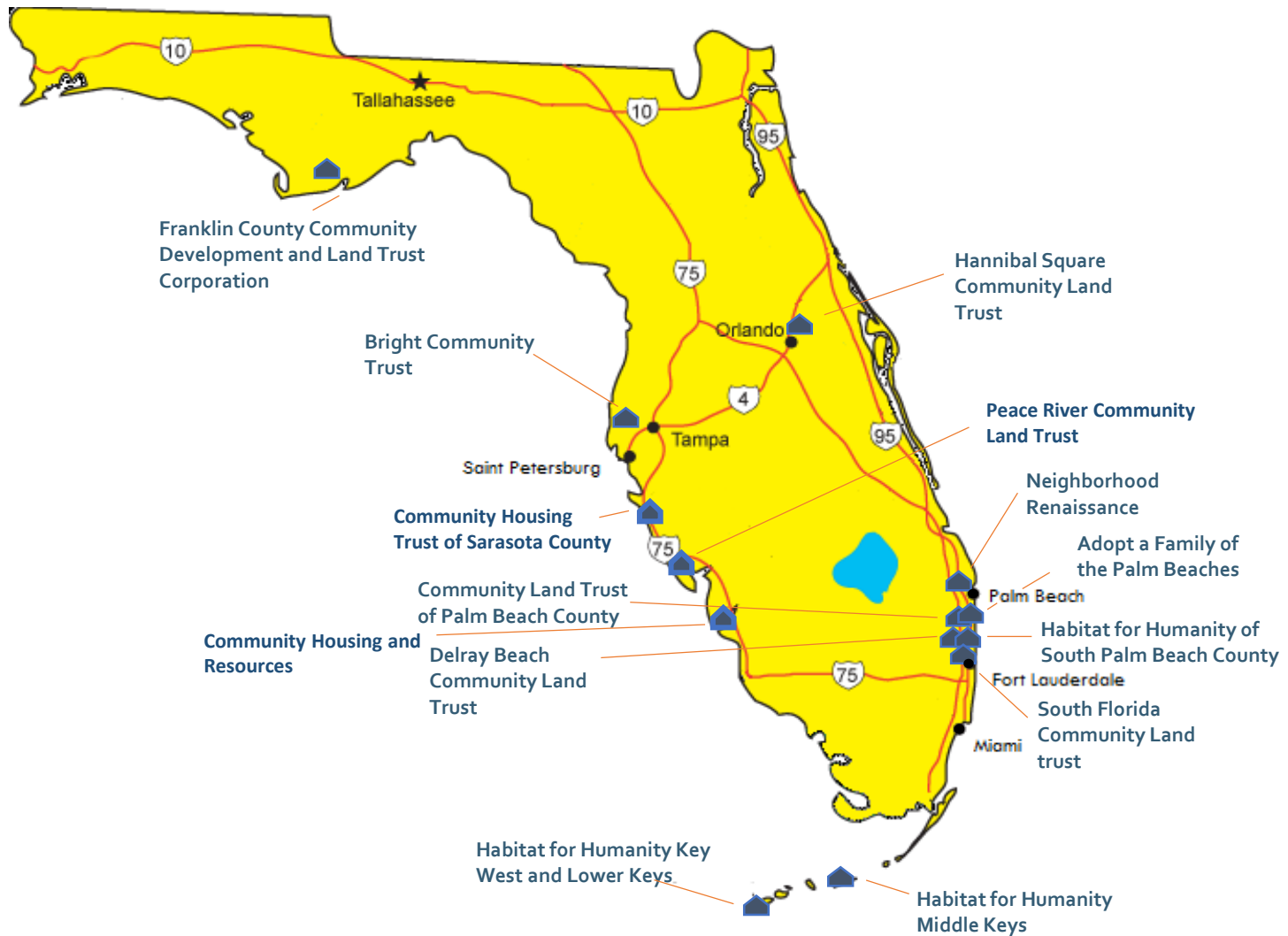
Expanding permanent affordability statewide through
training, technical assistance and advocacy

Presenter: Ashon Nesbitt

Florida CLT Institute's Impact

- **Technical assistance supporting significant growth in the number of CLTs**
 - Work with local governments, nonprofits and other groups to establish new CLTs
 - Provide technical assistance to existing CLTs
- **Establishment of CLT Steering Committee**
 - Promote peer-sharing amongst leading CLTs
 - Promote best practices
 - Advise on policy and program initiatives

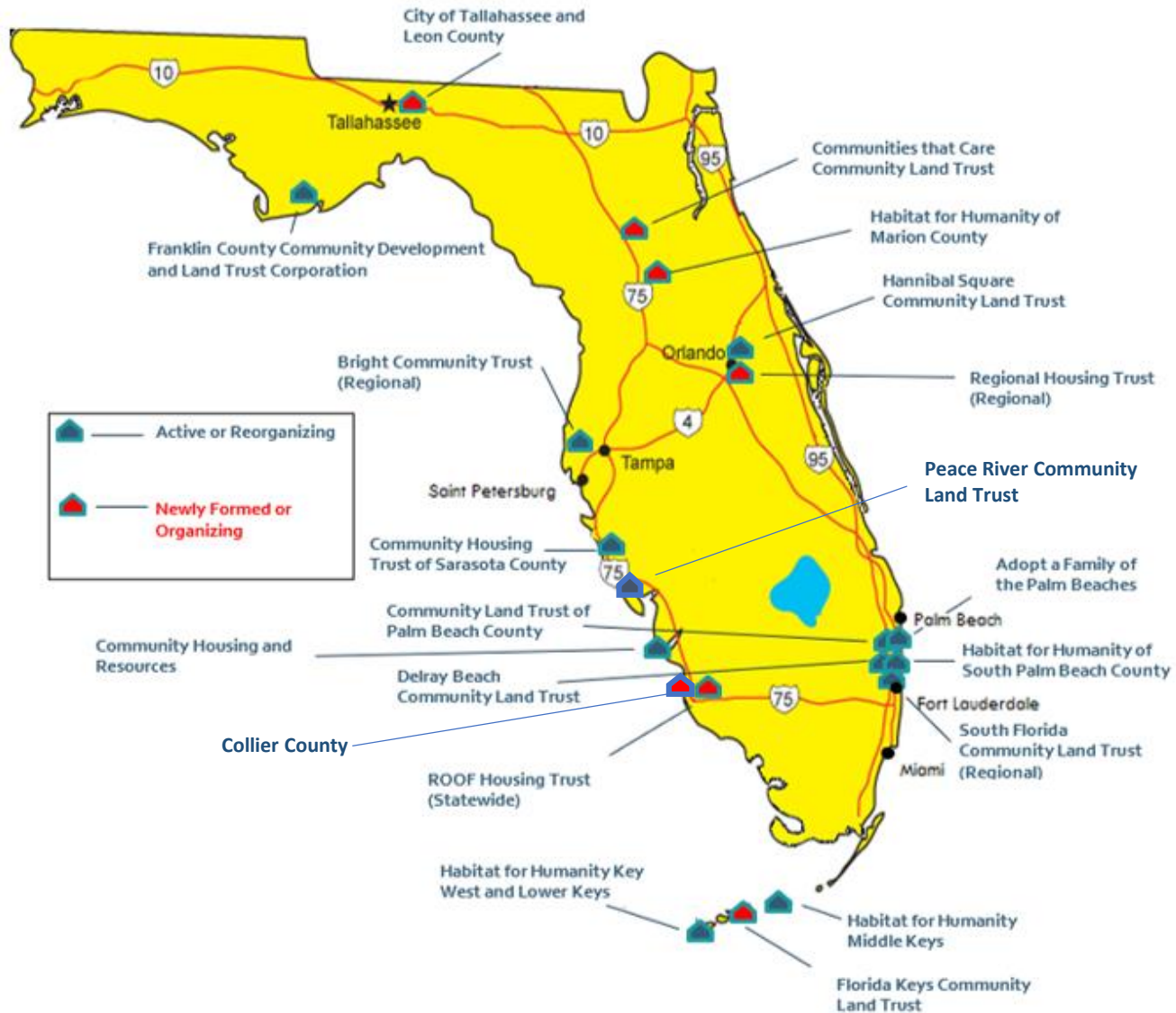
2017



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2019



Growing number of Lenders that work with CLTs in Florida



BB&T

SYNOVUS®



City National Bank
Bci FINANCIAL GROUP



open[®]
MORTGAGE

CHOICE
MORTGAGE BANK, INC.

IBERIABANK

Land Home
FINANCIAL SERVICES, INC.
Your Preferred Community Lender™

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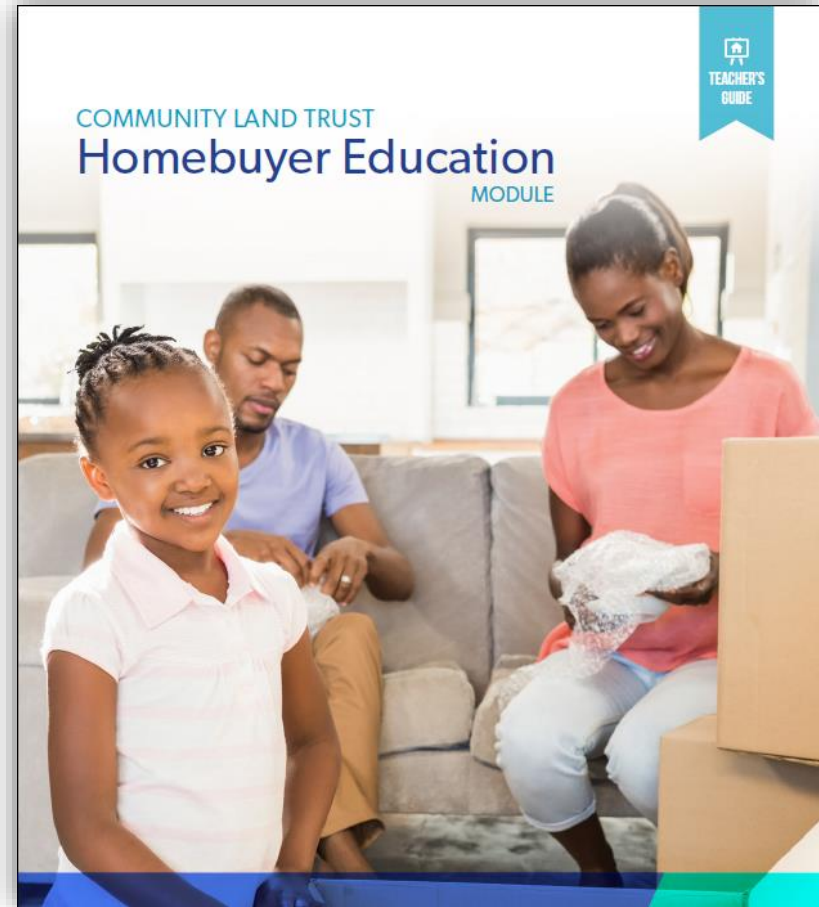
More on the Florida CLT Institute's Impact

- Influence on policy and programs at state and local level
 - Down payment assistance program language
 - Permanent affordability with disaster recovery funding
 - Framework for surplus land
- New programs and tools supporting standardization and expansion
 - Homebuyer Education Module
 - Program Reviews

Homebuyer Education Module

Highlights:

- Teacher's Edition Available Now!
- Supplements general homebuyer education
- Understanding ground lease
- Transitioning to fee simple homeownership



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CLT Homebuyer Education Module

A detailed review of recently developed education material to prepare perspective purchasers for CLT homeownership

Presenter: Kimberly Spence

Down Payment Assistance Strategies

A detailed review of recently developed add-on language for
SHIP purchase assistance

Presenter: Ashon Nesbitt

Purchase Assistance Strategies

- **Subsidy recapture**
 - **Consider market conditions**
 - Rate of appreciation
 - Rate of income increases
 - **Repayment of the subsidy alone will not be enough**
 - **Reasonable return on public investment to provide same level of assistance to the next household**

Community Land Trust Strategies

- CLT makes your SHIP \$ go farther;
- Meets the 65% homeownership set-aside
- Subsidy retention
 - One-time subsidy in **unit** – SHIP dollars stay with the house
 - Creates **permanently affordability**
- CLT stays involved - stewardship

Model DPA Strategy with CLT Add-On Language

Summary of Strategy

Funds will be awarded for down payment and closing costs for new and existing homes, including homes purchased from a community land trust (CLT). Home rehabilitation is also an eligible use, as needed when purchasing existing homes. To be eligible, existing homes must be in need of and receive at least \$2,500 in rehabilitation paid within 12 months by SHIP, CDBG, HOME, the seller, the buyer or another source.

Model DPA Strategy with CLT Add-On Language

Terms

1. Repayment loan/deferred loan/grant: Funds will be awarded as a deferred subordinate loan secured by a recorded subordinate mortgage and note
2. Interest Rate: 0%
3. Years in loan term: 10 years (very-low and low), 30 years (moderate)

Model DPA Strategy with CLT Add-On Language

Terms

4. Forgiveness: For very-low and low-income categories, the funds will be forgiven on a prorated bases so that 10% of the principal is forgiven annually. Funds for moderate-income recipients will be forgiven on a prorated basis so that $1/30^{\text{th}}$ is forgiven annually.

Model DPA Strategy with CLT Add-On Language

Recipient Selection Criteria

Applicants will be ranked for assistance based on a first-qualified, first-served basis. Homebuyers must complete an approved homebuyer education class from a HUD certified agency and obtain a certificate of completion. CLT homebuyers must attend a homebuyer education class that contains a community land trust component and/or session with the CLT in addition to a homebuyer education class that requires CLT buyers to demonstrate and attest to a clear understanding of the terms of community land trust homeownership.

Model DPA Strategy with CLT Add-On Language

Additional Information (See Exhibit)

Terms for CLT home purchases: This SHIP assistance is assumable to an income-eligible purchaser. The terms of the Note and Mortgage shall allow subsequent purchasers to assume the loan with approval by the CLT. Otherwise, no repayment required during the term of the loan, provided the loan remains in good standing. Please see Exhibit ____ for additional instructions and information for CLT purchases.

Legal Documents Discussion

Sample documents for program implementation

Presenter: Kody Glazer

A SHIP CLT Down Payment Assistance Strategy requires legal documentation that is unique to the CLT Model.

The Florida Housing Coalition's Community Land Trust Institute will be releasing sample legal documents for SHIP Jurisdictions to utilize when implementing the Model DPA strategy.

Method

- Utilized an existing SHIP DPA Second Mortgage & Note
- Crafted the documents to sufficiently conform to the CLT Model of homeownership
- Based the documents off of the Model CLT DPA Strategy
- Provided a checklist of language to consider

Documents

- Second Mortgage
- Note
- Community Land Trust Approval Form
- Checklist of Essential Language

**SECOND MORTGAGE
HOMEBUYER PROGRAM – PURCHASE ASSISTANCE
SHIP COMMUNITY LAND TRUST**

THIS SECOND MORTGAGE is made this _____ day of _____, 20 __, between the Mortgagor, _____ (herein the "Borrower") and the Mortgagee, _____, whose street address is _____ (herein the "Lender").

WHEREAS, the Borrower is indebted to Lender in the principal sum of _____ (\$ _____), without interest, which indebtedness is evidenced by the Borrower's Promissory Note dated _____, and extensions and renewals dated thereof (herein "Note"), providing for payment of principal indebtedness on the terms stated herein;

TO SECURE to the Lender the repayment of the indebtedness evidenced by the Note; the payment of all other sums, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements of the Borrower herein contained, the Borrower does hereby mortgage, grant, and convey to Lender the buildings and improvements existing on the Leased Land and the Borrower's leasehold interest in the Leased Land, located in the County of _____, State of Florida, more particularly described as follows:

LEGAL DESCRIPTION OF PROPERTY: _____

11. **Borrowers Copy.** Borrower shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation thereof.

12. **Transfer of the Property; Assumption; Release by Lender.** If all or any part of the Property or any interest in it is sold, transferred, gifted, or conveyed without prior written approval by _____, the approved Community Land Trust (CLT), whether by voluntary act, involuntarily, by operation of law or otherwise, or if the Borrower is divested of title by judicial sale, levy or other proceeding, or if foreclosure action is instituted against the Property, or if the Borrower loses homestead exception status on the Property, or if the Property fails to be the Borrower's primary residence, or if the Property is rented, all sums secured by this Mortgage shall immediately become due and payable as provided herein, from date of such transfer, gift or other conveyance, until paid in full. **THIS MORTGAGE IS ASSUMABLE.**

Lender agrees that this Mortgage and Note under this Mortgage are assumable to income-eligible subsequent purchasers with prior written approval by _____, the approved Community Land Trust (CLT), without constituting a default under this Mortgage. The Borrower and CLT jointly shall promptly notify Lender prior to the assumption of this Mortgage by a subsequent purchaser. Lender agrees to release the Borrower from all personal and other liabilities under this Mortgage upon the assumption of this Mortgage by a subsequent purchaser.

KEY MORTGAGE & NOTE POINTS

1. Be clear that the security interest is of a fee simple interest in the improvements with a leasehold interest in the land
2. Be sure the Mortgage & Note are assumable by subsequent income-eligible homebuyers
3. Allow prior homebuyer to be released from the mortgage
4. Follow the DPA Strategy's Event of Default(s) & Term of Loan
5. Allow SHIP-eligible heirs to assume the loan and occupy the home
6. Include language referencing the CLT's Right to Cure an Event of Default

CLT Approval Form

- Document used to show that the CLT has been approved by the SHIP Jurisdiction
- Good opportunity to document the duties of the CLT such as notice requirements, successful stewardship goals, and other duties

Mortgage Assumption Form/Release Agreement

- Necessary to assure government subsidy is retained in the CLT home

Homebuyer Qualification Attestation Form

- Model DPA Strategy states that applicants must complete an approved homebuyer education class
- Can be used for SHIP jurisdiction to document that an applicant has met all requirements

Kody Glazer – Legal Director
glazer@flhousing.org

Outlook on Community Land Trusts

Expectations and perspective on the importance of the
Training and Certification Program

Presenter: Daniel Ticona





Ready for Liftoff: Community Land Trust Certification Program

Daniel Ticona
Single-Family Affordable Lending & Access to Credit



August 28, 2019

- **Chartered by Congress in 1970**
- **Mission to promote liquidity, stability, and affordability**
 - nationwide, in all economic conditions
- **Community mission**
 - » Stabilize communities
 - » Prevent foreclosures
 - » Expand credit responsibly
 - » Educate future homebuyers and counsel homeowners
 - » Support affordable rental housing
- **Three main business lines**
 - » Single-Family (1- to 4-unit for-sale properties)
 - » Multifamily (5+-unit for-rent properties)
 - » Capital Markets



- More **funds** available for mortgage loans
- Lower, more consistent mortgage **interest rates** nationwide
- Longer **loan terms** (e.g., 30-year fixed rate)
- More consistent **standards and requirements**
- No-penalty single-family mortgage **refinances**
- **Access to credit** for market segments that might otherwise be underserved or neglected
- **Continuous** market support

Affordable Lending Ecosystem

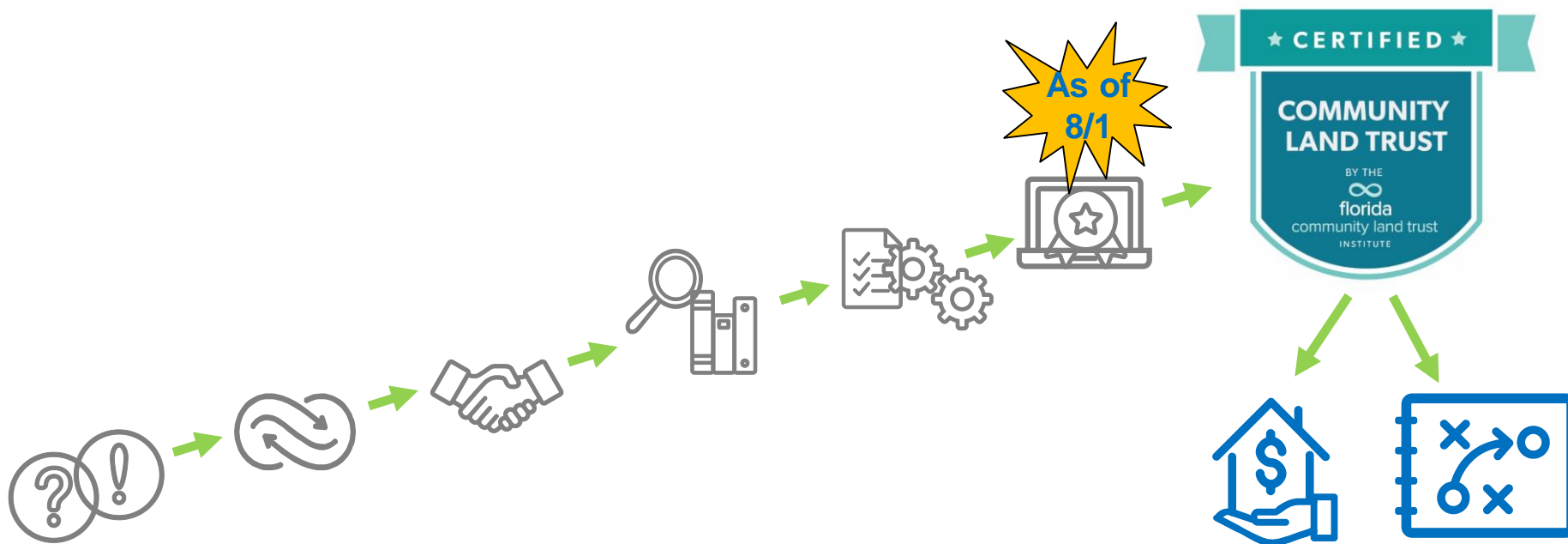


What we're doing

- Buying loans
- Developing guidelines to facilitate mortgage originations
- Supporting standardization of data collection at the transaction level
- Conducting research
- Increasing industry outreach and capacity building



Launching the Florida Housing Coalition CLT Certification Program, Sponsored by Freddie Mac



Providing Financing Solutions for Properties with Income-based Restrictions





Community Land Trust Impact in Florida

Introducing the members of the CLT Steering Committee and
first members of the Florida CLT Institute

Moderator: Ashon Nesbitt



SOUTH FLORIDA
COMMUNITY LAND TRUST



HANNIBAL
SQUARE
COMMUNITY LAND TRUST



ROOF
Residential Options of Florida





Kirk Rd CLT Homes Project

Palm Beach County donated several road right of way parcels and provided HOME CHDO dollars



4 single family units and a two unit duplex were built.



Two additional single family units in process.



Davis Landings and DL West

County donated 7.29 acre site - CLT of PBC built 25 multi-family units, 16 single family homes and 8 townhomes



La Joya Villages



Lake Worth CRA
donated 1.9 acre site –
CLT of PBC and a private
partner built 55 multi-
family units and a
commercial space



Shared Vision





24 Single Family Units

3-4BR/2-3 Baths

1400-1720 sq . ft.

Rear /Side Load Garages

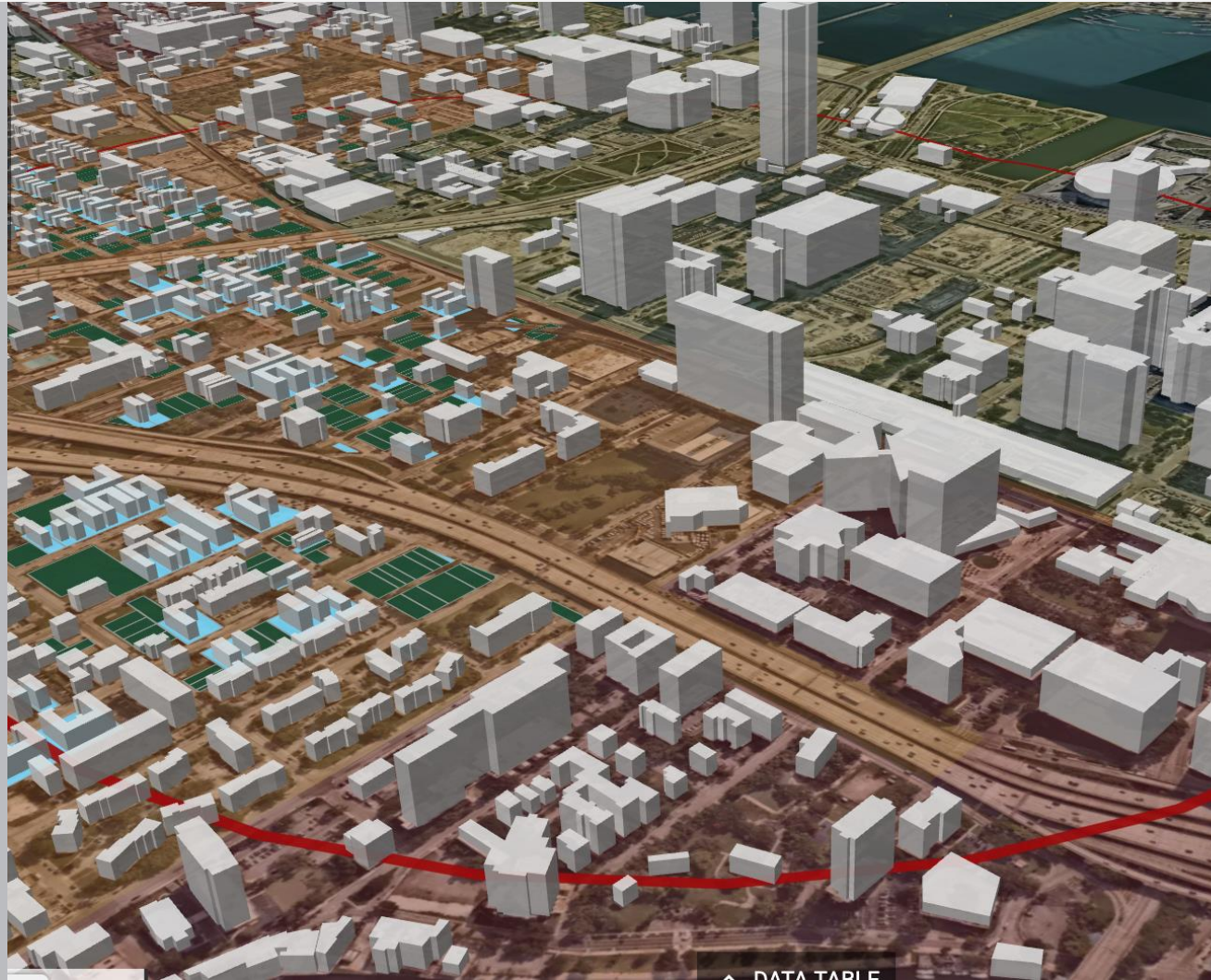
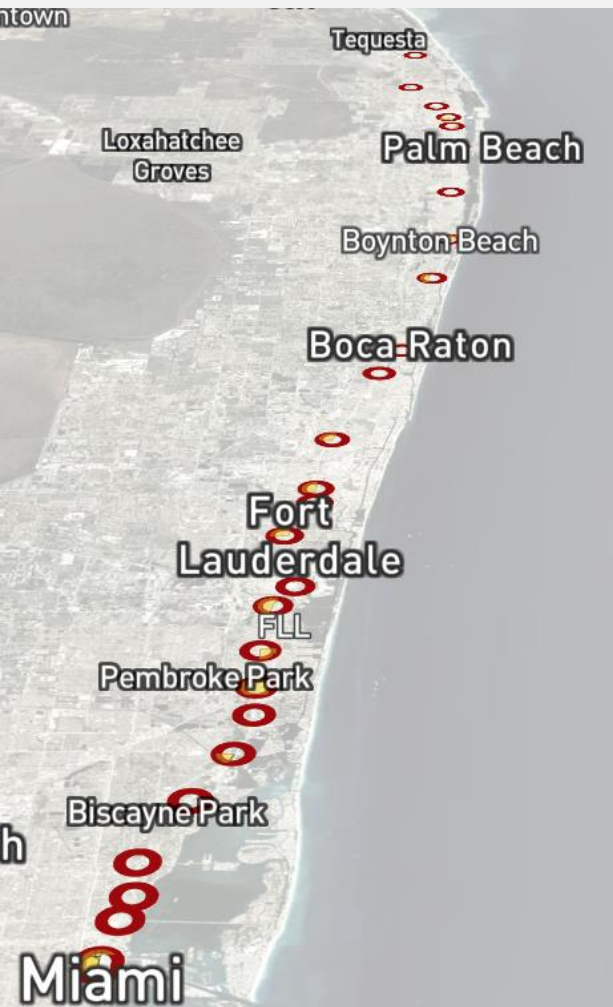
Porches



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AFFORDABLE, RESILIENT COMMUN

near transit





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COMMUNITY LAND TRUST

LITTLE HAITI |

townhouses



COMING 2021

APOPKA DEVELOPMENT



24 OWNER-
OCCUPIED
TOWNHOMES

POCKET PARK &
PAVILLION

CLOSE TO
AMENITIES
WORKFORCE
HOUSING



ORLANDO DEVELOPMENT



30 OWNER-
OCCUPIED
TOWNHOMES

20,000 SF OF
RETAIL SPACE
GROUND FLOOR

28 MIXED-INCOME
RENTAL UNITS
FLOORS 2 & 3





 **ROOF**
Residential Options of Florida



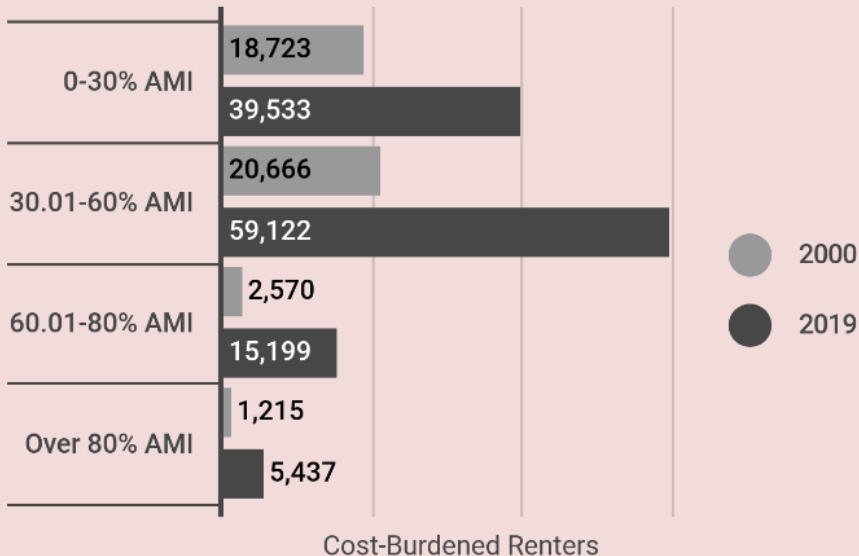




Central Florida Regional Housing Trust

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FOUNDATION

Cost Burdened Renters by Income (% AMI), Orange/Osceola/Seminole Counties, 2000 & 2019



- ▶ The region added 59,266 low-income, cost burdened households 2000-2019.
- ▶ Cost burden also rose for 60-80% AMI renters (12,629 added households)
- ▶ Only 5% of cost burdened renters have incomes above 80% AMI

Sources: Shimberg Center analysis of U.S. Census Bureau, 2000 Census and 2013-2017 5-Year American Community Survey; University of Florida Bureau of Economic and Business Research, 2017 Population Projections

Orlando Housing Opportunity Fund

- Initial raise of \$100M private debt, equity, and philanthropy
- Provide gap financing to address annual revolving need for new, rescued, or renovated housing units - mixed income, multifamily units, rental, and home ownership (other types of housing preservation and production still being considered)
- Innovative, unique to, and customized for the Central Florida market – designed to be mixed with public sector incentives
- Serves diverse income groups
- Creates attainable housing for people and families at or below workforce income, spending 50% or more of their income on housing
- Uses long term, patient capital in a new way
- Fund accepts land donations



The Community Land Trust Training and Certification Program

A pilot program for promoting best practices and industry
standards

Presenter: Kimberly Spence

Program Overview

- Training and TA to improve CLT performance
- Organizational Assessment to determine CLTs ability to carry out stewardship responsibilities and minimize risk of loan default
- Assessment of CLT's readiness to work with Freddie Mac CLT Mortgages
- Based on industry best practices
- Benefits for the CLT, lenders, and local governments

Training and Certification Procedures



APPLY



INVITE



NOTIFY



EVALUATE



TRAINING



EXIT
CONFERENCE



CERTIFICATION



FOLLOW-UP

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Certification

Certification

- Implement all required Core Certification Best Practices in each category
- Implement at least 50% of General Best Practices
- Freddie Mac Counterparty requirements

Gold Standard Certification

- Implement all required Core Certification Best Practices
- Implement at least 75% of General Best Practices
- Freddie Mac Counterparty requirements
- Score at least 80% on Core Certification Best Practices with a point value (in each category)

Core Certification Best Practices

Legal – 4 points*

- Articles of Incorporation; By-laws; 501(c)(3); ground lease

Board – 11 points

Senior Management – 5 points

Staff – 4 points

Financial – 6 points*

- Audited financial statements – no sign of financial distress

Stewardship – 13 points*

- Homebuyer education; written resale procedures

Systems and Infrastructure – 14 points

General Best Practices

Organization Mission and Vision – 3 points

Program Management – 8 points

Community – 9 points

Marketing – 3 points

Human Resources – 5 points

Asset Management – 11 points

Freddie Mac Counterparty Review

- Review ground lease
- Resale restrictions to create and preserve affordable housing
- Does the CLT or a partner organization provide home counseling services
- Review IRS Form 990 or most current financial statements for financial stability

Annual Certification Renewal

- **Streamlined Annual Review**
 - Most recent audited financial statements
 - Most current operating statement and balance sheet
 - Most recent IRS Form 990
 - Current ground lease(s) in use
 - Current organizational chart or staff list
 - Affidavit of No Substantial Changes
- Reapply every 5 years

Transition to Gold Standard Certification

- **Request an evaluation or wait until Full Renewal**
- **No additional training with interim evaluation**
- **Maintain certified status if unable to achieve gold standard certification**

Loss of Certified Status

- **Certification can be lost due to substantial changes**
 - Loss of 501(c)(3) status
 - Significant reduction in financial capacity
 - Staff turnover that impact homebuyer education or stewardship responsibilities
- **Regain Certified Status**
 - Plan to address factors that resulted in loss
 - Re-evaluation of limited areas once plan implemented
 - Reapply for full training and certification

Visit our Website

www.flhousing.org

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Update on CLT Lending and Next Steps for the Florida CLT Institute

Changes and support for CLTs in lending and discussion on
the future of CLTs in Florida

Moderator: Nancy Merolla

Community Land Trust Symposium

Thank you for attending!

