

# BIG RIVER COMMUNITY LAND TRUST

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Spring 2022

# What is Big River Community Land Trust?



A locally organized nonprofit 501(c)(3) created to acquire and hold **land** for the benefit of our **community** and to provide secure and affordable access to **home-ownership** for **community** residents.



# Our Mission

To develop and steward a stable supply of permanently affordable, sustainably built homes for sale which preserve the dynamic character and diversity of our central Gorge communities.

Big River CLT serves low to middle income earners (80-120% of Median Family Income) in Hood River and Klickitat counties by funding housing development through grants, fundraising, donations and private impact investments, and innovative land acquisitions and construction models.



# Why Big River CLT?

- The long standing affordable housing issue has not been solved.
- CLTs are an additional Tool that can help the Gorge solve the problem.
- Existing housing authorities focus on housing for families under 80% MFI. Primarily multi-family *rental units*.
- Big River CLT's *singular* focus is *home-ownership* to individuals and families from 80% - 120% MFI



# How does a CLT work?

- CLT acquires land
- CLT develops the land and builds the homes
- CLT sells the improvements only (*not the land*).
- CLT *maintains ownership of the land in trust in perpetuity for the community*.
- CLT leases the land to the homeowner
- Home owner can sell home to another qualified buyer
- Appreciation is capped to maintain affordability



## What's so good about the CLT model?

- The price of the land is eliminated from the home price.
- Land is held in perpetuity for this specific purpose to the benefit of the community.
- CLT homes are forever removed from the speculative market.
- CLT owners get some (capped) benefit from any market value appreciation.

## What happens to a subsidized home without a CLT or other controls?

- The home is sold at a market rate.
- The first home buyer makes a windfall.
- The subsidized home is no longer affordable for subsequent buyers.

# Current home economics



## Hood River

- Median Family Income = \$76,800\*
- Affordable price = \$299,508\*
- Median home price for 2021 = \$622,000 \*
- Percent increase in average home sale price for 2021 = 33.1% \*

\*HUD 2021 Median Family Wage (MFI)

\*Based on HUD 30% of gross allowed, 4% int, 30 yr fixed

\*Based on RMLS data for Hood River County, sold Jan-Dec 2022





# Why is homeownership important?

- Over a long hold period, homes are almost always an appreciating asset (vs a car which depreciates).
- It is the number one way that Americans build wealth.

% MFI		80%		100%		120%
Homeowner income		\$ 61,440		\$ 76,800		\$ 92,160
Monthly payment	\$ 1,536	\$ 1,536	\$ 1,920	\$ 1,920	\$ 2,304	\$ 2,304
Mortgage less taxes and insurance		\$ 232		\$ 309		\$ 386
Net mortgage payment		\$ 1,304		\$ 1,611		\$ 1,918
Loan amount		\$ 257,319		\$ 317,949		\$ 378,578
Initial home purchase price		\$ 265,278		\$ 327,782		\$ 390,287
Home resale price		\$ 294,417		\$ 363,788		\$ 433,158
Price increment		\$ 29,139		\$ 36,005		\$ 42,871
Principal paydown		\$ 33,384		\$ 41,250		\$ 49,116
Total paid over hold period	\$ 129,024	\$ 129,024	\$ 161,280	\$ 161,280	\$ 193,536	\$ 193,536
Initial equity		\$ 7,958		\$ 9,833		\$ 11,709
Total equity at end of period	\$ -	\$ 62,523	\$ -	\$ 77,255	\$ -	\$ 91,987

Assumptions: 4% annual mortgage interest, 3% down payment, 30 year amortization, 7 year hold, 1.5% capped annual appreciation



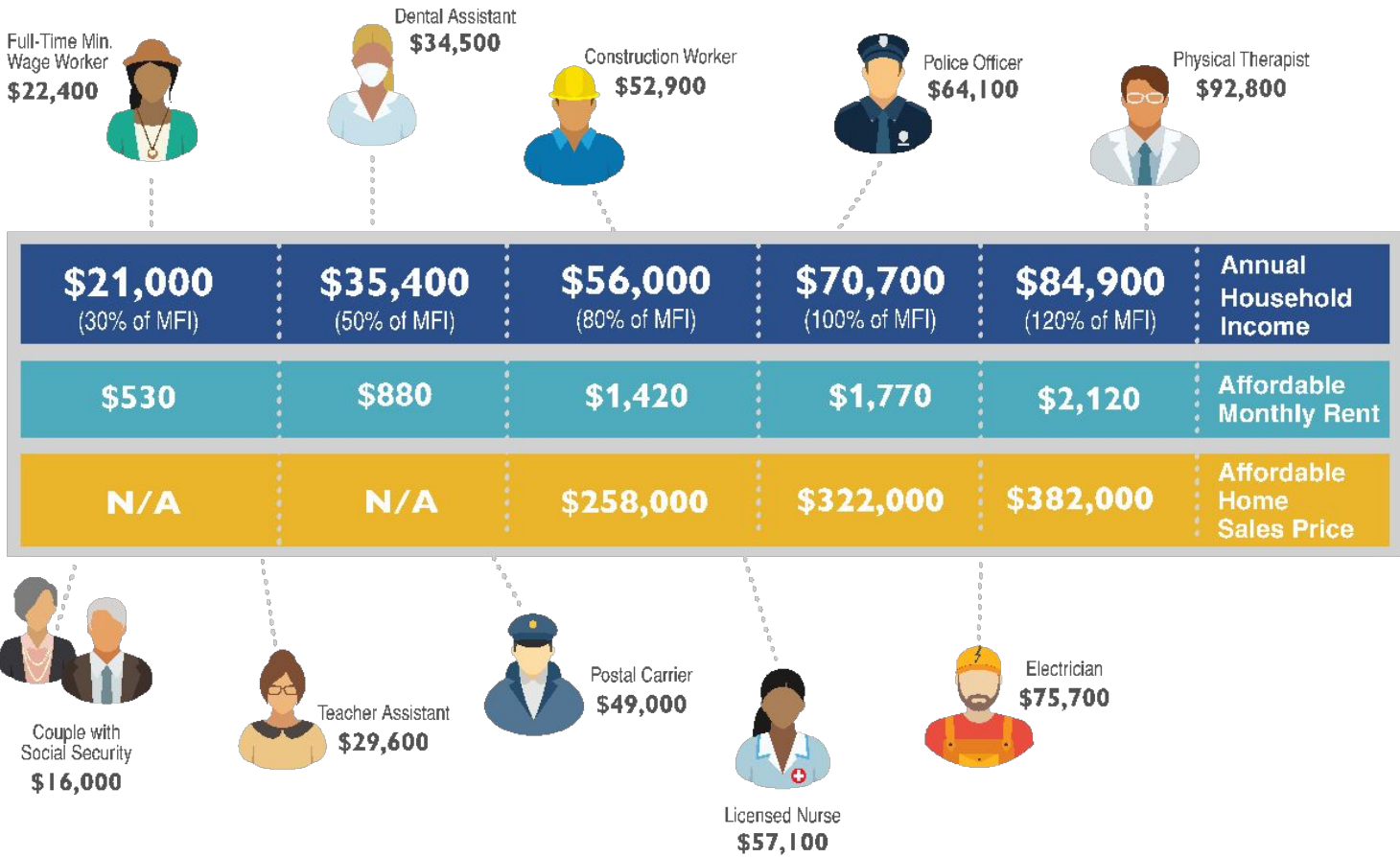
# CLT homeowner benefits



- At the end of 7 years, both owners and renters have paid \$130,000 - \$194,000 out of pocket (not including the tax benefits of homeownership).
- Owners have earned equity of \$63,000 - \$93,000.
- CLT owners “breakout” of the cycle of renting.
- **6** out of **10** homeowners use their earned equity to eventually purchase a traditional market rate home.



# Who do we help?



CLT home can be the "first rung" of the housing ladder

**7** out of **10** homeowners are first time home buyers



# Cost components of a new home

- Target CLT home size:
  - 1,000 – 1,400 sq ft.
- Estimated construction cost range (\$200/sf)
  - \$200,000 - \$280,000
- Cost of a typical subdivision lot is greater than \$200,000
- Land cost can be more than 25% and as much as 50% of the cost of a small home!!
- SDCs are less than 10% of the cost of a home. SDCs alone will not solve this problem.
- Conclusion: With the cost of the land removed (or greatly reduced), an affordable home can be built and sold to our community members earning 80% - 120% MFI.

# What can you the AHTF and the city do?



- CLT needs land at a low cost basis.
- City can donate land.
- City can make a contribution to buy down the cost of land.



Thank you for your time

# Big River Community Land Trust

Anne Medenbach, Board President

Bill Irving, Board Vice President

[bigriverclt@gmail.com](mailto:bigriverclt@gmail.com)

[www.bigriverclt.org](http://www.bigriverclt.org)