

Bringing Community Land Trusts to Scale

Florida's Surplus Land Law and FHFA's Duty to Serve Rule





CLT's and Surplus Land

What is “surplus land?”

Government-owned property that is obsolete, or the continued use of which is uneconomical or inefficient, or that serves no useful function. The government, in its discretion, may classify property as surplus, and may offer surplus property to other governmental units for sale or donation, or may offer the property to private nonprofit agencies.

§274.05, Fla. Stat.

How is surplus land made available for affordable housing?

Every 3 years since July 2007, each Florida county and city must prepare an inventory list of all real property owned within its jurisdiction that is affordable for use as affordable housing.

§125.379, Fla. Stat. (Counties)

§166.0451, Fla. Stat. (Cities)

How is surplus land made available for affordable housing?

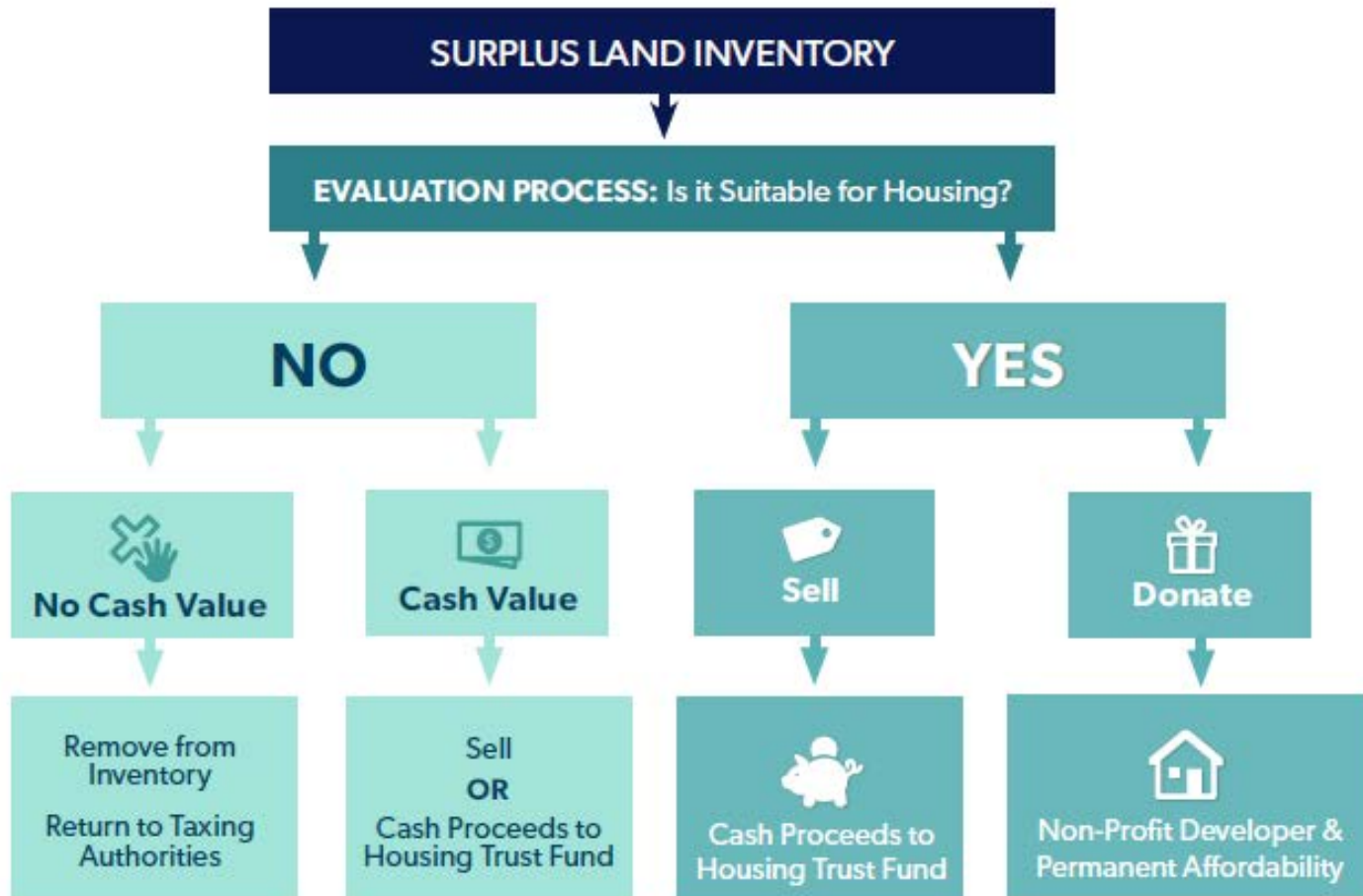
The properties on the inventory list may be...

- offered for sale and the proceeds used to purchase land for development of affordable housing, or to increase the local government fund earmarked for affordable housing;
- sold with a restriction that requires development of the property as permanent affordable housing;
- donated to a nonprofit housing organization for the construction of permanent affordable housing;
- otherwise made available for production and preservation of permanent affordable housing.

§125.379, Fla. Stat. (Counties)

§166.0451, Fla. Stat. (Cities)

How is surplus land made available for affordable housing?



**How is
surplus land
determined to
be
“appropriate
for affordable
housing?”**

Evaluate:

- **Environmental issues**
- **Site characteristics**
- **Land use and zoning**
- **Infrastructure**
- **Proximity to services**

**How do
nonprofit
housing
organizations
learn about
surplus lands
that are
available?**

The inventory list must include the address and legal description of each property, and specify whether it is vacant or improved.

The county or city must review the inventory list at a public hearing and adopt it by following the public hearing.

§125.379, Fla. Stat. (Counties)
§166.0451, Fla. Stat. (Cities)

**How do
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ASK YOUR LOCAL GOVERNMENT...

Although the inventory list must be adopted in a public hearing, there is no consistent method among Florida counties and cities for making the list of available properties accessible to the public.

Use Surplus Land to increase supply of affordable housing through preference for shared equity and permanent affordability programs with surplus land



Support for Shared Equity Models in Lending Community

CLT Lending - Specifically

- **Major advantages to CLT loans :**
 - Extremely low foreclosure rate
 - Right of repurchase
- **Major challenges:**
 - Reluctance of lender involvement (lack of understanding and program uniformity)
 - Lack of scale
 - FHA pull-back
- **Portfolio loans**



FHFA Duty to Serve

- Requires the enterprises, Fannie Mae and Freddie Mac, to provide leadership to facilitate the secondary market for mortgages to very-low-, low- and moderate-income families in three underserved markets:
 - Manufactured Housing
 - Affordable Housing Preservation
 - Rural Housing

Duty to Serve – Fannie Mae



- **Work to increase liquidity for shared equity models such as community land trusts and resale restricted properties that help to create and maintain affordable housing units**
 - **Develop and execute a robust research and analysis strategy in order to fill knowledge gaps and help expand liquidity**
 - **Develop and execute a comprehensive outreach strategy to educate and seek input from the industry including program providers, lenders, housing counselors, other non-profits, government organizations, industry leaders and subject matter experts**
 - **Ultimately accomplish goal of increasing purchase of loans from shared equity programs**

Current Guidelines and Initiatives- Fannie Mae



Shared Equity Programs

- **Community Land Trusts**
 - Approved ground lease and Form 2100 available
 - Can be underwritten in Desktop Underwriter®
 - Identifying opportunities to provide lenders and program providers with further guidance on program organizational standards and best practices
- **Resale Restrictions**
 - Permit wide range of restrictions and requirements including income, age, employers, first time homebuyers, and resale price limits.
 - Transactions can be underwritten in Desktop Underwriter
 - Permit restrictions to survive or terminate at foreclosure
- **Community Seconds**
 - Eligible second mortgages can provide shared equity and/or forgiveness over time.
 - Can permit CLTV up to 105% in some cases

NOTE: Loans with shared equity features that follow our guidelines can be delivered to Fannie Mae.

Duty to Serve – Freddie Mac



- **Work to increase liquidity for shared equity models – focus on standardization and scaling up**
 - **Develop product flexibilities to facilitate greater number of loan originations**
 - **Purchase more loans under shared equity programs to inform product design**
 - **Support standardization and data collection at transaction level**
 - **Promote market awareness of shared equity programs**

Lenders that work with CLTs in Florida



We want more!!!



Let's hear from the
GSEs!



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