

Asset Development Strategies



Allen L. Carlson, Executive Director

Newtown CDC

- 501 (c)(3) non-profit
- Community-based / Tempe, AZ
- Community Housing Development Organization (CHDO)
- 4 full-time staff

Strategies

- Homeowner Development (people-based)
- Housing Development (place-based)
- Neighborhood Revitalization
- Community Land Trust - subsidy retention
- Individual Development Accounts
- Tempe Asset Development Initiative
- Assets for Arizona Institute™

CLT Basics

- Dual Ownership
- Homebuyer purchases the home only and leases the land
- Subsidies are retained and locked into the property

CLT Basics

- Subsidy retention vs. subsidy recapture
- The subsidy amount required to make a home affordable in five years will be significantly more than the amount of subsidy required to make a home affordable today.

Individual Benefits

- A chance to build substantial assets
- Opportunities for choice and mobility
- Stepping stone to market rate housing
- Children can inherit property
- Provides access to homes for people who are otherwise priced out of the housing market

Individual Benefits

- Opportunity to have a safe, decent and affordable place to call home
- Security – advantages over renting, fixed monthly payment

Community Benefits

- Affordability is preserved
- Subsidies are retained and locked into the property
- Community stability is enhanced

CLT Ground Lease

- 99-year term – renewable
- Requires responsible use
- Requires owner occupancy
- Allows for transfer to heirs
- Contains resale restrictions
 - Must sell to income-qualified buyers
 - Resale formula sets sales price
- Preemptive option – 1st refusal

CLT Financing Example

Home Price (with rehab)	\$250,000
Subsidy (land)	\$85,000
Sales Price to buyer	\$165,000

CLT Financing Example

CLT Sales Price	\$ 165,000
Buyer's IDA Savings	\$ 5,000
1 st Mortgage	\$ 110,000
IDA Match Funds	\$ 15,000
City of Tempe	\$ 35,000
Total	\$ 165,000

Affordable for household with \$37,000 annual Income

CLT Resale Example

Appraised value in 5 years	\$330,000
Less original appraisal	-250,000
Appreciation	80,000
X 25% = seller's appreciation	20,000
Added to original sales price	\$165,000
Resale price	\$185,000

CLT Program

- 20 properties currently in CLT
- Will add 8 – 10 homes this year
- Currently have waiting list of buyers
- Starting a condo pilot project
 - Covenants & Deed Restrictions
 - Funded by City of Tempe

CLT Subsidy Funding

- Arizona Department of Housing
- City of Tempe (CDBG, HOME funds)
- Maricopa HOME Consortium
- Private funds

Financial Partners

- Bank of America
- National Bank of Arizona
- Alliance Bank of Arizona
- Wells Fargo
- JP Morgan Chase
- US Bank

Contact Information

Allen L. Carlson
allen@newtowncdc.org
(480) 517-1589

www.newtowncdc.org