

# Path to Home ownership



**JEPWA CLT**  
JEFFERSON  
EXPOSITION PARK  
WEST ADAMS  
COMMUNITY LAND TRUST  
**WEBSITE: [jepwa.org](http://jepwa.org)**  
**Remain Reclaim Reinvest**

The Community Land Trust Model

# Quick Review

# Community Land Trust

## WHAT IS A CLT? ▶

A Community Land Trust is a non-profit organization that owns land and puts it to use for community benefit.



### Board Members: (1/3 of each)

Organizations  
Community Organizers  
Community Activists  
Real Estate Agents

Tenants  
Residents  
Limited Equity Owners  
Co-Operative Owners

Local Stakeholders  
Business Owners  
Community Members  
Others

# Community Land Trust

## Resident Control of the Building/Structures

SINGLE-FAMILY HOME



LIMITED EQUITY HOUSING COOPERATIVE



CONDOMINIUM



MULTIFAMILY RENTAL



SMALL BUSINESS



NONPROFIT



**99 YEAR GROUND LEASE**

**COMMUNITY OWNERSHIP OF LAND**

# CLT Homeownership Process



1. What is affordable?
2. Tracking Finances
3. Neighborhood/ Pre-purchase Education
4. Working with CLT's/ Agents/ Escrow/ Title
5. Down Payment Assistance Programs
6. CLT Sale Process
7. "Ownership Roadmap"
8. Decisions to be made



# What is Affordable?



**Affordable housing is generally defined as housing on which the occupant is paying no more than **30 percent** of gross income for housing costs, including utilities.**

**The average residual-income burdened household **falls short by about \$25,000** annually. The lowest-income households would need \$34,000 to make up the difference while **households making \$15,000 to \$30,000 would need about \$24,000.****

**Everybody's matrix is different**

2022 Maximum Income Limits

Household Size	Annual Household Income Limit
1	\$66,750
2	\$76,250
3	\$85,800
4	\$95,300
5	\$102,950
6	\$110,550
7	\$118,200
8	\$125,800

**Rent burdened is paying 60-90% of income on housing.**

# Tracking your Finances

## Eligibility

- Property must be in California and be the borrower's primary residence.
- Must have a minimum credit score of 660.
- Must meet all **income and sales price requirements** of the lender and mortgage insurer.
- **Must take an approved home buyer education course and obtain a certificate of completion.**
- Leaseholds/land trusts and co-ops not permitted. (**Special CLT Lenders**)
- There may be additional program-specific requirements.



Down payment and closing cost assistance available for low- to moderate-income borrowers.



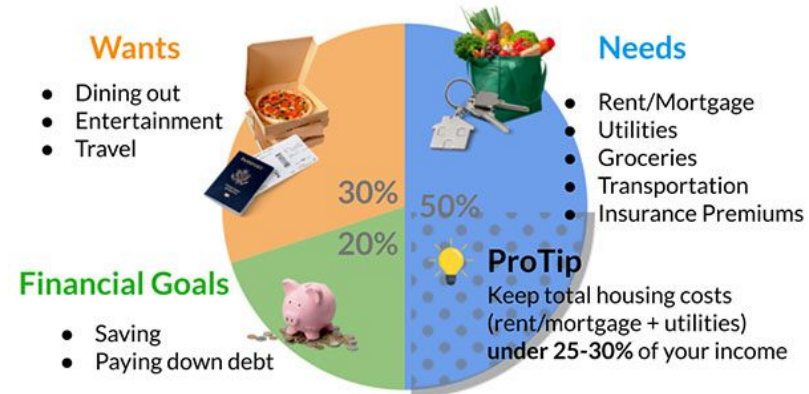
# California First-Time Home Buyer Programs of 2023



By Phil Metzger ©

Updated Apr 12, 2023 3:57 p.m. PDT

✓ Edited by Johanna Arnone ©



**Everybody's matrix is different**

# Education

Home Buyer Education course is designed to prepare you for home ownership & the steps to take toward buying your first home. Usually 8 hours

LA Housing Dept Approved  
[List of Providers](#)



# Down Payment Assistance Programs

## All About Home Down Payments

### Types of minimum down payments:

- VA loans
- FHA loans
- Conventional loans

### Where you can get money for a down payment:

- Gifts or loan from family
- Personal loan
- Withdrawal from retirement accounts
- Sell other assets



Your Unit / <b>Condo</b>	Your <b>House</b>
Home \$350,000	Home \$1,050,000
DMPY <b>125,000</b>	DMPY <b>125,000</b>
<hr/>	<hr/>
\$225,000	\$ 925,000

1 home	<b>VS</b>	4 Unit Bldg
Home \$1,300,000		<b>\$325,000</b>
DMPY <b>125,000</b>		<b>125,000</b>
<hr/>		<hr/>
\$1,175,000		<b>\$200,000</b>

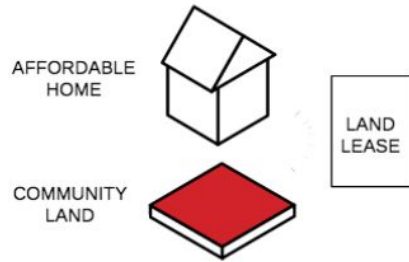
Total allowed (\$500.00)

**A building at the same price of a house**



# CLT Sales Process

## Community Land Trust



- Find a property
- Enter into contract
- Due diligence period

## Real Estate Agent or Attorney



- CLT
- (tenants)

## Escrow Company



- Escrow instructions

## Title Company



- Title Issued
- Insurance

# Finally the Closing Process

## Section A

**Land** value is already separated on the evaluation of the tax bill.

**Improvements** are separated on the tax bill and are the dwellings/buildings attached to the land

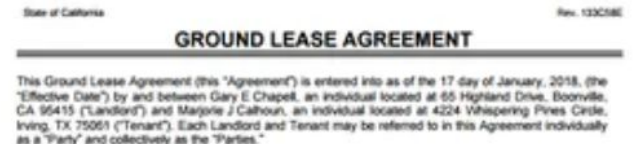
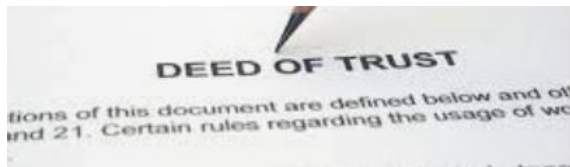
At the time of sale the two can be separated and 2 deeds can be issued. **Ground lease** is activated simultaneously.

Figure 1

## Sample Annual Property Tax Bill

Secured Property Tax for Fiscal Year July 1, 2012 to June 30, 2013

Property Owner Information		Detail of Taxes Due		
Property ID: 1234567 Mailing Address: Doe, Jane 1234 ABC Street Sacramento, CA 00000		<b>Agency</b>	<b>Rate</b>	<b>Amount</b>
Property Valuation on Jan 1, 2012		<b>General Tax Levy</b>	1.0000	\$3,500.00
		<b>Voter-Approved Debt Rates</b>		
<b>2012-13 Roll</b>	<b>Assessed Value</b>	City	0.0201	\$70.35
Land	\$115,000.00	Water District	0.0018	6.30
Improvements	\$242,000.00	School District	0.1010	353.50
		Community College District	0.0102	35.70
<b>Total</b>	<b>\$357,000.00</b>	<b>Direct Levies</b>		
<b>Less Exemptions</b>	<b>\$7,000.00</b>	Sidewalk District Assessment		\$9.36
<b>Net Assessed Value</b>	<b>\$350,000.00</b>	Flood Control District Assessment		64.39
		Street Lighting District Assessment		12.71
		Mello-Roos District		86.51
		School District Parcel Tax		125.00
		<b>Total Taxes Due</b>		<b>\$4,263.82</b>
		1st Installment		\$2,131.91
		2nd Installment		2,131.91



# Ownership Roadmap

1. What is a CLT? And is it right for me/us?
2. Acquisition of the property, what comes next?
3. Conversion to resident ownership timeline.
4. Long term future needs



# Decisions to be made

- Type of property
- Who are the occupants?
- Acquisition Procedures
- Which model to choose?
- Ownership structure
- Rehabilitation needs
- Building & Safety / Code violations
- Scope of work schedules
- Rules of Governance
- Management & Maintenance
- Future repairs and capital expenses
- Long-term sustainability
- If you decide to sell?
- Among others...



# Project phases: CLT 103

Pre-acquisition → Initial Acquisition → Transition from CLT Rental to LE TIC

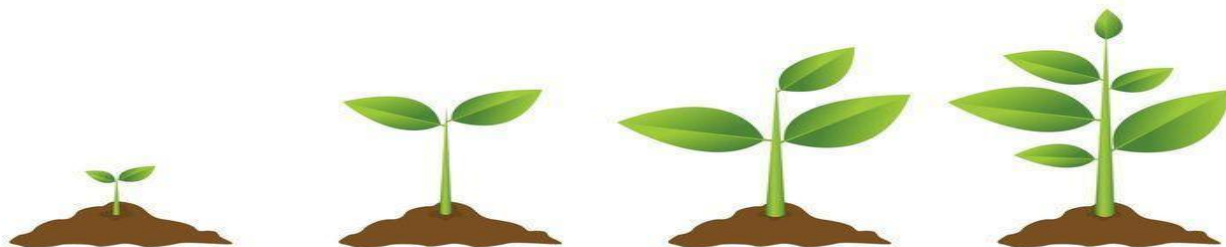
Before you purchase

During the Purchase

What Does it take during the transition process?

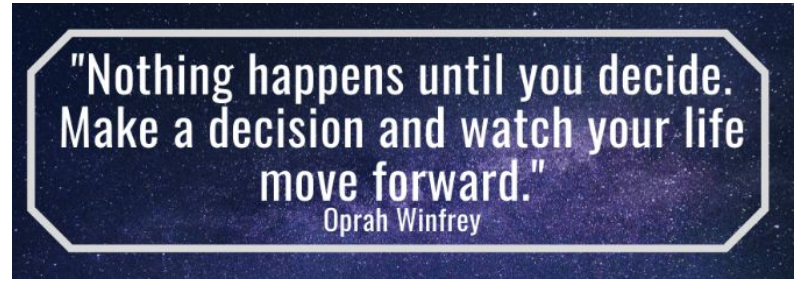
1. I Decided, I Just Want to Rent
2. Limited-Equity Model
3. Tenants in Common Model
4. Co-op Housing Model

**Making Sound Informed Decisions that last for the duration**



# New Owner

1. Permanent Home
2. Community Stability
3. Steady Payments
4. Generational Wealth Opportunity
5. Transferable to heirs



**Thank you!**

**Questions?**