

An Introduction to the Adirondack Community Housing Trust

Why was ACHT created?

- Homeownership in the Adirondacks is being priced out of the reach of working families.
- Through the initiative of Senator Little, the state budgeted \$1M to be used by an “Adirondack Community Housing Trust” to reduce the cost of home purchases for families making less than 120% of area median income.
- The legislation requires that the future sales of these homes be controlled by ACHT so that they will be passed on to other income-qualified families for affordable prices.

How was ACHT created and who controls it?

- ACHT was organized by the Housing Assistance Program of Essex County, which had worked closely with Senator Little to secure the funding.
- ACHT is now incorporated as an independent not-for-profit corporation with a board of directors whose members are drawn from the various parts of the Park.
- ACHT is being staffed by HAPEC, under a contract between the two organizations, but ACHT is fully controlled by its own board.

How does ACHT control the future sales of the homes it has made affordable?

- ACHT retains ownership of the land on which the homes are located. Homebuyers get a deed to the house and any other improvements on the land, and they get a 99-year renewable ground lease giving them secure long-term control of the land.
- The lease gives them most of the rights of conventional homeowners, but with a few limitations – one limitation being that when they want to sell the home they must either sell it back to ACHT or sell it to another income-qualified family, and must sell it for a price that will be limited by a formula written into the lease.
- ACHT’s resale formula allows the seller to receive the amount they originally paid for the house, plus the value of any ACHT–approved capital improvements they have made at their own expense, plus 25% of any additional appreciation in the value they originally paid for (but

not the appreciation of that portion of the home's original market value that was paid for by ACHT).

What does “income-qualified mean”?

- It means that the income of the household is less than a specified percentage of area median income (AMI), county by county, as determined by the US Department of Housing and Urban Renewal (HUD).
- ACHT expects to serve a range of income levels, so the percentages of AMI specified as the maximum allowable incomes for ACHT homebuyer will vary somewhat. Homes that have been made affordable for very low income households will be limited to households on that income level in the future. Homes that have been made affordable only for somewhat higher income households will be limited to households with comparable incomes in the future.

Can homeowners leave their homes to their children? To heirs outside of the family? What if they want to leave the home to someone who is not income qualified?

- Homeowners can leave the “asset value” of their homes to anyone they choose.
- If the heirs want to live in the home they inherit, they will be permitted to do so, even if they are not income qualified, if they are immediate members of the family. Other heirs either must be income-qualified or must sell the home under the terms of the ground lease.

What other limitations or requirements does the ground lease establish?

- The lease requires that the homeowner – or members of the owner's family – occupy the home as their primary residence. They cannot move away and continue to own the home as rental property. If they aren't going to live there, they have to sell.
- The use of the property may also be limited in certain ways – for instance it may be limited to residential use and whatever home-business uses are permitted by law.
- Other ground lease requirements, such as those relating to maintenance of the home, health and safety, etc. are generally the same as requirements already imposed by the terms of state and local ordinances and home mortgages.

Who pays the taxes, and how are the homes assessed for tax purposes? Are the taxes as high as they would be if the resale prices of the homes were not restricted?

- The owners of the homes are required to pay the taxes on both the house and the leased land.
- A committee of the ACHT board is working with the state office of housing services to make sure it is agreed that these homes will be assessed for the value they have under the terms of the resale restrictions, not the potentially higher market value they would have without restrictions.

What kinds of houses will be made available through ACHT? Newly constructed homes? Rehabilitated homes? Homes sold in as-is condition?

- The first homes to be made available will be houses rehabilitated by non-profit developers, but plans are also moving forward for new construction that will be sold through ACHT.
- A “buyer-initiated” program has also been established, whereby ACHT will work with prospective buyers to identify homes that are already on the market in a specified area and that are structurally sound and reasonably priced. Income-qualified homebuyers will then be invited to choose among these homes. ACHT will use its funds to cover enough of the price of each home to make it affordable for the purchaser, and in return will take title to the land and issue its standard ground lease to the homebuyer.

Where did the idea for ACHT come from? Are there other programs like this in existence anywhere?

- The first community land trusts (CLTs) were developed in the 1970s and early ‘80s. There are currently about 200 in the country, and the number is growing rapidly as more and more communities are concerned with preserving the affordable homeownership.
- Most of the nonprofit housing organizations in Vermont are organized as community land trusts and have been operating for some time in the way ACHT intends to operate. Burlington’s Champlain Housing Trust is more than 20 years old and is currently the largest CLT in the country.
- In New York, CLTs have operated for more than 15 years in Albany, Schenectady and Syracuse. In recent years, programs have been or

are being established in other areas of the state. There are currently 12 other CLTs in New York State.

Is there a problem in getting mortgage financing for these CLT homes?

- Although leasehold mortgages are not familiar to some lenders, a growing number of banks now provide such financing for CLT homebuyers.
- Fannie Mae offers a “community land trust mortgage product” and has established guidelines for underwriting such mortgages.
- USDA has adopted regulations allowing CLT homebuyers in rural areas to qualify for loans under its “Section 502 Direct Loan Program”
- The State of New York Mortgage Agency (SONYMA) has established a “Community Housing Trust Initiative” and has preapproved the ACHT program for participation in the new program.