Permanently Affordable Housing: Community Land Trusts

Presented to AML Dec. 8, 2022 by

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Sitka Community Land Trust
SCLT’s finished homes are bought & owned by individuals. They pay only for the structure, and not the underlying land. Purchasing just the building is more affordable.

Land is owned by the SCLT, which is governed by the SCLT nonprofit board.

A 99 year Ground Lease between the SCLT and the owner ensures owner-occupancy and responsible use and outlines fees paid to the SCLT.

A resale formula built in to the Ground Lease is designed to keep homes affordable for subsequent buyers.
The Resale Formula – How it Works

Let's say you purchased a home from the SCLT that is worth $330,000 for a net price of $275,000.

Based on a conservative growth rate of 3% in home prices, let's say you go to sell your home 10 years from now and the value of your home has gone up to $443,392. This is an increase of $113,392.

$(443,392 - 330,000) = 113,392$

You are entitled to 25% of the increase in value, which is $28,348.

$113,392 \times 25\% = 28,348$

The SCLT or an income-qualified buyer may purchase your home for what you originally paid ($275,000) plus your equity share ($28,348), resulting in a total purchase price of $303,348.

For a maximum sales price of $303,348, you can sell your home. This price will make this home affordable to another family like yours.

You also have the principal you have paid on your loan (more equity) which is estimated to be around $43,078 plus an assumed $10,000 down payment (based on a 30yr loan at 6.1% interest).

Sitka CLT intends for this home to not only be affordable to you but to future owners, as well.
Community Land Trusts

1. Provide greater likelihood of attaining and sustaining homeownership.

2. Build wealth among lower-, middle-income and disadvantaged families.

3. Ensure public investments go further and do more.

4. Build strong, safer and higher-quality neighborhoods.
About the Sitka Community Land Trust (SCLT)

- 501 (c) (3) Non-Profit Corporation
- 9 Member Board of Directors - One third of the total Board consists of “Homeowner Directors” representing those who live on land owned by the corporation or are low-income residents.
- Two Paid Part-time Co-Executive Directors
- 5 Occupied homes, 1 under construction, 2 in the pipeline
- 3 Former City Parcels in the S'us' Héeni Sháak Community Neighborhood
- Total homes when complete: 14
- One mixed-use multi-family rental unit to generate income for sustainability (fair market rent) and for pipeline to purchasing a SCLT home (subsidized rental units)
- $25/hr household income can purchase our smallest home; $35/hr household income can purchase the 3-bedroom home.
- SCLT is the Developer. A pre-approved buyer signs a Purchase and Earnest Money Agreement. The SCLT gets a construction loan which is paid off at closing. It takes about 8-9 months to build a house in Sitka.
## FY 2022

### Sitka Income Limits

<table>
<thead>
<tr>
<th>FY 2022 Median Income</th>
<th>Income Limit Category</th>
<th>1 Person</th>
<th>2 Person</th>
<th>3 Person</th>
<th>4 Person</th>
<th>5 Person</th>
<th>6 Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>$102,200</td>
<td>FY 2022 Moderate (120%)</td>
<td>$85,850</td>
<td>$98,100</td>
<td>$110,400</td>
<td>$122,650</td>
<td>$132,450</td>
<td>$142,250</td>
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FY2022 Income Limit Area: City and Borough of Sitka, AK
S'us' Héeni Sháak Community Neighborhood
The Future of CLTs in Alaska

• There is a group of Alaska residents and CLT practitioners in the Pacific Northwest (NWCLT Coalition - nwcltc.org) who are working on creating Trust Alaska, a statewide CLT organization that would help start CLTs in Alaska and provide support services after construction of the homes.

• This organization is based on Trust Montana, trustmontana.org.

• TA would have the potential for assisting the formation and long-term assistance of CLTs in rural and mid-size towns in AK. The idea is to provide
  • administrative help where a community doesn't have the capacity,
  • assistance from the town in finding the land and helping with development,
  • the stewardship of the homes. The land becomes a part of the Trust AK non-profit. (Because of AK's tribes, and regional tribal governments, the model may be different for AK. That will be researched.)

• It is in the early stages of planning with potential planning funds identified.

• Let me know if you want to be on the email list.
Affordable Housing Ideas

• Housing Trust Funds
  • National: support funding (nlihc.org)
  • Statewide: Alaska Housing Trust has an effective date of July 1, 2008 but it’s not funded. The first grants were supposed to have been issued 14 years ago.
  • Local (see Juneau’s Affordable Housing Fund)
• Local Ordinance: inclusionary zoning policy (creates a mix of affordable and market rate housing; inclusionaryhousing.org, see their calculator)
• Local Ordinance: Accessory dwelling units
• Local Ordinance: increase density and height
Contact Info

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S'us' Héeni Sháak Community Neighborhood
1306, 1410 and 1414 Halibut Point Road
3.26 Acres of Vacant land donated by
City and Borough of Sitka Assembly