



Community Land Trust Caucus:



Neighborhood Stabilization Program Opportunities

The Community Land Trust Caucus held in conjunction with the FHC annual conference was a roundtable discussion about how the new housing environment is affecting CLTs in Florida. Most community land trusts were developed in areas where housing prices had skyrocketed—those are the parts of Florida where the workforce was faced with renting or moving to a lower cost community. These are the very same communities that have seen the steepest decline in housing prices during this economic crisis.



For those who had purchased land at the height of the housing boom, with plans underway, the prospect of selling those homes is bleak—the new CLT home has to compete with an available stock of non-CLT housing in the same price range—something CLTs are not able to do. In those instances, the CLT may need to use a lease-purchase instrument until the market changes and or the prospective home buyer can obtain a loan to purchase the CLT home.

But when one door shuts, another often opens. The Neighborhood Stabilization Program in the Housing and Economic Recovery Act (HERA) provides a tremendous opportunity for community land trusts in Florida. The purpose of the program is to stabilize neighborhoods that are in decline due to foreclosure and abandonment of property, while creating a stock of energy efficient and long term affordable housing.

According to the Act, NSP grantees shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties remain affordable. HUD will consider HOME program standards to be the minimal compliance and expects any other standard proposed and applied by a grantee to be enforceable and longer in duration.

Who better to ensure long term affordability than a Community Land Trust?

for expending NSP monies quickly (18 months to obligate), local government grantees are going to need partners capable of acquiring, rehabbing, and reselling properties with the assurance of long term affordability. The community land trust is already set up to provide permanent affordability.

With the combination of reduced prices for REO properties and the additional subsidy available from the NSP, the CLT should be able to resell a rehabbed REO property at a price that is considerably lower than the existing housing supply and or with financing that is better than what is available in this tight credit market. The CLT can also be used to land bank- one of the permitted uses for NSP monies.

Due to the oversupply of housing in some areas, the tight credit market, and the current volatility in employment, grantees and CLTs may find themselves without an adequate pipeline of homebuyers. In that case, the CLT may need to manage a lease purchase program. As discussed at the Caucus, for most community land trusts, being a landlord is a new line of business, and not one that is particularly attractive. But the NSP is a tremendous opportunity for community land trusts and the communities they serve. If the NSP money is used simply for grants to get people into rehabilitated homes without providing for long term affordability, we will have lost a golden opportunity to provide stability in the affordable housing market and the concomitant long term economic health of the community at large.

You can contact the Florida Housing Coalition to get assistance in making the connection between NSP and CLTs and the tools you may need to implement your local program. 