

Land-trust model offers a solution to affordable-housing needs

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speculative market. The land trust then holds land in perpetuity. Only the housing units themselves are sold while the land is held by the trust. Families can buy homes in the trust at an affordable price, as long as they agree that when they sell the home, they will in turn also sell at an affordable price. The perpetual affordability of the housing is enforced by a 99-year ground lease. The owners of the homes in the land trust can benefit from some appreciation, but not so much as to preclude the next generation of working families from moving into the community.

According to the National Association of Realtors, home prices in the Sarasota-Bradenton-Venice area have increased 81 percent from 2003 to 2006. The median-price home sells for an eye-popping \$350,000. The existing economic model for developing affordable housing requires taxpayer subsidies, development bonuses and other incentives to get that price down to what a working family can afford. But the financial costs of creating new housing in our community are now so great that existing resources are being stretched thin. We must act as strong financial stewards and preserve the new housing we create for future generations. This is why the Community Housing Trust was established last year by local government, business and civic leaders.

Critics of the community

land-trust model decree that buyers do not have the opportunity to achieve the wealth-building they would if they bought a home through a conventional transaction. There are two responses to this concern. First, land trusts should be viewed as a third housing option: the alternative to rental housing and full-appreciation homeownership. The reality is the conventional transaction is not affordable anymore for growing numbers of working families. The land trust opens up a new solution.

The second response is to closely examine what is happening to public resources, through land donation, direct taxpayer grants or increased densities. Fewer units are able to be built with the existing pool each year. Meanwhile, the list of families looking for affordable homes grows. We are

essentially creating a public lottery. A lucky few families walk away with a windfall when the house is sold at its full market value. The affordability of these homes is lost forever in the process. Uncapped wealth-building has become too costly; the lucky homebuyer wins, but the community loses.

Land-trust buyers are still better off than renters. When buyers of land-trust property sell their homes, they receive all of the mortgage principal they have paid off, plus the down payment and 25 percent of any appreciation of the home. In addition, they receive the tax benefits of their mortgage interest and property-tax deductions, as well as having a permanent, fixed housing cost that protects them against rising rents.

Using the land-trust model, we can create an affordable,

owner-occupied home with a one-time subsidy cost of \$75,000. That house will remain affordable for subsequent generations of owners with no additional subsidy required. Assuming a 5 percent rate of annual appreciation in home values (which was typical in the early 1990s), the affordably priced house of \$153,000 today will cost \$630,000 30 years from now.

We must act now to provide affordable-housing opportunities for current and future generations of hardworking families, and, in fact, we all need to keep Sarasota County a community where everyone can live.

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