national CLT network

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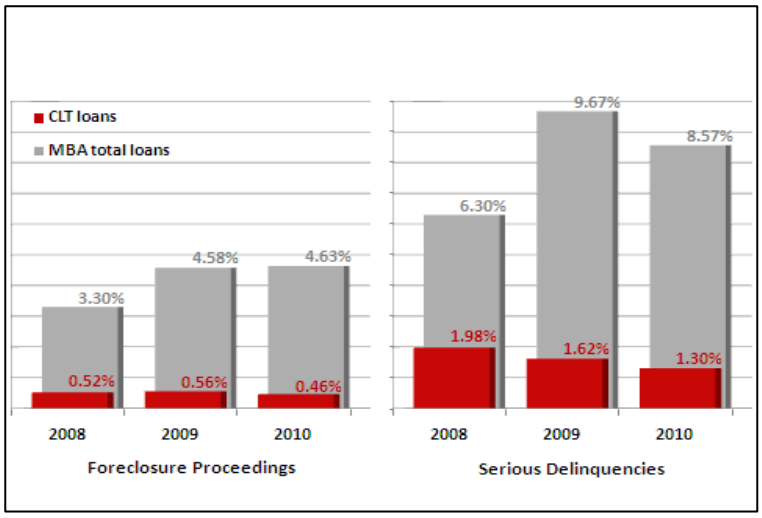
Despite unemployment rates and subprime lending, delinquent mortgages and foreclosures continue to decline in Community Land Trusts

Community land trusts continue to deliver successful homeownership to lower-income earners despite trends in subprime lending and unemployment.

Portland – Homeowners in Community Land Trusts (CLTs) across the nation continue to have substantially lower delinquency and foreclosure rates than owners of market-rate homes, according to a Working Paper recently published by the Lincoln Institute of Land Policy. The study was independently conducted by a researcher from The Housing Fund and Vanderbilt University, commissioned by the National Community Land Trust (CLT) Network.



Conventional homeowners were 10 times more likely to be in foreclosure proceedings than CLT homeowners at the end of 2010 (respectively 4.63% in the conventional market versus 0.46% in mortgages held by CLT homeowners). While the MBA reported all-time highs in foreclosure proceedings, CLTs reported ongoing declines — a result that seems unprecedented during the economic recession. The study also found that 1.30% of CLT homeowners were seriously delinquent relative to 8.57% of homeowners in the conventional market at the end of 2010, as reported by Mortgage Bankers Association (MBA). Serious delinquencies included mortgages at least 90 days delinquent or those in foreclosure proceedings.

Community land trusts offer low-to-moderate income households the opportunity to buy homes at prices substantially below market rates, utilizing a combination of public and private subsidies. CLTs also provide pre-purchase education and support that prepare families for homeownership, and after purchase, CLTs provide ongoing stewardship services to backstop homeowners for as long as they own their homes. In exchange, homeowners agree to limit the appreciation they receive when they sell their home to keep it affordable to future

generations of homebuyers. Consequently, the study also reported that the stewardship services offered by CLTs prevented foreclosure for 82% of the CLT homeowners who became serious delinquent during 2010.

According to City of Lakes Community Land Trust homeowner Jackline Mukiibi, "I feel supported all throughout my home buying and homeowner experience. I feel like I will always have a resource to get me through any challenges I may have while owning a home."

"Fostering sincere relationships is the most valuable tool we have in resolving challenges faced by our homeowners", said Staci Horwitz, Program Director, at the City of Lakes CLT in Minneapolis. "Knowing what is happening sooner than later helps us readily connect homeowners to the resources needed to minimize the impact of unexpected financial or life changes".

"Interventions by the federal government or used by private industry haven't come close to helping this percentage of homeowners in trouble. The study shows that CLTs deliver successful homeownership substantially better than the market." said Roger Lewis, Executive Director of the National CLT Network.

The survey results were based on 3,143 mortgage holders in 62 CLTs across 29 states. Emily Thaden, the researcher of the study, commented, "Lower earning homeowners were disproportionately hit by subprime lending and now they have been hit again by higher unemployment rates. CLTs never allowed homeowners to obtain subprime loans in the first place, and now CLTs — through their stewardship — are buffering the impact of the economic recession on their homeowners. The implication of the study is that greater public support for the CLT model is warranted."

ABOUT THE 2011 COMPREHENSIVE CLT SURVEY
The working paper may be found at: http://www.lincolninst.edu/pubs/1936_Stable-Home-Ownership-in-a-Turbulent-Economy.

ABOUT THE NATIONAL CLT NETWORK
The National CLT Network is the umbrella organization for community land trusts in the U.S., with over 100 member organizations. The National CLT Network provides training, advocacy and resources for its member organizations, which nurture and sustain healthy and economically diverse communities by providing permanently affordable access to land, homes, and related resources. For information, visit www.cltnetwork.org.

ABOUT THE LINCOLN INSTITUTE OF LAND POLICY

As part of its joint venture agreement with the National CLT Network, the Lincoln Institute of Land Policy has provided support for the last two national CLT foreclosure surveys. The Lincoln Institute of Land Policy is a leading resource for key issues about the use, regulation and taxation of land. Providing high-quality education and research, the institute strives to improve public dialogue and decisions about land policy. For information, visit www.lincolninst.edu.

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