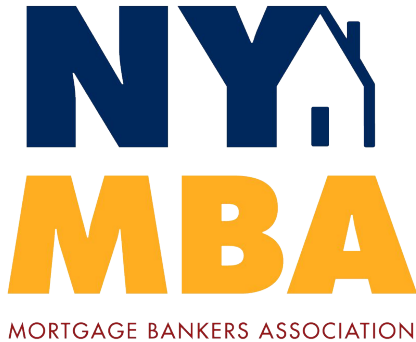


Date: May 19, 2023
Time: 12:00 pm

Community Land Trusts
Peter Elkowitz & James Blitz
Long Island Partnership



STAY CONNECTED WITH NYMBA



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LONG ISLAND PARTNERSHIP COMMUNITY LAND TRUST

*Making Homeownership Possible
Across Long Island*





Long Island Housing Partnership Community Land Trust



Long Island Partnership
Community Land Trust

www.lihp.org

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Land Banking vs. Land Trusting

A Comparison of Complementary Strategies

	Land Banking	Land Trusting
Program focus	Short-term ownership of vacant and blighted lands, remediation of contaminants, derelict structures, & title defects, and conveyance to private owners for reuse and redevelopment.	Long-term stewardship of lands and buildings after remediation and redevelopment, preserving affordability, preventing deferred maintenance, and protecting against foreclosure.
Corporate status	Public agency or quasi-public municipal corporation. The acquisition, remediation, and disposition of lands may be done as an internal program of a city department or redevelopment agency or these tasks may be assigned to a newly chartered special purpose “city land bank authority.”	Private, not-for-profit corporation. The stewardship of lands and buildings on behalf of a place-based community may be done as an internal program of an existing community development corporation (CDC) or it may be assigned to a newly incorporated “community land trust” (CLT).
Composition and selection of board	Board composed entirely of political appointees. A few seats may be reserved for community representatives, but the entire board is appointed by the mayor, city council, or and county commission.	The “classic” CLT has a tripartite board made up of leaseholders, community representatives, and public representatives, with a majority of seats elected by neighborhood residents. CDCs that operate land trust programs usually strive for similar community representation and accountability.
Land acquisition	Purchase on open market; receipt of “surplus” public property; and receipt of tax-foreclosed property.	Purchase on open market; private land donations; bargain sales; receipt of “surplus” public property from a city agency or land bank authority.
Exemption from property taxes?	Yes (during period when properties are held by the land bank)	No (but taxes may reflect restrictions on land and buildings)
Duration of land ownership	Title to lands (and any buildings) is typically held for a short period of time: three - five years.	Land is held in trust “forever.” Buildings are sold to private owners with permanent restrictions on use and resale.
Disposition of properties	Lands and buildings are both sold to private owners, often for the highest price the market will bear, after the land bank has cleared title and completed site remediation.	Buildings are sold to private owners at an affordable price. Title to the underlying land is retained by the CLT. The land is leased to owners of the buildings, using a ground lease that is long-term, inheritable, and mortgage-able.
Recycling of public investment	<i>Subsidy recapture.</i> Subsidies invested in acquiring and remediating lands are claimed by the land bank on the sale of the property.	<i>Subsidy retention.</i> Subsidies invested in acquiring and developing lands are locked into the property, lowering the price for future homebuyers (or other occupants).
Long-term affordability of land & buildings?	No. Land banks typically impose no lasting affordability restrictions on lands and buildings that are removed from the land bank’s inventory and sold on the open market.	Yes. The CLT retains an option to repurchase homes (and other buildings) whenever their owners decide to sell, paying a formula-determined price that keeps homes affordable.
Long-term responsibility for homes & homeowners?	No. A public land bank typically imposes no conditions on the upkeep of buildings sold out of the land bank’s inventory. Nor does it intervene, should the owners of these buildings later face foreclosure.	Yes. The CLT has a right (via the ground lease) to require leaseholders to keep their buildings in good repair. The CLT also has a durable right to intervene in cases of a mortgage default to prevent foreclosure.



How does the Community Land Trust Work?

- ☐ LIPCLT owns and holds title to the land forever
- ☐ LIPCLT conveys use of lot to qualified homeowner via 99-year ground lease, at which time you can reapply for a new ground lease
- ☐ You, as a homeowner, will own home and all improvements, evidenced by Deed
- ☐ Ground Lease and Deed are recorded, enforceable, legally-binding documents
- ☐ Should you ever decide to sell your home, you will share the affordability that was created for you with the next homebuyer household



How does the LIPCLT Resale Formula Work?

When you sell your home you are entitled to get back:

- ☐ Your cash equity (your down payment)
- ☐ Your earned equity (the loan principal you pay off by making your monthly mortgage payments)
- ☐ A share of the market equity - based on the increase in the Consumer Price Index (CPI) during the time you own your home



LIPCLT's Services to the Homeowners

- ☐ Assist homeowner in qualifying for mortgage by providing mortgage counseling and assistance
- ☐ Help future homeowner understand what it means to own a home
- ☐ Help homeowner to understand ground lease and resale formula
- ☐ Assist homeowner in event of financial difficulties; help homeowner to avoid foreclosure
- ☐ Provide information how to maintain the home for optimum energy-efficiency and cost-effectiveness



Roles & Responsibilities of LIPCLT Homeowners

- ❑ Qualify for and obtain a mortgage (SONYMA, Fannie-Mae, Freddie Mac, or a Portfolio Product)
- ❑ Understand the ground lease agreement - and agree to abide by its terms and expectations
- ❑ Understand the resale formula that allows you to build equity but limits the price for which you can sell your home



The LIPCLT Ground Lease: Responsibilities & Requirements

- ☐ Monthly Fees: Homeowner(s) are responsible for paying monthly ground lease fee.
- ☐ Property Taxes: Homeowner(s) are responsible for paying all property taxes on the home you own and the land you lease
- ☐ Insurance: Homeowner(s) agrees to keep your home sufficiently insured
- ☐ Home Improvements: Homeowner(s) may, with permission, make improvements to their home
- ☐ Primary Residence: Homeowner(s) must live in their home all year and may not rent out their home (or rooms in their home)



LIPCLT Homebuyer Process

- ☐ Complete Homebuyer Application
- ☐ LIPCLT will Determine Applicant's Program Eligibility
- ☐ Applicant(s) Complete Homebuyer Education and Counseling
- ☐ Be Approved for Mortgage Loan
- ☐ Complete LIPCLT Orientation Session
- ☐ Select Available LIPCLT Site
- ☐ Sign Purchase Agreement
- ☐ Participate in Closing & Sign Lease Agreement



Homeowner's Letter of Agreement

In particular, I understand and agree with the following points.

- One of the goals of LIPCLT is to keep LIPCLT homes affordable for low- and moderate- income households from one LIPCLT homeowner to the next. I support this goal as a LIPCLT homeowner.
- The terms and conditions of my Lease will keep my home affordable for future “pre-approved qualified persons” (as defined in the Lease). If and when I want to sell my home, the Lease requires that I sell it either to LIPCLT or to another pre-approved qualified person. The terms and conditions of the Lease also limit the price for which I can sell the home, in order to keep it affordable for such pre-approved qualified persons.
- It is also a goal of LIPCLT to promote resident ownership of LIPCLT homes. For this reason, my Lease requires that, if I and my family move out of our home permanently, we must sell it. We cannot continue to own it as absentee owners.
- I understand that I can leave my home to my child or children or other members of my household and that, after my death, they can own the home for as long as they want to live in it and abide by the terms of the Lease, or they can sell it on the terms permitted by Lease.
- As a LIPCLT homeowner and a member of LIPCLT, it is my desire to see the terms of the Lease and related documents honored. I consider these terms fair to me and others.



Attorney's Letter of Acknowledgement

In connection with the contemplated purchase of the Home and the leasing of the land, I reviewed with the Client the following documents:

- a) This Letter of Attorney's Acknowledgement and a Letter of Agreement from the Client;
- b) A proposed Deed conveying the Home to the Client;
- c) A proposed Ground Lease conveying the "Leased Land" to the Client; and
- d) Other written materials provided by LIPCLT.

The Client has received full and complete information and advice regarding this conveyance and the foregoing documents. In my review of these documents, my purpose has been to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

The Client is entering the aforesaid transaction in reliance on his/her own judgment and upon his/her investigation of the facts. The advice and information provided by me was an integral element of such investigation.



LIHP CLT Accomplishments

- Since LIHP-CLT commenced:
 - 18 homes constructed with CO's and Closed by December 2022
 - 14 homes in contract and under construction to close in 2023
 - 50+ homes are already in the planning stage for the next 3-5 years



















Long Island Community Land Trust

For more information,
visit our website:
www.lihp.org/clt.html



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Long Island Housing Partnership, Inc

Thank You

Peter Elkowitz and James Britz