

RESOLUTION NO. 105-09

COMMUNITY LAND TRUST (CLT) RESOLUTION

WHEREAS, A CLT is a nonprofit corporation that typically holds legal title to land in trust for the community for the chief purpose of creating permanent affordable homeownership opportunities for low or moderate-income individuals and families who are kept out of the traditional homeownership market; and

WHEREAS, The CLT model of homeownership divides property ownership between individuals who hold title to the home, and the CLT which holds title to the underlying land, but provide the home owner exclusive access to and use of the land; and

WHEREAS, The CLT ground leases place restrictions on the resale of subsidized homes to ensure that they will be sold to other limited income households at affordable prices as established by a resale formula; and

WHEREAS, The resale formula in a CLT ground lease determines the homeowner's profit on resale, balancing the competing goals of providing a fair return on the homeowner's housing investment and preserving long-term affordability; and

WHEREAS, the CLT approach to homeownership helps low or moderate income individuals and families build wealth through the creation of equity, while at the same time maximizing the benefits from housing assistance dollars and protecting the affordability of subsidized housing for future residents; and

WHEREAS, Although the CLT model of homeownership places limits on the ability of a homeowner to capture the full appreciated value of a home, it provides many other benefits not available to renters, including mortgage interest deductions, real property tax deductions, stable housing costs, security of ownership, a long-term stake in the surrounding neighborhood, full return of equity acquired through the pay-down of purchase money mortgage debt, and an equitable return on the homeowner's investment; and

WHEREAS, In addition to the foregoing benefits of CLT homeownership, permanent resale restrictions allow taxing authorities to reduce the assessed value of CLT housing, and thus reduce property taxes; and

WHEREAS, The collection of modest monthly ground lease fees and one-time marketing and resale fees payable by homeowners allow CLTs to become financially and organizationally self-sufficient, with the capacity to monitor and enforce ground lease restrictions, conduct public education and outreach, market affordable units within its portfolio, provide back-up services for first-time homebuyers, and manage the resale of limited-equity homes without using limited public resources; and

WHEREAS, Nearly 50% of Richmond residents are renters and would benefit greatly from improved quality of life that owning one's own home provides; and

WHEREAS, The CLT model for producing affordable housing has been adopted in more than 200 instances in 40 states and the District of Columbia, and the City of Richmond can and should support a Richmond CLT to address its affordable housing needs;

WHEREAS, the City needs to assure due diligence and the proper performance of said Community Land Trust in its pursuit of affordable housing, the City should occupy trustee seats on the governing board of the CLT, or assist the CLT in an advisory capacity;

THEREFORE BE IT RESOLVED, that the Richmond City Council is committed to supporting a Richmond Community Land Trust in the City of Richmond that will provide housing opportunities to our low and medium income residents; and

THEREFORE BE IT FURTHER RESOLVED, that the City of Richmond is committed to supporting a Richmond Community Land Trust, and is further committed to utilize some of the Neighborhood Stabilization Program (NSP) funds to help further this effort.

I certify that the foregoing resolution was adopted by the Council of the City of Richmond at a regular meeting held on September 15, 2009, by the following vote:

AYES: Councilmembers Butt, Rogers, Ritterman, Viramontes, Vice Mayor Lopez, and Mayor McLaughlin.

NOES: Councilmembers Bates.

ABSTENTIONS: None.

ABSENT: None.

DIANE HOLMES
Clerk of the City of Richmond

[SEAL]

Approved:

GAYLE MCLAUGHLIN
Mayor

Approved as to form:

RANDY RIDDLE
City Attorney

State of California }
County of Contra Costa : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 105-09**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on September 15, 2009.