

ECONOMICs of the Shared Equity "Community Land Trust" Model

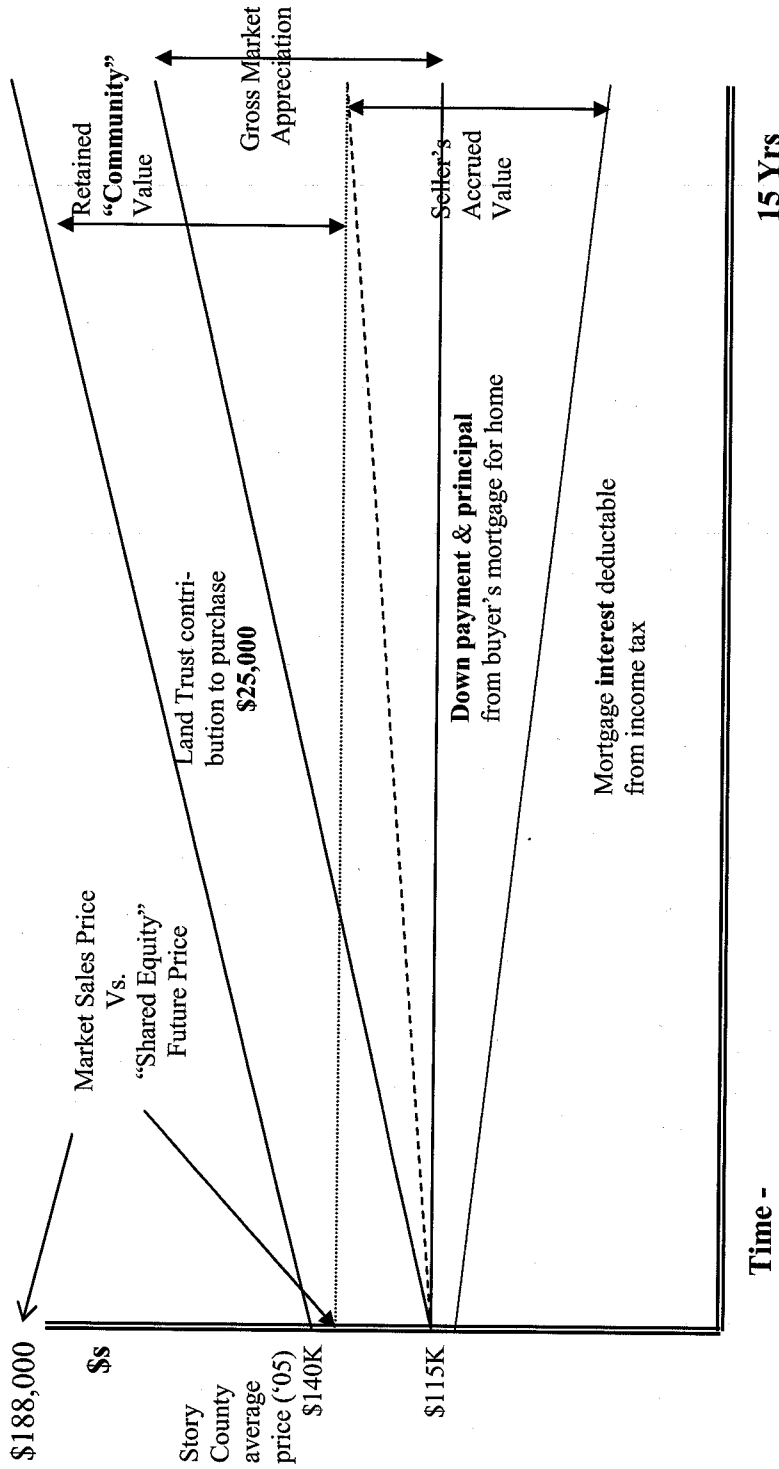
SCCHC—2007

- Model Goals-
- (1) Provide affordable home ownership for Story County families unable to purchase in the current market.
 - (2) Retain the public's subsidy for future generations of families who occupy this home.

Example:

A family of 4 in Story County, IA needs a \$56,000 annual income (84% of County median) to afford the median priced home sold in 2005. The "community land trust" model permits that same purchase to occur with a family income of \$46,000 (69% of County median).

The participating 'land lease' family shares [30% - 70%] the accrued market equity generated over time. In this way both of the Model's goals are satisfied. (1) The buying family can afford ownership where they would not otherwise. (2) The 'community' retains some of the market gain so the next generation of buyer can purchase a home that is affordable.



Year -	5	10	15
Accrued Value for Owner at time of Sale (*)			
Portion of Mortgage Paid	7955	18600	32840
Seller's Gross Equity	16715	34520	55425
(-) Sales Costs	10768	12325	14125
Seller's Accrued Value =	\$5,950	\$22,185	\$41,300

(*) Assumes a 6%, 30 year mortgage with 3% down payment at purchase, and 8.5% sales and commission costs at sale and market inflation of 2.75% annually.

The result is that the seller family accrues equity to purchase their next home, while retaining a future sales price that is continuously affordable to the next lower income family wanting to become a home owner.