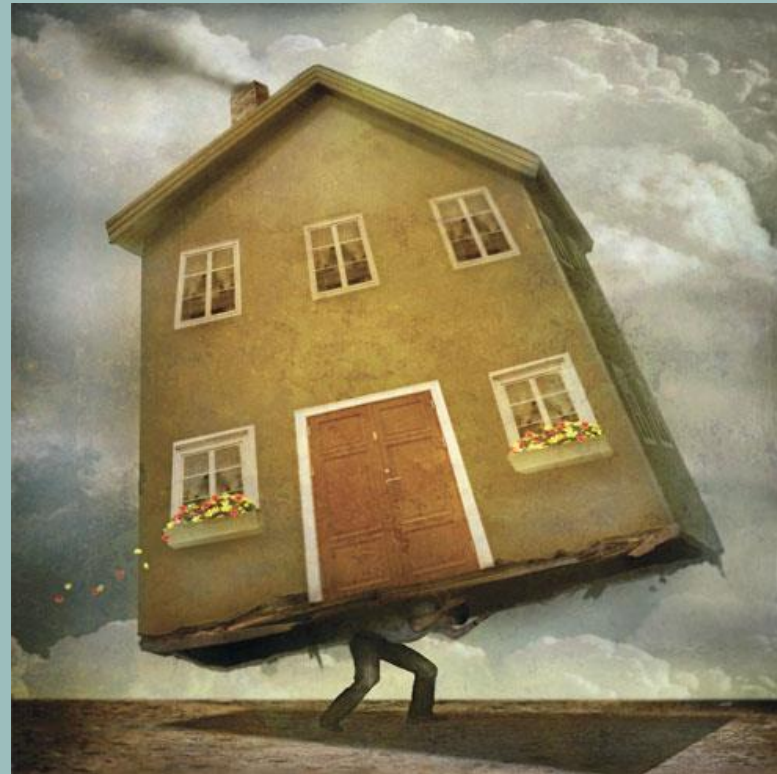




OUTPERFORMING THE MARKET

LOW RATES OF FORECLOSURE IN U.S. COMMUNITY LAND TRUSTS

Emily Thaden, Ph.D.
Research & Policy Development
National CLT Network



HISTORY OF U.S. HOUSING VALUES

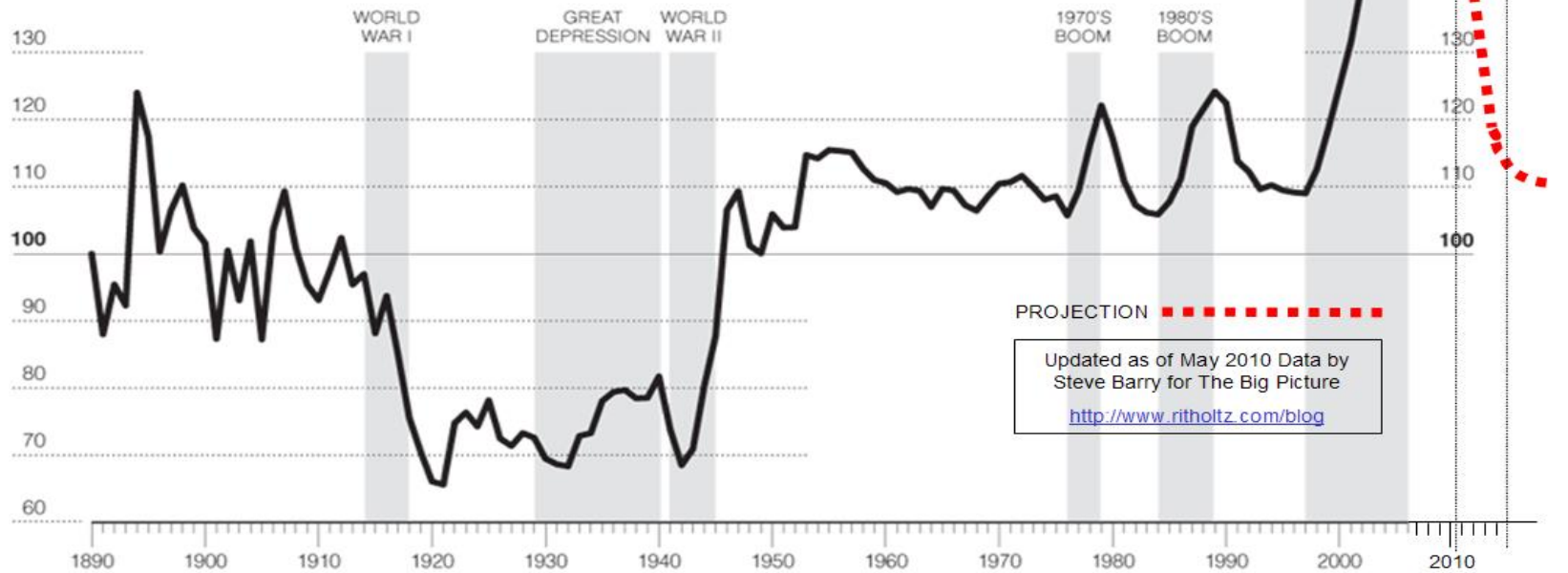
A History of Home Values

The Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for \$100,000 (inflation-adjusted to today's dollars), an equivalent standard house would have sold for \$66,000 in 1920 (66 on the index scale) and \$199,000 in 2006 (199 on the index scale, or 99 percent higher than 1890).

DECLINE AND RUN-UP Prices dropped as mass production techniques appeared early in the 20th century. Prices spiked with post-war housing demand.

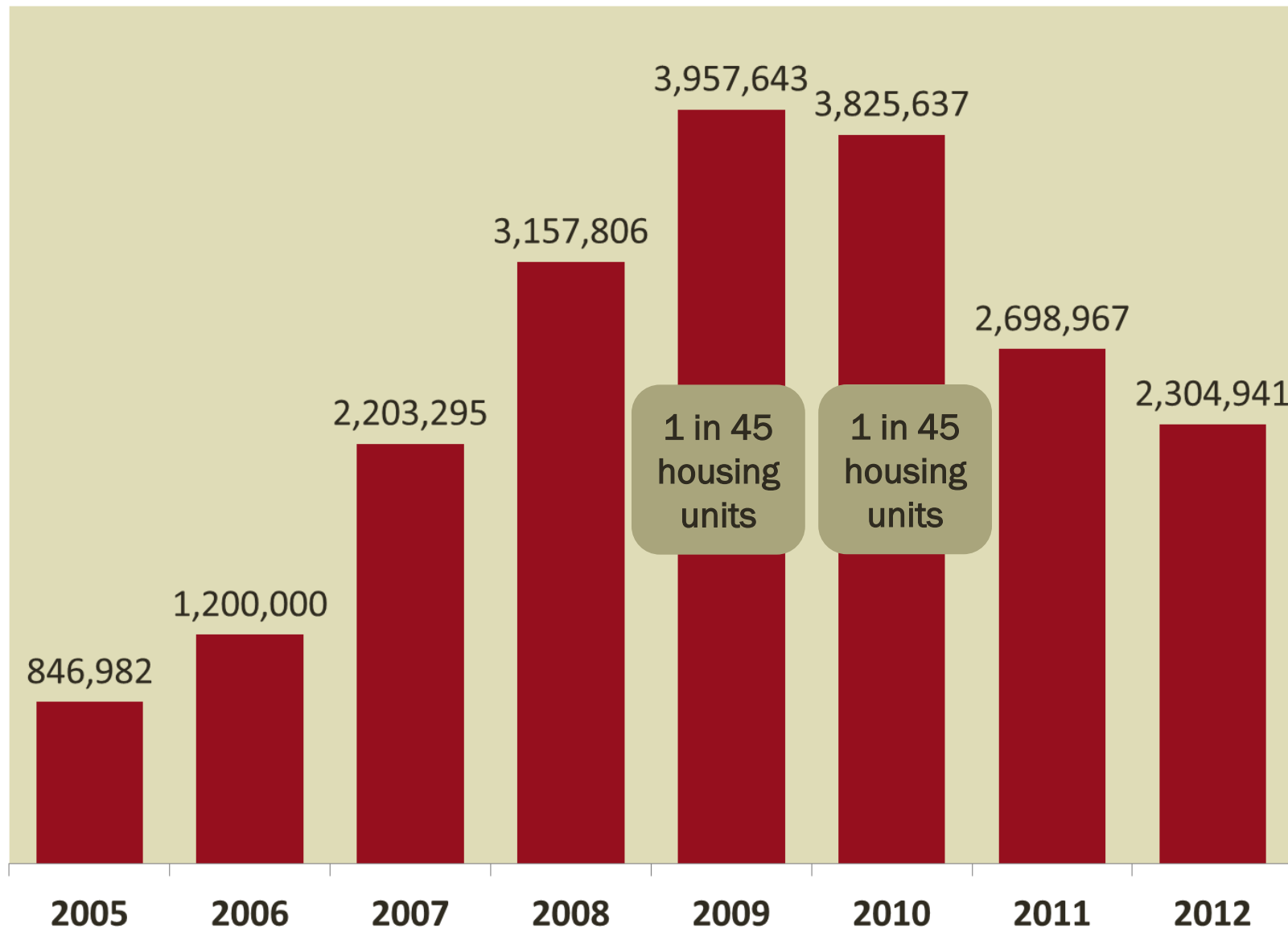
BOOM TIMES Two gains in recent decades were followed by returns to levels consistent since the late 1950's. Since 1997, the index has risen about 83 percent.



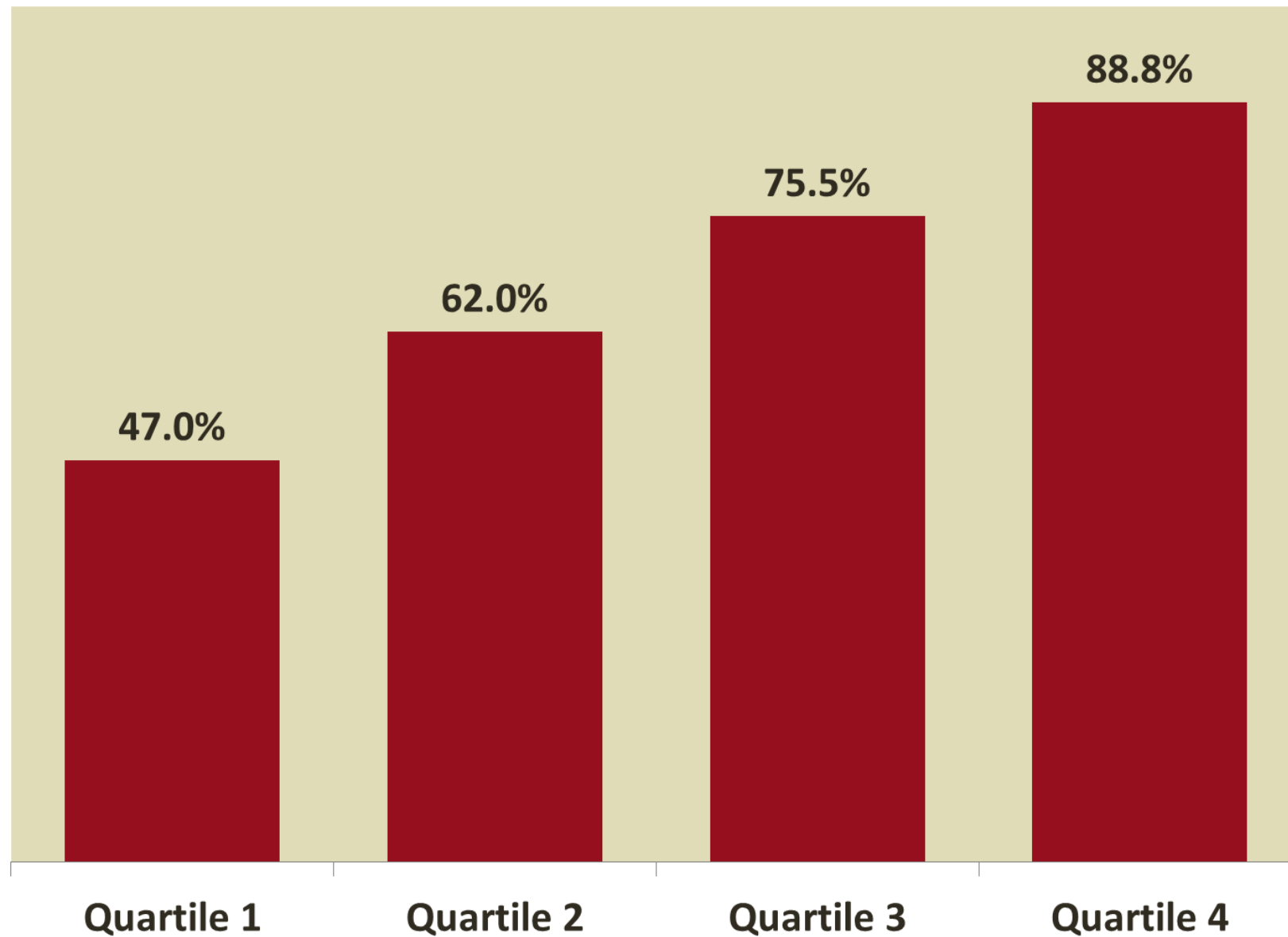
Source: "Irrational Exuberance," 2nd Edition, 2006, by Robert J. Shiller

Bill Marsh/The New York Times

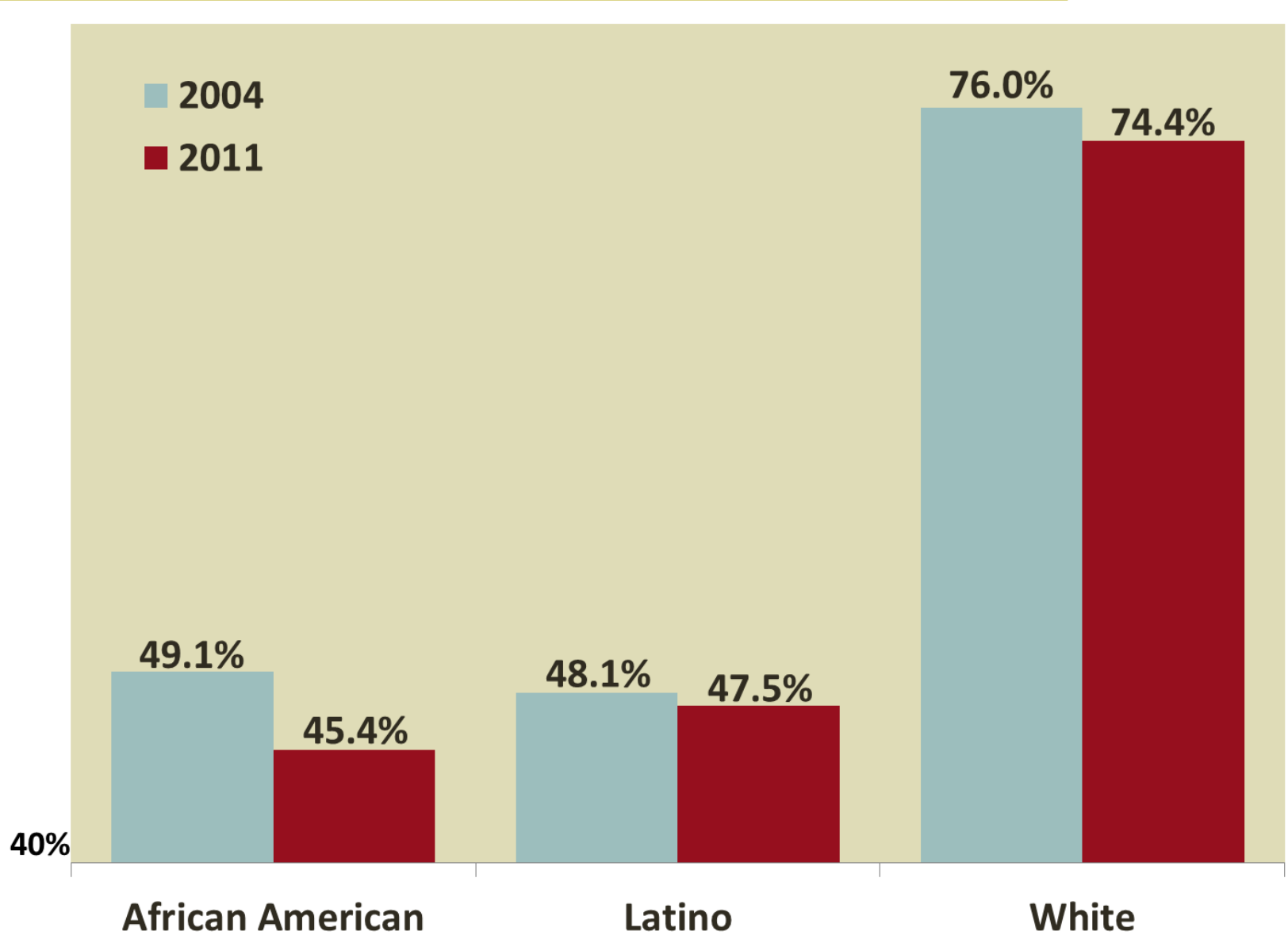
FORECLOSURE FILINGS ON U.S. PROPERTIES BY YEAR



2009 HOMEOWNERSHIP RATES BY INCOME QUARTILE



2004 & 2011 HOMEOWNERSHIP RATES BY INCOME RACE



BEFORE THE CRISIS...



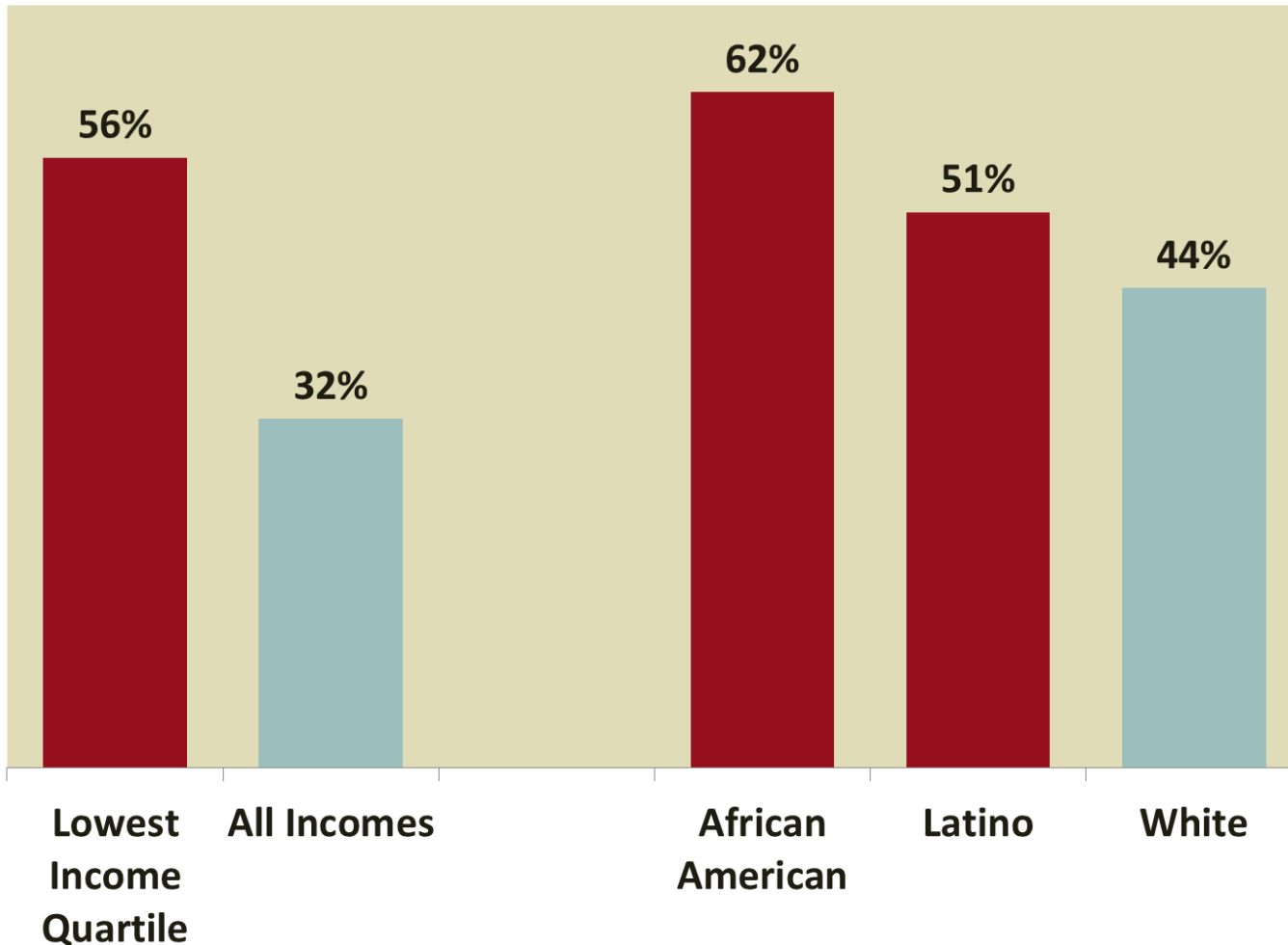
**1 OF 2 LOW-INCOME OR MINORITY HOUSEHOLDS
DO NOT MAINTAIN HOMEOWNERSHIP FOR 5 YEARS**



“HOMEOWNERSHIP IS NOT FOR EVERYONE.”

HOMEOWNERSHIP MATTERS

Proportion of Wealth from Homeownership in 2000





**“HOMEOWNERSHIP NEEDS TO BE
DONE DIFFERENTLY.”**



15 units, Seattle



2,820 units, New York

SHARED EQUITY HOMEOWNERSHIP



Montgomery County, MD

Resale-restricted, owner-occupied housing for lower income households that remains affordable in perpetuity.



Capital Manor Coop
102 units, Washington D.C.

1. Limited Equity Housing Cooperatives

2. Community Land Trusts



Single-family homes
Albuquerque, NM



Armstrong Townhomes
102 units, San Francisco

3. Deed-restricted Housing Programs

THE PRIMARY MODELS OF SHARED EQUITY HOMEOWNERSHIP



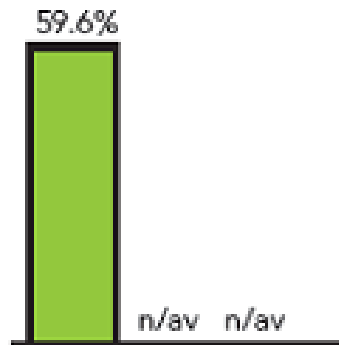
WHAT SHARED EQUITY HOMEOWNERSHIP ACHIEVES

1. Increased access to homeownership
2. Wealth creation for households
3. Permanent affordability of homes (i.e. sustained public investment)

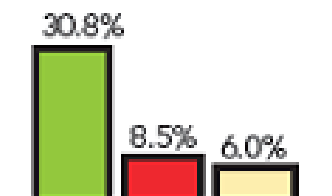




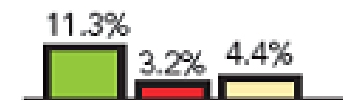
1. INCREASED ACCESS TO HOMEOWNERSHIP



A Regional Coalition for Housing
(inclusionary housing program)
King County, WA



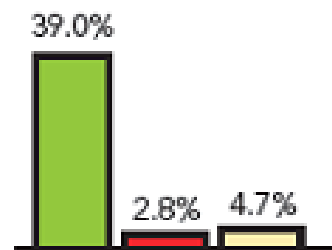
Champlain Housing Trust
(land trust)
Burlington, VT



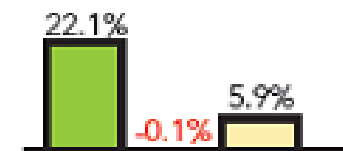
Citywide Inclusionary Affordable Housing Program
San Francisco, CA



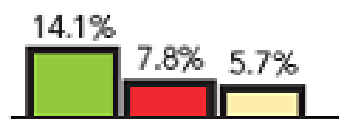
Dos Pinos Housing Cooperative*
(limited-equity co-op)
Davis, CA






Northern Communities Land Trust
Duluth, MN



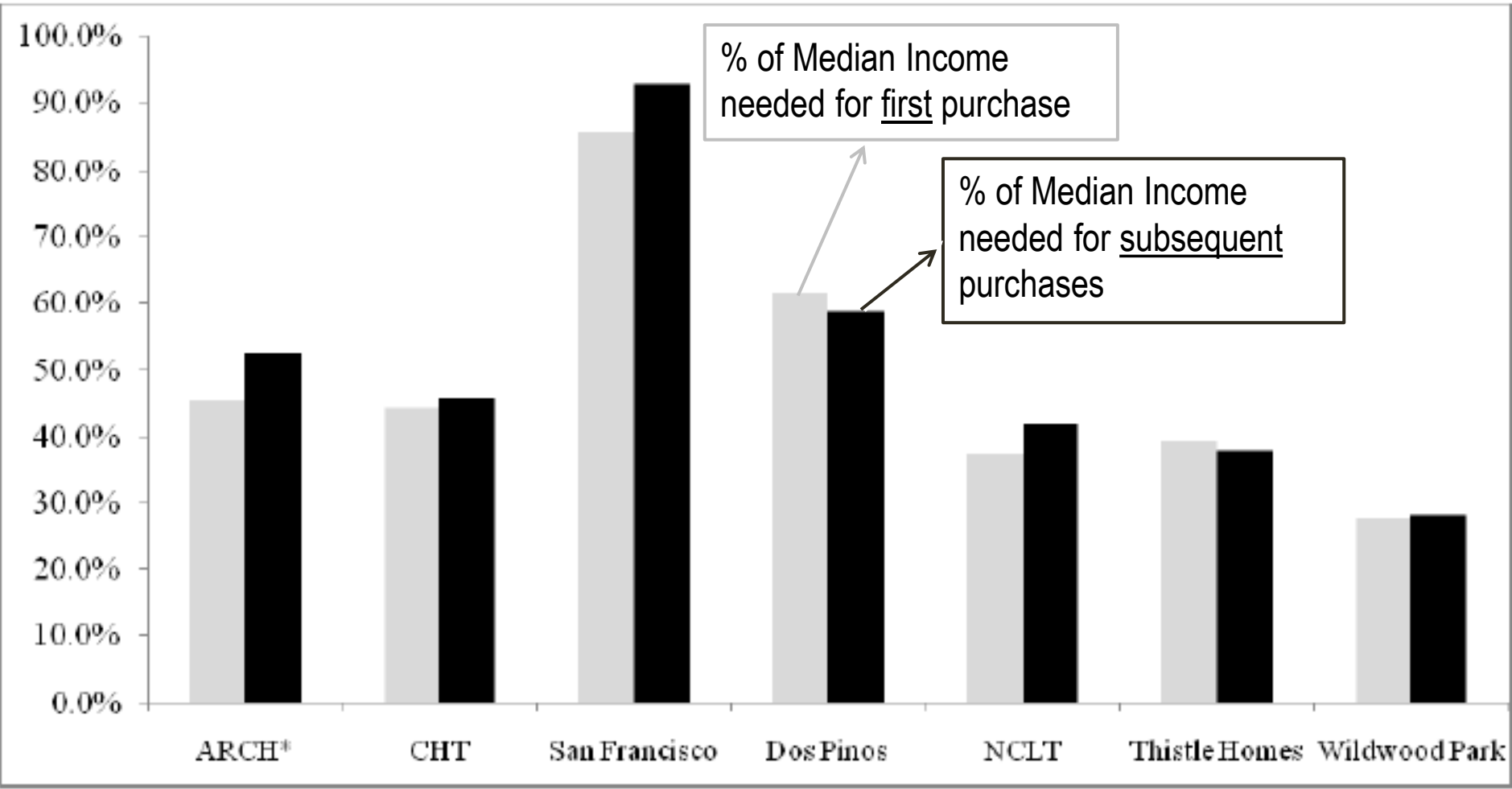
Thistle Community Housing
(land trust)
Boulder, CO



Wildwood Park Towne Homes
(limited equity co-op)
Atlanta, GA

-  IRR of program from inception to 2010
-  S&P 500 IRR over same time period
-  10-year Treasury bonds over same time period

2. WEALTH CREATION



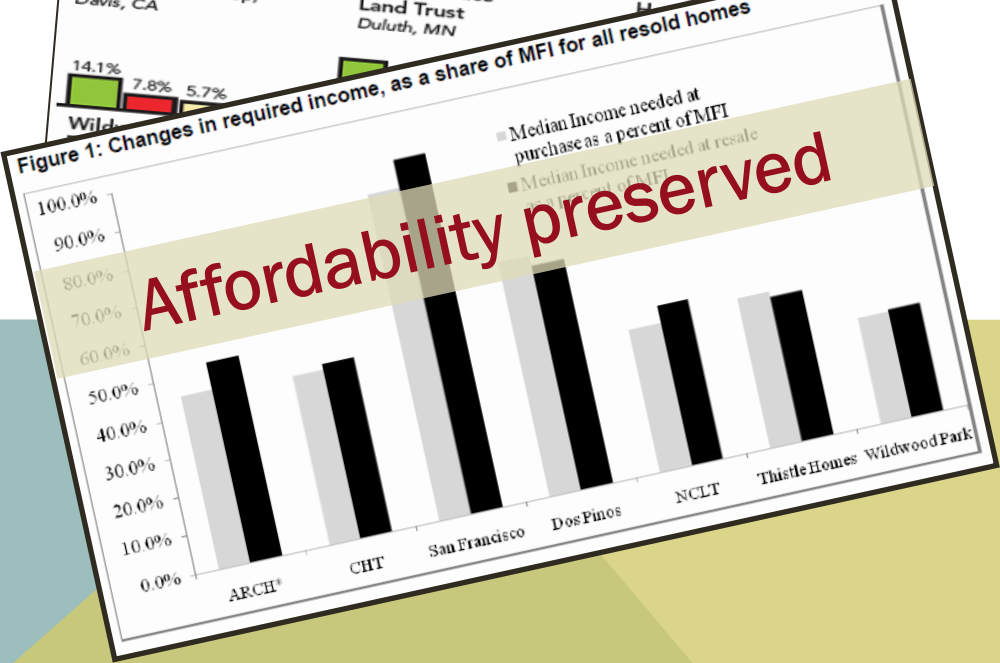
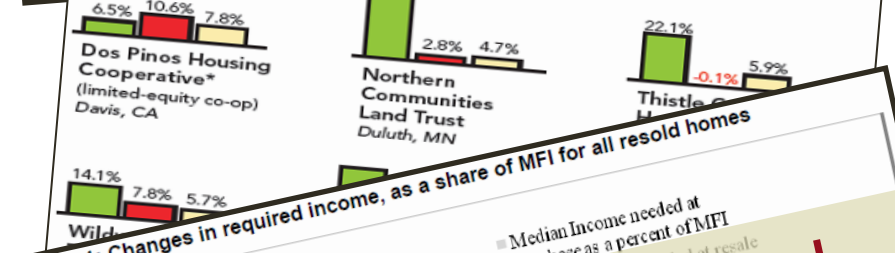
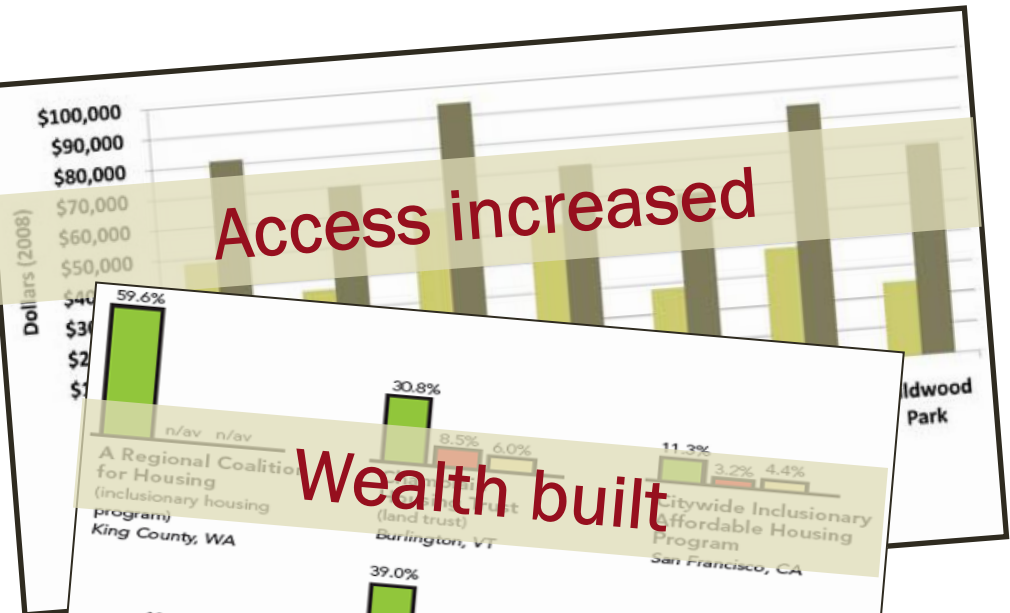
3. PERMANENT AFFORDABILITY

Access increased

Wealth built

Affordability preserved

IS HOMEOWNERSHIP SUSTAINED?

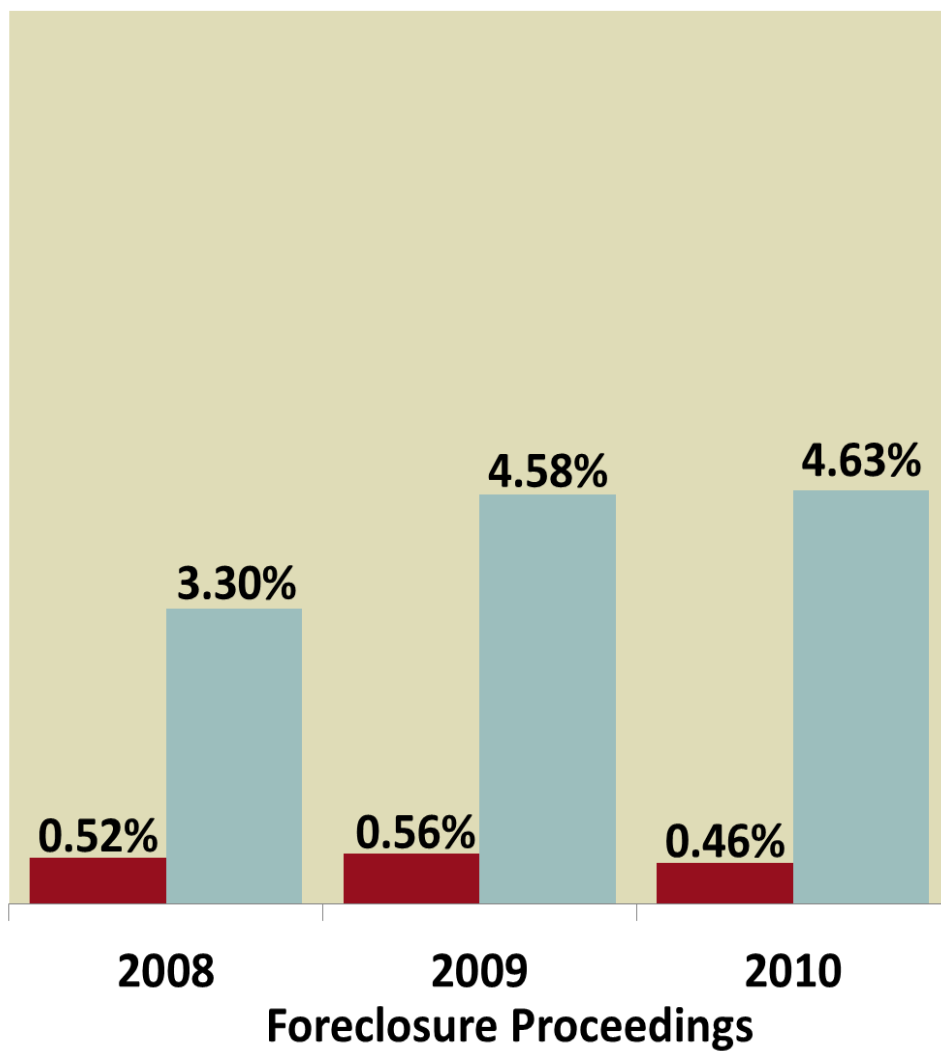
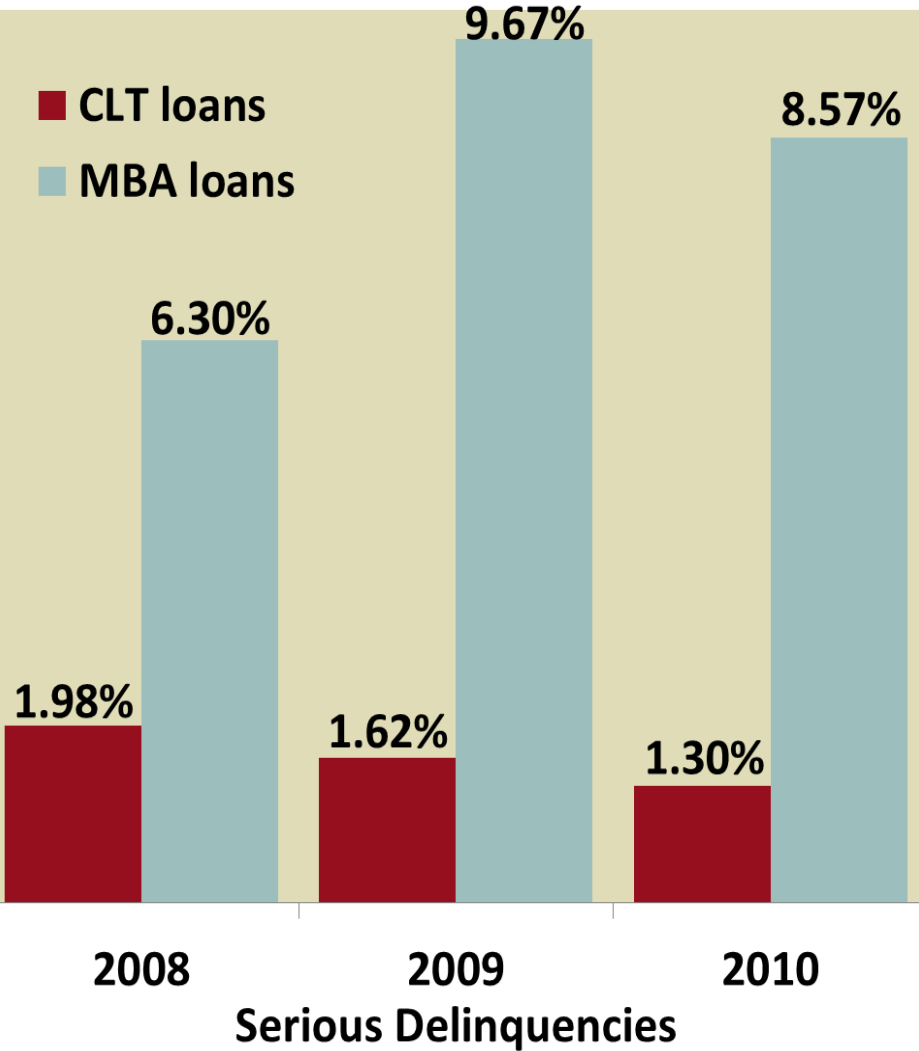


CLT Samples	Organizations	Outstanding Loans
2010	62	3,143
2009	42	2,173
2008	50	1,936

v. MBA loans

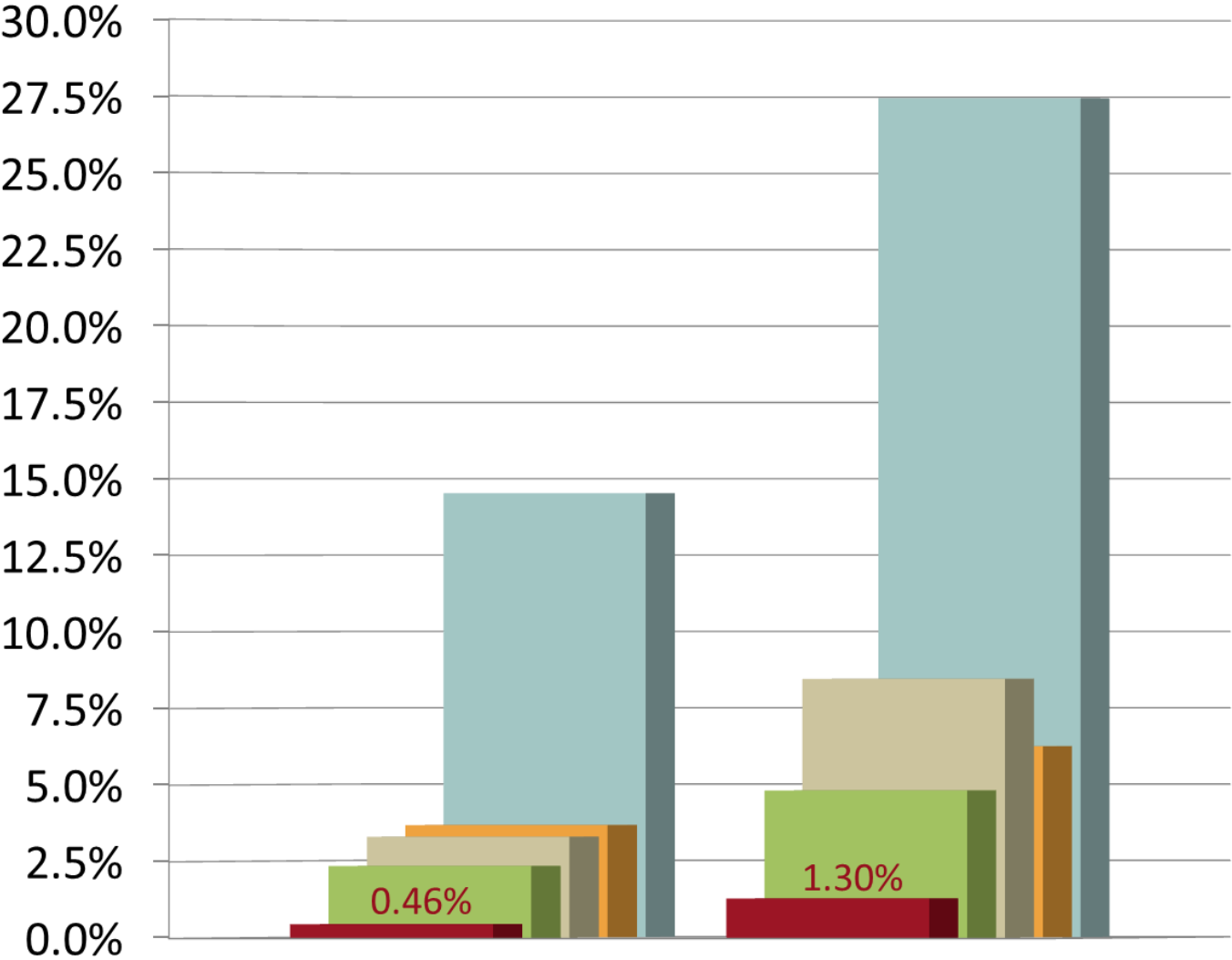
**NATIONAL RESEARCH STUDIES
OF COMMUNITY LAND TRUSTS**

■ CLT loans
■ MBA loans



CLT LOANS OUTPERFORM THE MARKET

CLT LOANS OUTPERFORM ALL LOAN TYPES



■ CLT loans ■ VA loans ■ FHA loans ■ prime loans ■ subprime loans

STEWARDSHIP MATTERS

Policies & Practices

Approve home financing

Educate pre-& post-purchase

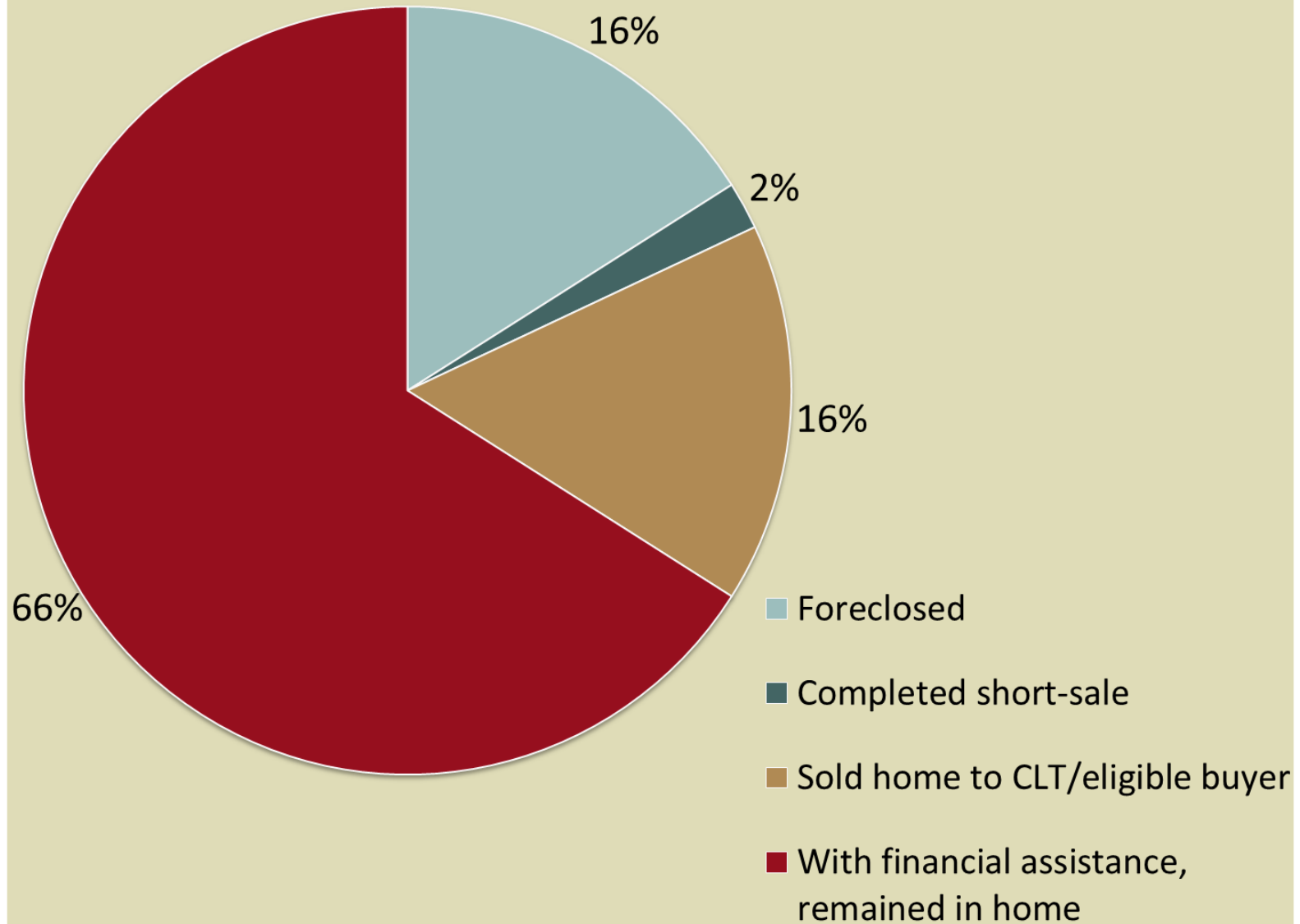
Interact with mortgage lenders

Intervene in delinquencies

Intervene in foreclosures



STEWARDSHIP MATTERS





- ❖ Homeownership is entered & *sustained*
- ❖ Stewardship matters
- ❖ CLTs provide a better way to do homeownership

IMPLICATIONS



QUESTIONS?