



## GRAND FORKS COMMUNITY LAND TRUST: AN OVERVIEW

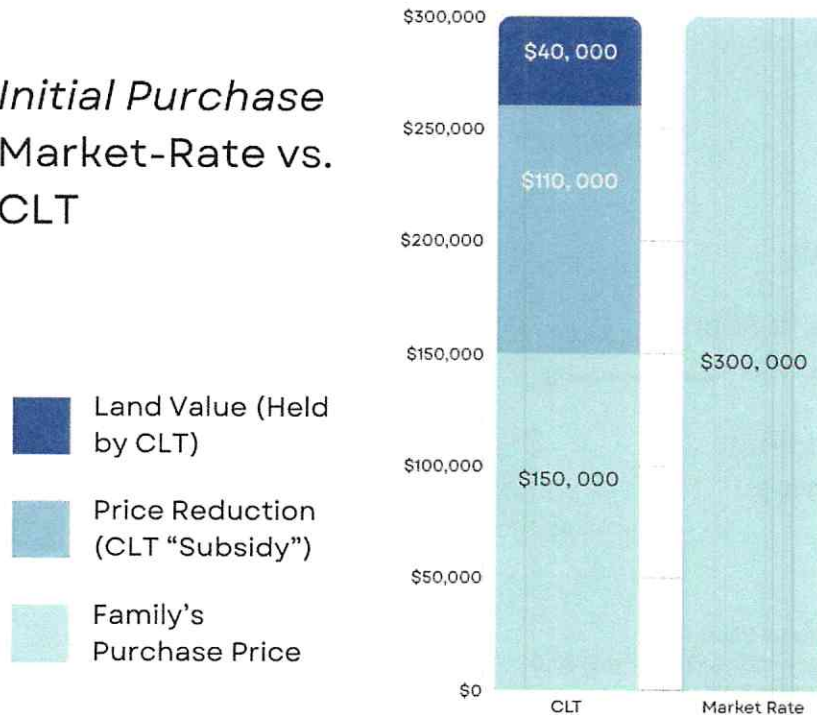
Community Land Trusts make homeownership affordable to limited income homebuyers through two steps:

- 1. First Mortgage Principal Reduction Subsidy:** Similar to other downpayment assistance programs, this subsidy reduces the buyer's mortgage payment. *This step makes the home affordable for the first buyer.*
- 2. Land Retention & the Shared-Equity Resale Formula:** The CLT retains ownership of the land while buyers purchase the structure and improvements. A CLT Ground Lease is signed at closing, which includes a shared-equity resale formula. This allows CLTs to provide significantly more subsidy, keeping the subsidy within the home at each resale rather than allowing the homeowner to profit off of the subsidy. *This step makes the home affordable from one buyer to the next, for generations to come.*

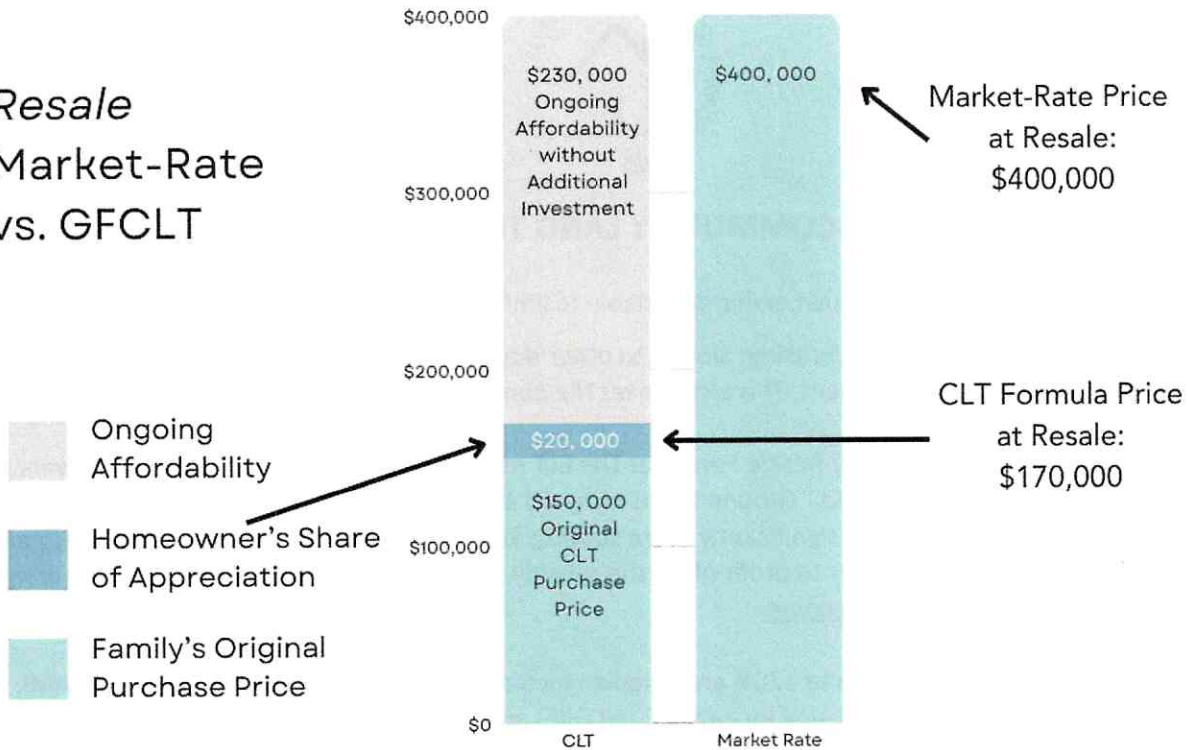
GFCLT serves households earning up to 120% area median income,  $\frac{3}{4}$  of which must earn under 80% AMI. Today, GFCLT receives funding from the Housing Incentive Fund (HIF) and the HUD HOME program. GFCLT is also eligible for HUD CDBG funds when available through the City of Grand Forks. CDBG and HOME funds are limited to households earning under 80% AMI, which is currently \$58,540 for an individual, \$83,450 for a family of 4. CLT sales prices are set based on homebuyers paying 20-30% of their gross monthly income toward their monthly mortgage payment. Buyer's need to meet typical credit and DTI requirements. CLT homeowners in North Dakota have financed through Alerus Financial, Bremer Bank, First International Bank & Trust, Gate City, and US Bank.

Once a CLT home is subsidized to provide affordability, it will not need additional subsidy until the home's structure itself requires substantial repair, or if the CLT makes the home affordable to a lower income group. As a result, each significant injection of subsidy is likely to serve 5-8 households over the course of 35-50 years before additional subsidy is needed.

### Initial Purchase Market-Rate vs. CLT

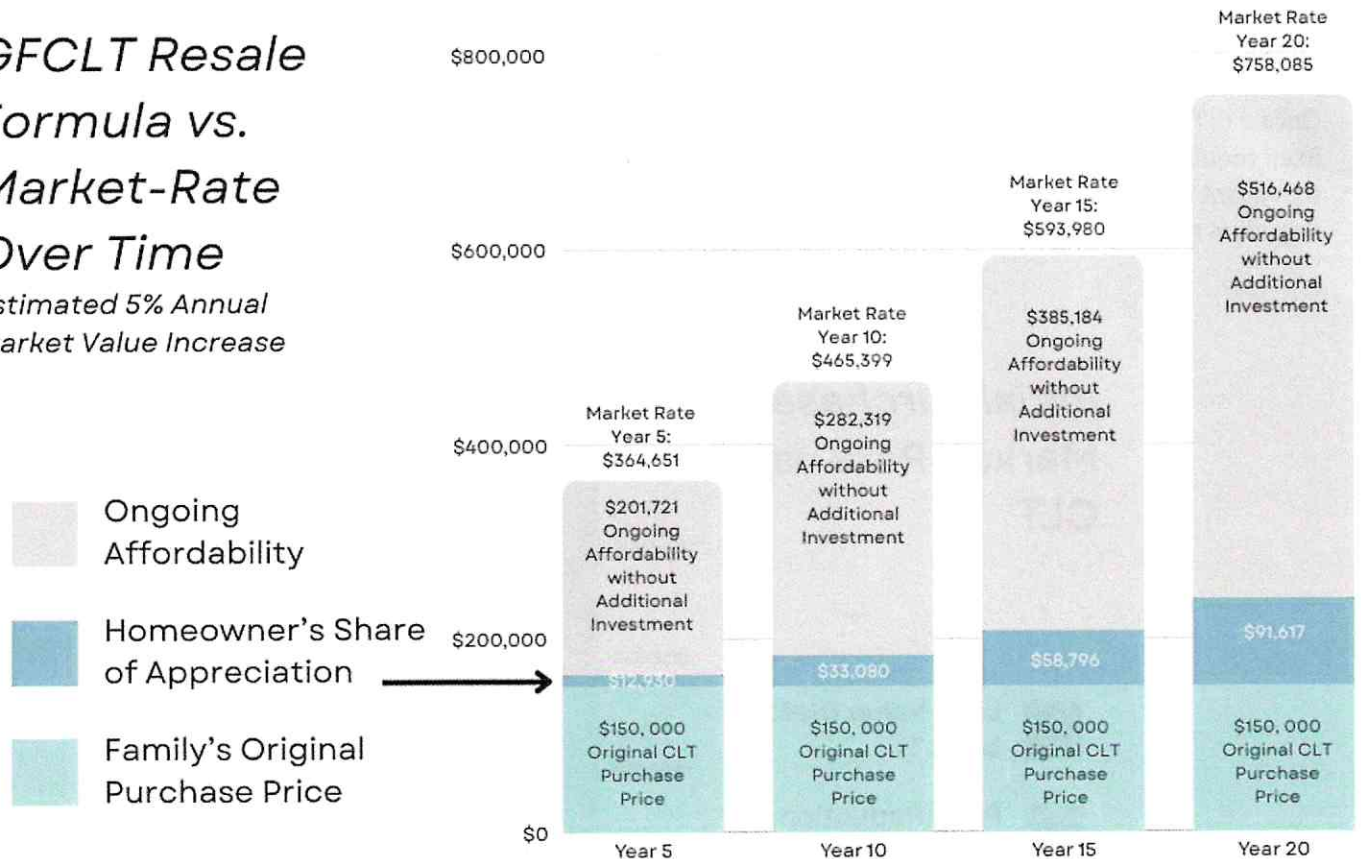


# Resale Market-Rate vs. GFCLT



# GFCLT Resale Formula vs. Market-Rate Over Time

Estimated 5% Annual Market Value Increase



Above Graphics Based On:

- Market Value at Initial Purchase: \$300,000
- Combined Subsidy at Initial Purchase Totaling \$150,000
- CLT Buyer Initial Purchase Price: \$150,000