

SmoketownCLT Homeownership Program

Why Community Land Trusts? ... and What is Shared Equity?

- Provides long-term affordable housing at significantly lower sales prices.
- Lower sales prices are possible through an initial equity investment.
- A special class code assigned by the PVA ensures that lower sales prices are excluded from area comps.
- In exchange, buyer agrees to a deed restriction:
 - House sold repeatedly to low-income buyers
 - Sales price restricted for future low-income buyers for 99+ years
 - Restricted to families with incomes under 80% of area median income but affordable to much lower income buyers.
 - Appreciation shared between seller and future low-income buyers
- Priority given to buyers who have been displaced or are at risk of displacement.
- First program in Louisville taking this approach to housing affordability.
- The purpose:
 - to continue to provide homeownership opportunities for low- and moderate-income families as sales prices and interest rates increase,
 - and to maintain affordability long-term for future home buyers of the same house in the neighborhood in perpetuity.

SmoketownCLT Policies

Joining the Applicant Pool

- Program serves families earning up to 80% AMI
- Program maintains an applicant interest pool of potential buyer households.
- **Interest pool households must:**
 - ✓ Meet Income Qualifications
 - ✓ Have HUD-Certified Counseling Certificate
 - ✓ Complete SCLT Program Pre-Application
 - ✓ Have Metro DPA eligibility letter w/maximum PITI listed
 - ✓ Have Lender Pre-Approval Letter & Closing Cost Worksheet
 - ✓ Provide Section 8 Housing Choice Voucher Worksheet (if applicable)

Resale Understand Restrictions

- **RESALE PRICE = the original buyer is able to add 2% of the original sales price for each year they own the home onto the ORIGINAL sales price to determine a RESALE price.**
- Program reviews applications, certifies eligibility, and selects a buyer from the applicant pool.
- Resale transactions happen directly between the owner and applicant buyer.
- Homeowner may receive credit at the time of sale for program- approved capital improvements.

Insurance, HOA, Maintenance & Capital Improvements

- Homeowner maintains replacement cost homeowners insurance. Homeowner maintains the property in good, safe and habitable condition.
- **Maintenance costs are the responsibility of the homeowner. Homeowner is required to pay property taxes and homeowner association fees, if applicable.**
- Program inspects the property for compliance with minimum housing standards and prior to resale.
- Homeowner can make capital improvements according to the policies with prior written consent from the program.
- Capital improvements shall not cause the resale value to exceed the Affordability Price of the property.

Support, Monitoring, & Enforcement

- Program commits to the shared equity program model to ensure: homeowners are successful and build transformational wealth; homes remain affordable over time; and public and private investments in our program's homes serve low- and moderate homeowners in perpetuity.
- Homeowner pays a \$15/mth administration program fee for ongoing monitoring and stewardship.
- Program monitors and enforces terms of agreement and other legal documents associated with resale restricted homes and homeowners
- If the home is at risk of foreclosure, program has 3 goals: 1. keep property in trust (retain community's investment) 2. protect structural integrity of the house, and 3. protect the homeowners.

Legal Document Review

- To ensure homebuyers understand the terms of the program when they purchase a resale restricted home, prior to closing all homebuyers shall:
 - Meet one-on-one with the program administration to review legal documents and the resale formula.
 - Meet with a licensed attorney to review the agreement and other legal restrictions associated with the resale restricted property.

Smoketown Community Land Trust

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