OUTPERFORMING THE MARKET

Low rates of foreclosure in U.S. Community Land Trusts

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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 return to levels consistent since the late 1950s. Since 1997, the index has risen about 83 percent.

Updated as of May 2010
Data by Steve Barry for The Big Picture
http://www.ritoltz.com/blog

Bill Marsh/The New York Times
FORECLOSURE FILINGS ON U.S. PROPERTIES BY YEAR

- 2005: 846,982
- 2006: 1,200,000
- 2007: 2,203,295
- 2008: 3,157,806
- 2009: 3,957,643
- 2010: 3,825,637
- 2011: 2,698,967
- 2012: 2,304,941

1 in 45 housing units

Source: RealtyTrac.com
2009 HOMEOWNERSHIP RATES BY INCOME QUARTILE

- Quartile 1: 47.0%
- Quartile 2: 62.0%
- Quartile 3: 75.5%
- Quartile 4: 88.8%

Economic Policy Institute, 2011
BEFORE THE CRISIS...

1 OF 2 LOW-INCOME OR MINORITY HOUSEHOLDS DO NOT MAINTAIN HOMEOWNERSHIP FOR 5 YEARS
“HOMEOWNERSHIP IS NOT FOR EVERYONE.”
**Proportion of Wealth from Homeownership in 2000**

<table>
<thead>
<tr>
<th>Category</th>
<th>Lowest Income Quartile</th>
<th>All Incomes</th>
<th>African American</th>
<th>Latino</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 proportion</td>
<td>56%</td>
<td>32%</td>
<td>62%</td>
<td>51%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Herbert & Belsky, 2008; McCarthy, Van Zandt, & Rohe, 2001
“HOMEOWNERSHIP NEEDS TO BE DONE DIFFERENTLY.”
Resale-restricted, owner-occupied housing for lower income households that remains affordable in perpetuity.
1. **Limited Equity Housing Cooperatives**
   - Capital Manor Coop
   - 102 units, Washington D.C.

2. **Community Land Trusts**
   - Single-family homes
   - Albuquerque, NM

3. **Deed-restricted Housing Programs**
   - Armstrong Townhomes
   - 102 units, San Francisco

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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

Temkin, Theodos, & Price, 2011
2. WEALTH CREATION

Temkin, Theodos, & Price, 2011
3. PERMANENT AFFORDABILITY

Temkin, Theodos, & Price, 2011
IS HOMEOWNERSHIP SUSTAINED?

Access increased

Wealth built

Affordability preserved
<table>
<thead>
<tr>
<th>CLT Samples</th>
<th>Organizations</th>
<th>Outstanding Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>62</td>
<td>3,143</td>
</tr>
<tr>
<td>2009</td>
<td>42</td>
<td>2,173</td>
</tr>
<tr>
<td>2008</td>
<td>50</td>
<td>1,936</td>
</tr>
</tbody>
</table>
CLT LOANS OUTPERFORM THE MARKET
CLT LOANS OUTPERFORM ALL LOAN TYPES

- CLT loans: 0.46%
- VA loans: 1.30%
- FHA loans: 0.46%
- Prime loans: 1.30%
- Subprime loans: 30.0%

Legend:
- 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

- Foreclosed: 16%
- Completed short-sale: 2%
- Sold home to CLT/eligible buyer: 16%
- With financial assistance, remained in home: 66%

Diagram showing the distribution of outcomes for financial assistance cases.
- Homeownership is entered & sustained
- Stewardship matters
- CLTs provide a better way to do homeownership
QUESTIONS?