



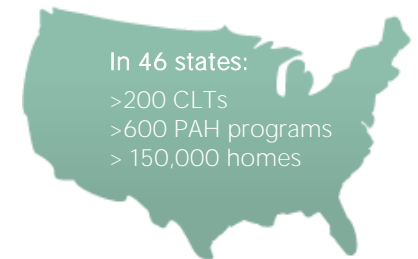
# Permanently Affordable Homeownership & Community Land Trusts

Sustainable models that use a one-time public investment to create a permanently affordable home



## WHAT ARE CLTS AND PAH PROGRAMS?

Community Land Trusts (CLTs) are nonprofit organizations that provide lasting community assets and permanently affordable housing opportunities for lower-income families. CLTs are best known for their **permanently affordable homeownership (PAH)** programs. Along with CLTs, some Community Development Corporations (CDCs), Community Development Financial Institutions (CDFIs), Habitat for Humanity affiliates, and government-based **inclusionary zoning programs** have PAH programs.



## HOW DO THEY WORK?

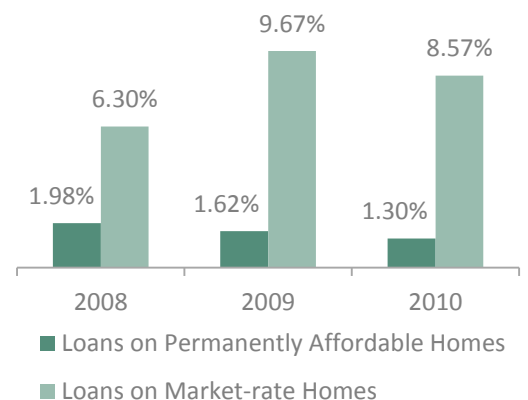
A one-time public investment is used in a self-sustaining way to keep homes forever affordable to families with modest incomes. **PAH programs** invest public funds into a property to make home purchase affordable for a lower-income family. The program supports the family to **attain and sustain homeownership**. In return, the homeowner agrees to sell the home at an affordable price to another lower-income homebuyer in the future. Consequently, the family is able to successfully own a home and build wealth, while the program is able to **preserve the public's investment in the home permanently to help family after family**.

## WHAT DO THEY ACCOMPLISH?

### PAH Programs:

1. **Increase access** to successful homeownership among lower income and minority families.
2. **Buffer the adverse impacts of gentrification** by providing a stock of housing that remains affordable.
3. **Stabilize neighborhoods** by increasing owner occupancy, promoting residential stability, preventing foreclosures, and maintaining homes in good condition.

% of Mortgages that are 90+ Days Delinquent or in Foreclosure Proceedings (Thaden 2011)



## HUD SHOULD SUPPORT PAH PROGRAMS

Over 80% of HUD's budget is committed to the ongoing subsidization of affordable rental programs; as a result, the agency **must be efficient in the use of its remaining dollars**. Unlike other homeownership programs, PAH programs only require a one-time public investment in order to create a home that remains affordable to serve family after family with modest incomes. It's a self-sustaining model. That is why the **Bipartisan Policy Center** recently released a policy report urging the federal government to better support PAH programs<sup>1</sup>.

Above and beyond the prudent use of public funding, helping families become successful homeowners reduces public costs on health care and improves the economy since home owning families build wealth, obtain better jobs, and their children attain higher levels of education<sup>2</sup>.

## OUR ISSUE

The HOME program explicitly includes "community land trusts" (CLTs) in its definition of "homeownership," but HUD has not amended other rules so that CLTs can use HOME funds (see our letter submitted to HUD on February 15, 2015). The Network has been asking HUD to address these issues for over a year.

**HUD needs to update and modify HOME program rules to allow permanently affordable homes to be created and maintained by CLTs.**

## OUR ASK

**Please contact HUD and urge leadership and staff to address the barriers for CLTs to utilize the HOME program.**

<sup>1</sup> Lubell, Jeffrey. (December, 2014). Housing More People More Effectively through a Dynamic Housing Policy. Washington, DC: Bipartisan Policy Center.

<sup>2</sup> Belsky, Eric S., Herbert, Christopher E., & Molinsky Jennifer H. (2014). Homeownership Built to Last: Balancing Access, Affordability, and Risk After the Housing Crisis. Cambridge, MA & Washington, DC: Harvard University & Brookings Institution Press.

## HOMEOWNER STORY:



### Leslie Coburn

A few years ago, Leslie was working as an Activities Specialist in a retirement community in Chapel Hill, North Carolina, commuting an hour every day from Granville County. However, the commute meant she had little time to do much beyond drive, work, and sleep. So after some searching, she was able to find an affordable place to rent near work. But over the next three years as the area developed, her rent increased significantly.

Fortunately, a co-worker introduced Leslie to Community Home Trust, a community land trust in Chapel Hill. Community Home Trust was able to prepare Leslie to become a homeowner and provide a home she could afford to purchase due to the HOME program.

Today, Leslie has been promoted at work and is thriving. With a home close to work, she has the time and energy to be active within her community in Chapel Hill. And since she is living affordably and building wealth from owning a home, she is now able to financially prepare for her own retirement.