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**City Manager's Report to  
City Council:  
The Community Land Trust  
Report II**

**Options and Implementation Recommendations for  
Austin, Texas**

***May 4, 2006***



**Neighborhood Housing and Community Development  
Austin Housing Finance Corporation**



# CLT Initiative and Process to Date

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**May 26, 2005:** City Council directed the City Manager to prepare a report on the various forms of Community Land Trusts and feasibility under Texas Law and City of Austin financial policies. (Resolution No. 20050526-021).

**July 26, 2005:** NHCD-AHFC issued a report that included recommendations from the Austin CLT Steering Committee. This report found that CLTs are feasible under Texas Law and are compatible with the City of Austin's financial policies.

**December 1, 2005:** Staff presented report to City Council. City Council directed Staff to proceed with a CLT Stakeholder process to receive input regarding the implementation of a CLT in Austin.

**January-April 2006:** Staff met with the CLT Stakeholder Group and integrated their issues and concerns into staff implementation recommendations.

**April 24, 2006:** NHCD-AHFC issued a report on CLT Options and Implementation Recommendations for the City of Austin.

# Affordable Housing Policy

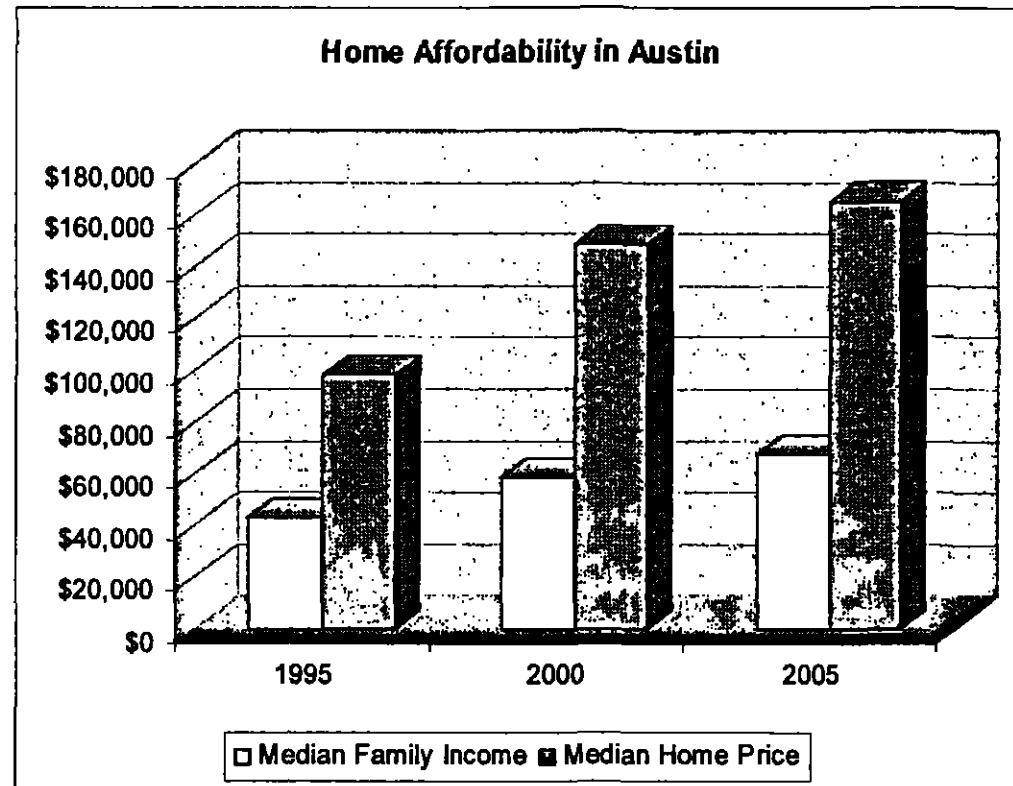
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## Goals:

1. Preserve long-term affordability;
2. Recycle public investment; and
3. Mitigate gentrification

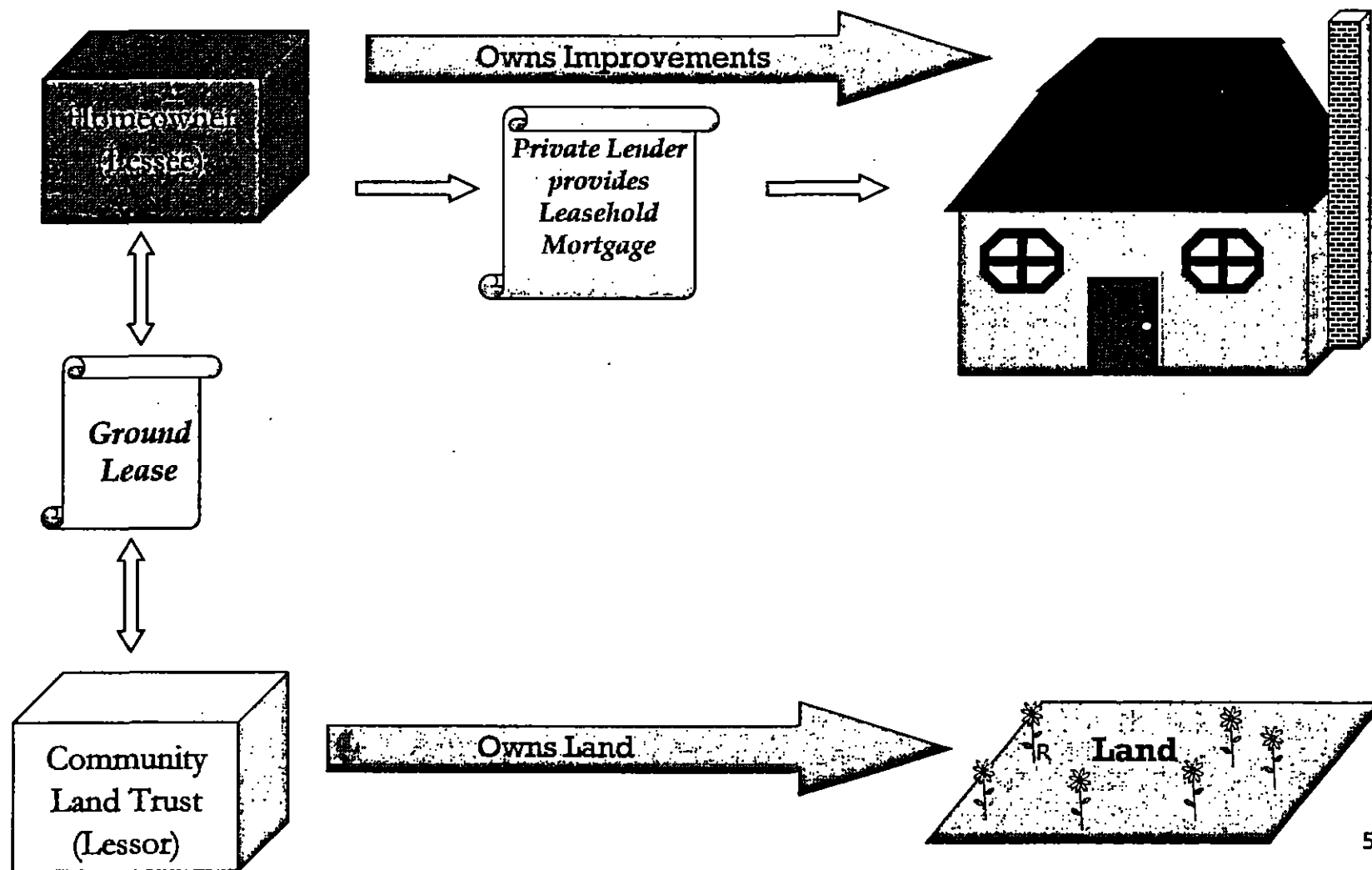
# Why Start a Community Land Trust?

- ❑ Home prices are increasing faster than income.
- ❑ Increasing home prices puts once affordable homes out of reach of low-income households.
- ❑ A CLT takes homes out of the market so that the home remains affordable forever.



Source: HUD, Area Median Family Income for Austin, Travis County, Texas; Texas A&M Real Estate Center

# Community Land Trust Model



# CLT Stakeholder Participants

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## **City of Austin Boards and Commissions**

Community Development Commission

Design Commission

Planning Commission

RMMA Plan Implementation Advisory Commission

Zoning and Platting Commission

## **Community Partners**

African American Quality of Life – Neighborhood Sustainability Committee

Austin Community Foundation

CHDO Roundtable

Housing Authority of the City of Austin (HACA)

Housing Works

PeopleFund (formally Austin CDC)

Texas C-Bar

## **Private Partners**

Home Builders Association of Greater Austin

Independence Title

Real Estate Council of Austin

Wells Fargo

# CLT Stakeholder Input

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## **The CLT Stakeholders identified issues in the following areas:**

1. Ground Lease Provisions
2. Outreach and Education of CLT Homebuyers
3. CLT Program Administration and Operation
4. CLT Organizational Structure
5. CLT Development Incentives

## **The CLT Stakeholders requested the following:**

1. Performance Measures outlined in the Implementation Recommendations (completed)
2. Analysis of CLTs and Texas Condo Law (pending)

# CLT Sponsorship Options for Austin, Texas

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- ✓ **Partnership of Government/Non-Profit Sponsorship**
- **Government Sponsorship**
- **Non-Profit Sponsorship**



# Summary of CLT Implementation Recommendations

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1. Partnership of Government/Non-Profits
2. Establish Advisory Committee
3. Approve Certification Requirements
4. Implement Financing Program
5. Implement Technical Assistance Program
6. CLT/S.M. A.R.T.™ Housing Enhancements

# Government-Nonprofit CLT Sponsorship

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## **ADVANTAGES**

1. Tax Exempt Land (not improvements)
2. Stable Yet Flexible Structure
3. Leverage Financial Commitments (public/private)
4. Leverage of Staffing Resources

## **DISADVANTAGES**

1. Government Policy Change and Non-Profit Direction

# CLT Advisory Committee

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**CLT Advisory Committee Role:** To provide standards for quality assurance, certification, and best practice methods.

## **Suggested Initial Participants**

African American Quality of Life

CHDO Roundtable

Homebuilders Association of Greater Austin

Housing Authority of City of Austin (HACA)

Housing Works

Neighborhood Housing & Community Development

Real Estate Commission of Austin

Texas C-Bar

Wells Fargo

# **CLT Certification Requirements**

- **CLT Certification required for organizations seeking funding from the City of Austin to develop CLT homes.**
- **CLT Certification requirements may include, but are not limited to:**
  - Non-profit status;
  - Financial audit with no findings;
  - Reserve funds;
  - Adoption of a standard ground lease;
  - Homebuyer and post-ownership education;
  - Demonstrated housing experience; and
  - Financial accountability.

# Program Implementation Recommendations

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- **CLT Financing Program**
  - Develop permanently affordable housing through financing of non-profit developers and through partnerships in S.M.A.R.T.<sup>TM</sup> Housing developments.
- **CLT Technical Assistance Program**
  - Provides technical assistance to non-profits to assist them in the development of their CLT Programs.
- **S.M.A.R.T.<sup>TM</sup> Housing Policy Enhancement**
  - Research and analyze enhancement options to the current S.M.A.R.T.<sup>TM</sup> Housing Initiative.

# Key Measures of Success

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- ✓ Affordability over Time
- ✓ Successful Tax Strategy
- ✓ Quality Homebuyer Education
- ✓ Mixed-Income Communities
- ✓ Fair Return to Homeowner
- ✓ Quality Housing

# CLT Project Opportunities

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- ❑ Austin Housing Finance Corporation
  - Montopolis Subdivision Development, others
- ❑ Community Housing Development Organizations
- ❑ CLT/S.M.A.R.T.™ Housing Developments
- ❑ Robert Mueller Municipal Airport (RMMA) Redevelopment Project

# Next Steps

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- ❑ Follow-up on legal issues and Texas Condo Law
- ❑ Establish CLT Advisory Committee
- ❑ Finalize Minimum Standards for CLT Certification
- ❑ Finalize Ground Lease
- ❑ Prepare for Implementation:
  - Conduct Lender and Appraiser Training
  - Develop CLT Homebuyer Counseling (English & Spanish)
  - Provide Technical Assistance to Non-Profit Housing Developers