

Community Land Trust Executive Summary

The development and retention of affordable housing has become an issue of great concern as the median price of a new home has gone as high as \$310,000. Home prices are beginning to stabilize but still remain out of reach for many of our working professionals. For example, a new school teacher earns an annual salary of \$32,600 and qualifies for a home costing \$108,800, falling short of the median priced home by \$200,000. Many other working class professionals including librarians, nurses, police officers, administrative positions and carpenters cannot afford to participate in today's housing market.

The median income in Las Vegas is \$56,550 for a family of four, which according to HUD corresponds to an affordable housing price of \$175,750. Only 470 homes were for sale in May of 2006 that fit this pricing criterion. The percentage of affordable homes sold has steadily declined from approximately 45% in 2002 to 5% in 2006.

In an effort to address this critical shortage of affordable housing; the city is seeking innovative programs to develop and preserve an affordable housing stock. The Community Land Trust (CLT) program creates an affordable housing stock and maintains the affordability in perpetuity. A CLT is operated by a group of community stakeholders whose mission is to assure housing affordability in the community through a variety of housing options.

On April 20, 2005, the city entered into a professional services agreement with Burlington Associates, a consulting firm with over 25 years experience in the community land trust arena. The consultant recommended the creation of a steering committee to review and analyze information about the community land trust concept with the intent of making recommendations to the City Council on the feasibility of creating a CLT in Las Vegas and how to structure and operate such an organization. The appointed committee, made up of 12 members plus an alternate met with the consultant and covered the following topics:

- ❖ What is a Community Land Trust (CLT) and its purpose?
 - A CLT preserves decent, affordable housing in perpetuity by selling homes to low-income residents and holding long-term (99 year) leases to the property upon which the homes are located. The income from the lease is put back into the CLT for operations and acquisition of future properties.
 - Upon sale of the home at an affordable price, the low-income resident lessee receives a portion of the equity and the CLT receives the remainder.

- ❖ What is the structure or composition of the CLT board?
 - The steering committee recommended the tripartite model in which 12 directors fill three categories as follows:
 - Lessee Directors three appointments consisting of CLT property owners/lessees who will be participating in the CLT program. The lessee directors will be nominated by the public directors and community directors. During the initial year of a CLT board, three CLT steering committee members will be identified to fill the lessee director seats for a period not longer than one year following incorporation.
 - Community Directors three appointments plus one alternate consisting of community stakeholders representing the broader community (local business owners, neighbors). The lessee and public directors will nominate qualified candidates to fill this category and select three through election by the corporations board of directors.
 - Public Directors - three appointments consisting of community stakeholders representing a public and/or elected official, affordable housing non-profit provider or social-service representatives, the banking community and the faith-based community. The public directors will be nominated by the Mayor of Las Vegas.

- ❖ The focus of a CLT and the pursuit of partnerships and resources
 - The CLT will concentrate initial efforts toward acquisition of single family housing with intent to function as a steward rather than developer. Once established with sufficient experience, the CLT may venture into the development role.
 - The CLT will need a strong base of community partners to assist with funding CLT staff and acquiring housing units. The steering committee has already contacted the banking and legal community along with non-profit affordable housing developers. The CLT will pursue future

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- partnerships with the gaming industry, development community and private foundations.
- The Neighborhood Services department has offered to fund continued technical assistance from Burlington and Associates to enhance their organizational capacity; develop a homebuyer services program; and homeownership program; and to provide other services as required.

- ❖ Operating cost considerations
 - The committee has noted that a subsidy of \$140,000 would be needed to bring the average home purchase price of \$270,000 down to a price affordable for a household earning at or below 80 percent of local Area Medium Income (\$58,200).
 - Typically, a CLT needs 250 to 300 homes in its inventory to become self-sustaining.
 - If the CLT were to create 5 to 10 homes per year, it may expect a staffing need of 1 to 1.5 FTE and an approximate annual budget of \$100,000 to \$125,000.
 - In addition, the department will use available sources to assist with the acquisition of housing as a primer for the CLT.

- ❖ The Next Steps for the CLT
 - Continue to work with the consultant to finalize bylaws and obtain non-profit 501(c)(3) status with the Internal Revenue Services and the State of Nevada.
 - Identify the board of directors.
 - Identify training for the CLT board members.
 - Develop a business plan for the CLT to include:
 - Land Acquisition Strategy.
 - Marketing and Outreach.
 - Recruitment of Community Partners.
 - Identify and gain financial resource commitments to fund land acquisitions and CLT operations.