



# Houston CLT's Homebuyer Choice Program

# History

- First CLT in U.S. started in 1960s by African American Farmers in Albany, GA
- Developed New Communities Inc. as a means of protection from retaliation for participating in the Civil Rights Movement
- Charles and Shirley Sherrod were leaders in the movement and still run New Communities today
- New Communities CLT is now a 1600 -acre farm that is an economic driver for the community and provides community education courses in agriculture and agri-business.



# About Us

**Houston Community Land Trust** is a 501(c)(3) non-profit organization founded in 2018.

Our mission is to make quality, affordable homeownership achievable for limited-income households in Houston, Texas.

We help income-qualified homebuyers buy quality homes in neighborhoods across the city.

By placing the land beneath their homes in the land trust, HCLT homeowners help protect these homes' quality and affordability for future generations of Houstonians.



**The Future of Affordable  
Homeownership for  
Houston**



# Community Land Trusts in the United States



# Community Land Trust Homeownership

Homebuyer buys a home of their choice & owns all improvements on the land.

Houston Community Land Trust holds the land beneath the home “in trust”.

Home becomes a protected community asset.

Homebuyer agrees to:

- use home as a primary residence
- properly maintain the home
- resale only to an income-qualified buyer at a pre-determined affordable price





# About the Homebuyer Choice Program

Qualified homebuyers receive up to **\$150,000 or \$100,000** to help them purchase a home (depending on location).

The homebuyer contributes **at least \$70,000+** in financing & down payment funds.

Homes must meet program's quality, price, location, & environmental hazard criteria.



# What Kind of *Homes* Qualify?

## ✓ **Type**

- Single family/townhome
- NO coops, condos, manufactured homes

## ✓ **Location**

- Within City of Houston limits
- Within Harris County

## ✓ **Flood Hazard**

- NO 100-year floodplain
- 500-year floodplain = MUST buy flood insurance

## ✓ **Quality: Minimum Property Standards**

- NO “fixer-uppers”, must be in good condition
- Must pass City of Houston Inspection



# How do *Homebuyers* Qualify?

- ✓ Annual household income below **80% AMI**. *See chart →*
- ✓ Mortgage-ready
- ✓ Meet savings requirements
- ✓ Not existing homeowner.
- ✓ Homebuyer Education Class and CLT Orientation completed.

Household Size	80% AMI
1	\$49,600
2	\$56,700
3	\$63,800
4	\$70,850
5	\$76,550
6	\$82,200



# The Homebuyer's *Contribution*

- Homebuyers must bring **at least \$70,000** in financing + down payment. Many bring more.
- Resulting housing payment must be **affordable** (28-33% front-end DTI).
- Homebuyer's contribution + HCP grant = **buyer's max. purchase price**

# HCLT vs. Traditional Purchase (bankrate calculator)

## HCLT Mortgage on a \$230,000 Home and \$0 down at 5% interest

- Principal and Interest: \$762/\$493
- Insurance: \$100/\$100
- Property Taxes \$372/\$212 (2.77%)
- HCLT Fee \$113/\$113 (1%)

Total: \$1302/\$918

## Traditional Mortgage on a \$230,000 Home and 3.5% down at 5% interest

- Principal and Interest: \$1,191
- Insurance: \$100
- Property Taxes: \$536 (2.77%)
- Mortgage Insurance: \$191 (1%)

Total: \$2012

# About HCP

## *Grant Funding*

Funding source:

**\$53 million in TIRZ Funds**

Grant amount:

**Up to \$150,000 (Tier I)**

for homes in A- and B-rated school zones.

**Up to \$100,000 (Tier II)**

for other homes in City of Houston.

Eligible uses:

**Down payment**

**Buyer's closing costs**



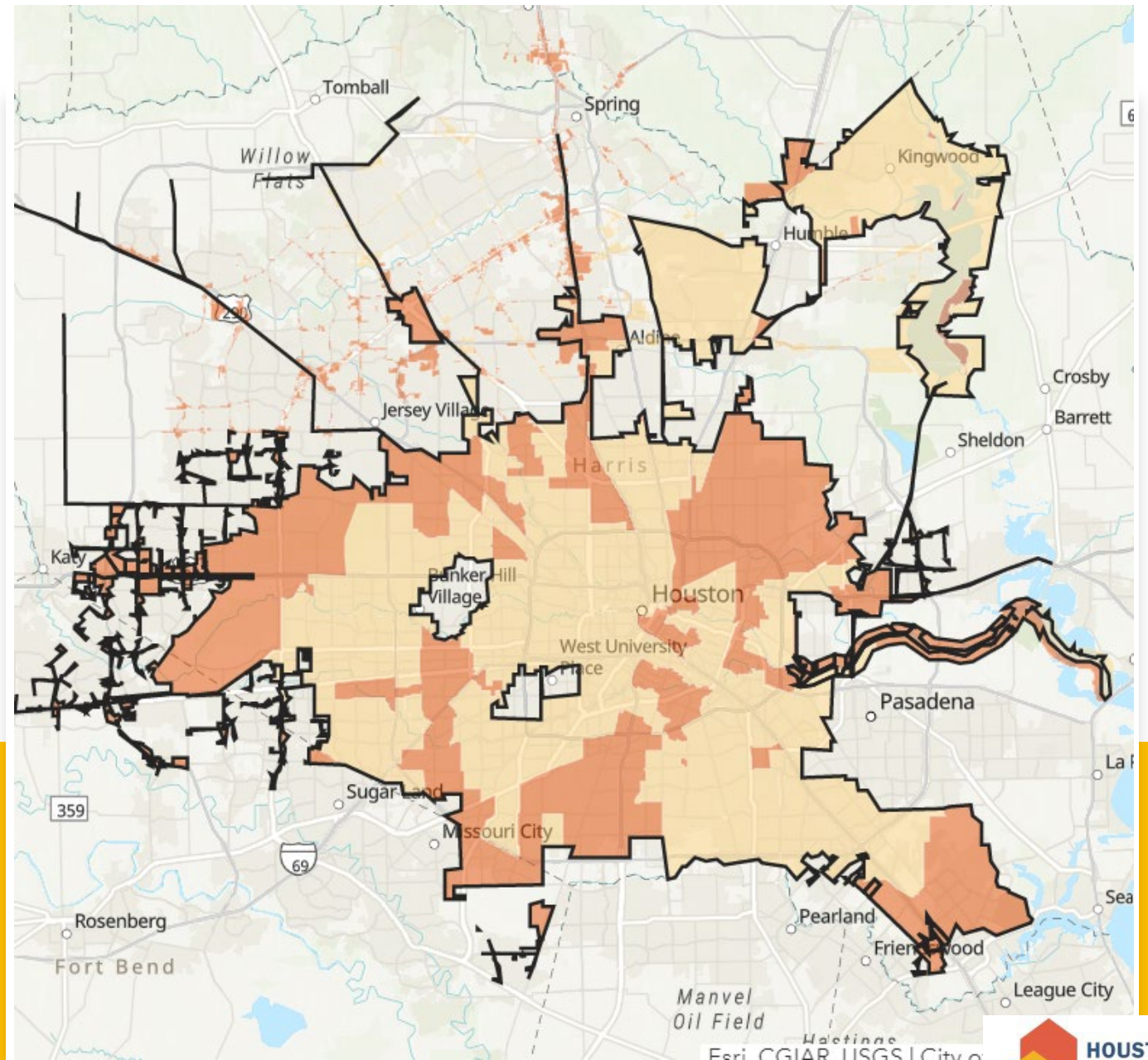
# About HCP *Grant Funding*

Legend

Tier I Subsidy Funds



Tier II Subsidy Funds





Home's list price = **\$230,000**

Homebuyer pays = **\$92,000**

HCP grant applied = **\$150,000**

to down payment: \$138,000

to buyer's closing costs: \$12,000

Home's future resale value =  
**\$92,000 + buyer's earned appreciation**  
**(1.25% per year)**

HCP Grant *Example*





CLT Price:  
**\$92,000**



CLT Price:  
**\$78,056**



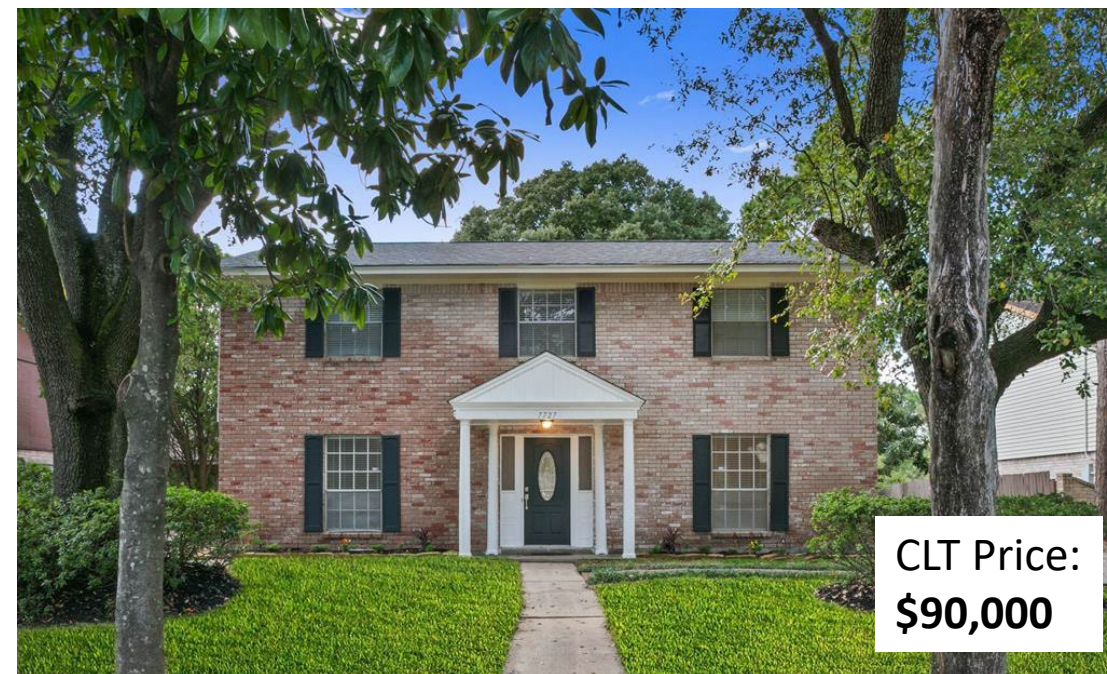
CLT Price:  
**\$99,056**

*HCP Success Stories*





CLT Price:  
**\$92,900**



CLT Price:  
**\$90,000**

## *HCP Success Stories*

# The Homebuyer's *Contribution*

CLT mortgage loans are  
available through **approved  
lending partners.**



# The Homebuyer's *Contribution*

## Approved title companies



Commonwealth



VALERO TITLE, INC.



# What Are the *Benefits* of CLT Homeownership?

**Build equity by owning your home (at 1.25% per year).**

**Lower mortgage payments.**

**Lower, controlled property taxes.**

**Stewardship & support from the CLT.**

**Community leadership opportunities.**



# *Stewardship Program*

- Workshops
- Holiday Party
- World CLT
- Leadership (CLT Board and Membership)
- Newsletter
- Home Maintenance Resources
- HCLT Fee
- Tax Questions





HOUSTON  
COMMUNITY  
LAND TRUST

## PROPERTY TAXES

THE INFORMATION HCLT HOMEOWNERS NEED TO KNOW

DARREN BLAKEMORE, HCLT DIRECTOR OF REAL ESTATE OPERATIONS  
CRAIG GREENBERG, LAND HOME FINANCIAL

Virtual Workshop  
January 19, 2022 | 6PM



HOUSTON  
COMMUNITY  
LAND TRUST

WEDNESDAY  
**APRIL  
20TH**  
6:00 P.M.

## WILLS AND ESTATE PLANNING