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## **Community land trusts lower risk of losing homes to foreclosure**

Community land trusts avoid too-good-to-be-true financing,  
generate stable neighborhoods nationwide

Portland - Homeowners in community land trusts (CLTs) across the country are much less likely to lose their homes to foreclosure than owners of market-rate homes, according to survey results released today by the National CLT Network and the Lincoln Institute of Land Policy.

The new data show 2008 closing with a slight 0.52 percent foreclosure rate among CLT homeowners nationwide, compared to the more sizeable 3.3 percent foreclosure rate among market-rate homeowners announced earlier this month by the Mortgage Bankers Association. That means market-rate owners are six times more likely to face foreclosure than owners in community land trusts.

"It's clear that community land trusts significantly lower the risks of owning a home," said Roger Lewis, executive director of the National CLT Network.

Among 1,930 CLT homeowners represented in the survey - about 60 percent of CLT homeowners nationwide - only 1.4 percent were behind 90 days or more on mortgage payments at the end of 2008.

In all, 1.9 percent of CLT homeowners had loans either in foreclosure or at least 90 days behind on payments, compared to MBA data showing between 3.7 and 23.1 percent for market-rate homeowners.

Moreover, the combined percentage of 1) market-rate homes in foreclosure and 2) homeowners at least 30 days behind on their mortgage payment on Dec. 31, 2008 was the highest ever recorded, according to MBA records dating back to 1972.

"While home foreclosures are devastating families and neighborhoods across America, community land trusts are proving to be a highly effective way to create and sustain stable neighborhoods," said Lewis. "That's partly because

community land trusts don't allow the kind of 'too-good-to-be-true' financing that has taken down so many American families."

Among the benefits of CLT homeownership is front-end guidance to help homebuyers acquire safe loans - and support for homeowners struggling to pay their mortgages.

"There's added support in CLTs because of the unique, long-term relationships between CLT organizations and homeowners," said Lewis. "Often, CLTs can provide help even before homeowners miss a mortgage payment. That kind of early action is key to saving homes."

As a case in point, a single mother owning a CLT home in Chicago credits early intervention as the only reason she and her children still have a home after nine months of unemployment.

"We immediately connected her with foreclosure prevention services as soon as she lost her job and before she missed her first mortgage payment," said Dena Al-Khatib, executive director, Chicago Community Land Trust. "It's clear to us that but for the community land trust, this homeowner would have been another sad statistic in the foreclosure crisis. Instead, she's one of the success stories."

CLTs offer a budget-friendly way to make homeownership possible, removing the high cost of land from the overall price of a home.

Owned by nonprofits, CLTs lease the land and typically sell the buildings on the land at below-market rates. This model benefits current and future homeowners. In exchange for purchasing homes at below-market prices, homeowners agree to limit the price of their homes when they sell, keeping them permanently affordable to future buyers while providing a fair return to the seller.

Although homeowners agree to forgo the possibility of big profits if their neighborhood's property values go up, they receive in return the chance to own homes that they otherwise would not be able to afford.

Over 6,000 homes across the country are in land trusts. About half of those homes are owned by individuals, and half are owned by CLT organizations and operated as rental housing.

"Many CLT organizations in our national network have a track record of zero foreclosures among homeowners," said Lewis. "That's part of the reason why community land trusts are gaining momentum. We urge communities that will receive new federal funding for long-term affordability to invest in community land trusts."

Over half of survey respondents already have received, applied for or will apply for neighborhood stabilization program funds from the 2008 Housing and Economic Recovery Act. CLT organizations will use those funds to purchase

foreclosed or abandoned homes and expand affordable homeownership opportunities in their communities and help stabilize neighborhoods."

**ABOUT THE 2008 CLT MORTGAGE AND FORCLOSURE SURVEY**

The National CLT Network and Lincoln Institute of Land Policy last month surveyed 230 CLTs in 45 states. Respondents represented 1,930 CLT homeowners among 85 CLTs in 32 states, including Washington, D.C.

**ABOUT THE NATIONAL CLT NETWORK**

The National CLT Network is a coalition of 230 nonprofits that operate CLTs. The network aims to help supply decent, affordable housing in cities and rural communities across America by ensuring that property remains affordable even as land values increase. For information, visit [www.cltnetwork.org](http://www.cltnetwork.org).

**ABOUT THE LINCOLN INSTITUTE OF LAND POLICY**

The Lincoln Institute of Land Policy is a leading resource for key issues about the use, regulation and taxation of land. Providing high-quality education and research, the institute strives to improve public dialogue and decisions about land policy. For information, visit [www.lincolninst.edu](http://www.lincolninst.edu).

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