

## Community Land Trust vs. Conventional Market

Initial Affordability	CLT Transaction	Conventional Transaction	NOTES
<b>Acquisition/Development Cost</b>			- identical properties -- same cost to develop  - includes design, engineering, construction, permits, developer fees, etc.  <b>28.13% = Equity                      71.88% = Loan to Value</b>  - purchase price for conventional transaction = market value  - 4 person household in CLT  \$ - Amount of Appraised Value over Total Development Cost <b>0.0%</b> Increase in Total Appraised Value over Total Development Cost
Land Acquisition	\$ 60,000	\$ 60,000	
Development	\$ 140,000	\$ 140,000	
<b>Total Development Cost</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	
<b>Less Subsidy Provided / Required</b>	<b>\$ 60,000</b>	<b>N/A</b>	
<b>Equals Original Purchase Price</b>	<b>\$ 140,000</b>	<b>\$ 200,000</b>	
<b>Minimum Income Required</b> <small>% of Median Income (adjusted for household size)</small>	<b>\$40,545</b> 68.37%	<b>\$55,375</b> 93.38%	
<b>Original Market Value</b>			\$ - Amount of Appraised Value over Total Development Cost <b>0.0%</b> Increase in Total Appraised Value over Total Development Cost
Land	\$ 60,000	\$ 60,000	
Improvements	\$ 140,000	\$ 140,000	
<b>Total Appraised Value</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	
Long-Term Affordability	CLT Transaction	Conventional Transaction	NOTES
<b>New Market Value</b>			<b>7 years later</b>  - for CLT transaction, track change in value of: <u>improvements only?</u> <b>no</b> <u>land &amp; improvements?</u> <b>yes</b>  - include " <u>Investment Ratio</u> " in resale calculation? <b>no</b>  - for CLT property, actual selling price is lesser of <u>price determined by formula OR new appraised value</u>  - 4 person household in CLT
New Value of Land	\$ 109,682	\$ 109,682	
New Value of Improvements	\$ 255,925	\$ 255,925	
<b>New Total Value</b>	<b>\$ 365,608</b>	<b>\$ 365,608</b>	
<b>Change in Total Value</b>	<b>\$ 165,608</b>	<b>\$ 165,608</b>	
<b>Portion of Change in Value to be Shared</b>	<b>\$ 165,608</b>	<b>\$ 165,608</b>	
<b>Times "Shared Appreciation" Factor</b>	<b>25.00%</b>	100.00%	
<b>Equals Seller's Share of Change in Value</b>	<b>\$ 41,402</b>	<b>\$ 165,608</b>	
<b>plus Original Purchase Price</b>	<b>\$ 140,000</b>	<b>\$ 200,000</b>	
<b>Equals Maximum Selling Price</b> <small>(also CLT's Purchase Option Price)</small>	<b>\$ 181,402</b>	<b>\$ 365,608</b>	
<b>Minimum Income Required</b> <small>% of Median Income (adjusted for household size)</small>	<b>\$51,867</b> 73.58%	<b>\$94,087</b> 133.48%	

Inflation Factors:	
land	9.00%
improvements	9.00%
incomes	2.5%
housing costs	3.0%
closing costs	2.0%

## Comparison of Economic Benefit to Sellers

Cash Down Payment	\$ 4,200	\$ 6,000	- 3% of original sale price
Principal Reduction	\$ 13,534	\$ 19,335	- assume mortgage terms of 6.250% for 30 years
Share of Appreciation	\$ 41,402	\$ 165,608	
<b>Total Benefit</b>	<b>\$ 59,136 *</b>	<b>\$ 190,943</b>	- sum of downpayment, principal reduction and share of appreciation
<b>Rate of Return</b>	<b>45.91%</b>	<b>63.94%</b>	- annual interest earned on deposit equal to downpayment during holding period

\* Note: Benefit shown does not reflect additional benefits to CLT homeowners which include deductibility of mortgage interest and real estate taxes, and the monthly savings from not having to amortize the purchase of land.