

NEWTOWN COMMUNITY LAND TRUST PROGRAM FACT SHEET

A Community Land Trust (CLT) is a non-profit organization that supports affordable housing by purchasing or developing homes which are then sold to low- and moderate-income households at below-market rates. There are more than 225 CLTs in the United States. Newtown's CLT was founded in 2001 and is the oldest and largest in Arizona, with more than 140 homes across the Phoenix metro area.

How a CLT works

To fund the purchase or construction of CLT homes, Newtown receives grant funds from local cities or counties. Once a house is built or rehabbed, Newtown sells it to homebuyers who meet certain financial guidelines which include credit, income and savings. To keep the price low, buyers pay only for the house itself and the CLT retains ownership of the land on which the home is built. Newtown then leases the land to the homeowners through a low-cost, long-term renewable lease. This arrangement allows families to build equity and enjoy all the benefits of homeownership while the CLT retains the initial investment and keeps the resale price low for future buyers.

CLT Eligibility

CLT houses are sold through the normal real estate market and are available to purchase by any prospective homebuyer who meets certain criteria, which includes earning no more than 80% of the Area Median Income (AMI). In 2019, the AMI was \$46,650 per year for a family of two or \$58,300 for a family of four in the Phoenix area. Homebuyers interested in purchasing a CLT house from Newtown participate in a homebuyer education course and housing counseling and may also be eligible for down payment assistance.

CLT Home Resale

If CLT homeowners decide to sell their houses, Newtown will purchase the home at the original purchase price plus 25% of the increased value of the house, which allows the first homebuyer to make a profit, while still ensuring that the house remains affordable. Newtown will then resell the home to another income-qualified buyer, keeping the house and land in the CLT for an indefinite period of time for future first-time homebuyers.

CLT Management

Newtown's CLT is administered by the non-profit Newtown Community Development Corporation and governed by a volunteer board of community members, of which one-third of the board are current CLT owners.

CLT Homeownership

CLT homeowners can do improvements such as paint walls, install flooring, plant gardens, and even rent out individual rooms as long as the homeowner is living in the home. In addition, CLT participants have access to Newtown's tool library, home maintenance education programs and can apply for home maintenance loans at zero percent interest. Please note that any major changes to the home such as removing walls or altering plumbing do require advance approval by Newtown CDC.

Benefits of a CLT

Affordable housing is one of the most critical challenges facing Arizona cities and a key factor in creating more prosperous families and stable neighborhoods. Homeownership not only leads to increased family wealth but also completion of higher education and better health for children,

along with reduced reliance on government assistance. What's more, CLT homeowners receive financial education and support that makes them less likely than other homeowners to default on a mortgage or lose their homes in a foreclosure. This positive impact affects not only families but also neighborhoods and cities.

For more information

To learn more about the CLT program, see a list of available homes, or start the application process, visit www.newtowncdc.org. Newtown will contact applicants to schedule an appointment with one of our housing counselors who will discuss the process in detail. This may include reviewing credit, determining eligibility, opening special savings accounts and setting goals to assist in the home purchase process.