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Community Land Trusts in Minnesota: A Mixed-Methods Analysis of How They Fared During the Great Recession

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Community Land Trusts in Minnesota: A Mixed-Methods Analysis of How They Fared During the Great Recession

By Harshada Karnik

Abstract: This analysis examines how the housing boom and bust of the past decade affected community land trusts in Minnesota, using mixed methods to gather data. Financial data for the organizations was gathered from their IRS 990 forms, and interviews were conducted with executives of some of the organizations. The main finding of the analysis is that maintaining stable revenue streams for day-to-day operations is a bigger challenge to these organizations than acquiring properties and protecting their investment from market fluctuations. Another finding is that the selection and screening processes that Community Land Trusts (CLTs) have evolved and the stewardship services they offer to their clients helped CLTs to maintain relatively low default rates.

Introduction

A community land trust (CLT) acquires properties to make affordable homes available to low-income families. CLTs typically acquire residential properties; build or rehabilitate homes on the properties, as needed; and then, while retaining title to the underlying land, sell the homes to low- to-moderate income (LMI) families, at a price these families can afford. CLTs use ownership of land to keep the homes affordable for future LMI buyers, too, as explained below. Since urban land parcels make up a significant part of the CLTs' assets, one might expect the housing market boom and bust to have impacted them significantly. The mixed-methods analysis discussed in this report shows that in fact, most Minnesota land trusts seem to have weathered the housing bust relatively well.

Background

Broadly, a community land trust (CLT) is an organization that helps low-income families attain and sustain homeownership through resale-restricted housing initiatives referred to as *shared equity homeownership.*[1] When a potential client qualifies for a CLT home, the CLT subsidizes the purchase to

[1] Michael Grover, "Community land trusts strive for permanent housing affordability," *Community Dividend*, Issue 2, 2007, Federal Reserve Bank of Minneapolis.

make the home affordable for the client. Depending on the location and land prices in the neighborhood, the CLT may provide a subsidy that is roughly equivalent to the land value, or frequently significantly more. The mortgage lender views this subsidy as akin to a down payment. The subsidy results in a lower loan to value (LTV) ratio, which allows buyers to get a better mortgage rate and typically eliminates the need for private mortgage insurance (PMI).

The CLT retains the title to the land while the homeowner owns the home built on the land. The homeowner leases the land from the CLT for a fee, called a *ground lease,* that typically ranges from $15 to $30 a month.

While CLTs offer an innovative approach to affordable housing, it should be noted that they have not reached a degree of scale in housing markets across the country.

Because CLTs only sell homes to LMI households, they must keep homes affordable not just for the first family buying the house but for subsequent generations of home buyers. Retaining the title to the land helps the CLT maintain control over the property and pursue the goal of permanent affordability. For instance, the terms of the ground lease and the CLT's relationship with lenders make it easier for CLTs to regain control of properties going through foreclosures and short sales. Retaining the land also gives CLTs more negotiating power in establishing purchase contracts that pre-specify a formula for sharing capital gains and losses. When the house is resold, most CLTs will evaluate the current market price of the house and allow the seller to keep 25 percent of estimated capital gains plus the value of any capital improvements done to the property that were paid for by the seller. The remaining 75 percent capital gain is absorbed back into the CLT to deepen the subsidy on the home to ensure it is affordable for a new LMI buyer.

Just as the homeowners will enjoy capital gains if the value appreciates, they may also experience losses or have to bring money to the table if the value depreciates during the housing bust. However, in the recent housing bust, just one family served by the five CLTs interviewed for this analysis had to put in cash (about $1,000) in order to sell. In that case, a change in the family's situation led the family to leave their CLT home within 12 months of buying it.

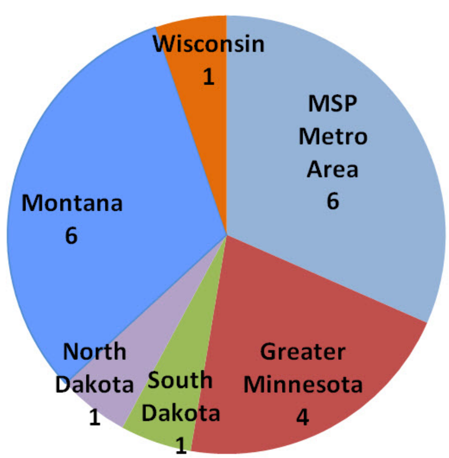
CLTs own residential real estate and serve LMI homebuyers. This raises questions about how CLTs fared in the recent housing bust and foreclosure crisis. Housing prices in the U.S. peaked in 2006 and by 2010 had fallen by about one-third. Housing prices in Wisconsin, Minnesota, and Montana, where most CLTs in the Ninth Federal Reserve District are located, also fell sharply over this period.[2] The crash in the housing market also coincided with increasing foreclosures. Nationally, the percentage of foreclosures went up from less than 0.5 percent of mortgages in 2006 to about 1.25 percent in 2008 and peaked at over 3.75 percent toward the end of 2011. Given that land and properties are central to the activities of CLTs, one would expect these booms and busts would also impact CLTs. This study examines whether expectations about CLTs' performance after the housing bust match the evidence.

Research Methodology

The study uses both qualitative and quantitative data. The National Community Land Trust Network (NCLTN) lists 19 CLTs in the Ninth District. See Figure 1 below for a breakdown of their geographic locations.

For the qualitative analysis, I focused my interviews on organizations in Minnesota, particularly the Twin Cities region. Specifically, I interviewed representatives of Greater Minnesota CLT (One Roof Community Housing, formerly Northern Communities Land Trust or NCLT,[3] in Duluth) and four out of the six organizations based in the MSP metro area: City of Lakes Community Land Trust (CLCLT), Rondo Community Land Trust (Rondo), Two Rivers Community Land Trust (Two Rivers), and Carver County Community Land Trust (formerly Chaska Land Trust).[4] The interview included questions about changes in revenue, expenses, and operations of the organizations; their business models; impact of the recession on the homeowners and the organization; and challenges in the future. The interview schedule is available in Appendix 2.

FIGURE 1: GEOGRAPHIC DISTRIBUTION OF CLTS IN THE NINTH DISTRICT



[2] See Appendix 1. For more details on housing prices visit www.minneapolisfed.org/community_education/housing.
[3] Northern Communities Land Trust (NCLT) merged with Neighborhood Housing Services in 2011 to form One Roof Community Housing.
[4] One of the six organization in the MSP region did not respond to e-mails. For another of the six CLT housing is not the major function of the organization. All the organizations in Wisconsin, Montana, and the Dakotas were too small or new, or CLT housing was not their major program activity.

For the quantitative analysis, I analyzed financial data from the five organizations interviewed and also from First Homes Properties (First Homes), a CLT based in Rochester, Minn. The financial data of these organizations were gathered from the 990 tax forms they filed with the Internal Revenue Service (IRS). For most organizations, 990 forms were available from 2002 to 2011. However, CLCLT had forms available from 2003 to 2011 and Chaska Land Trust had forms from 2003 to 2008, when it was taken over by the county to become Carver County Community Land Trust. The data include revenue (total and by major sources), expenses (total and major components), total assets, total liabilities, and net assets. The final dataset covers 65 organization years.

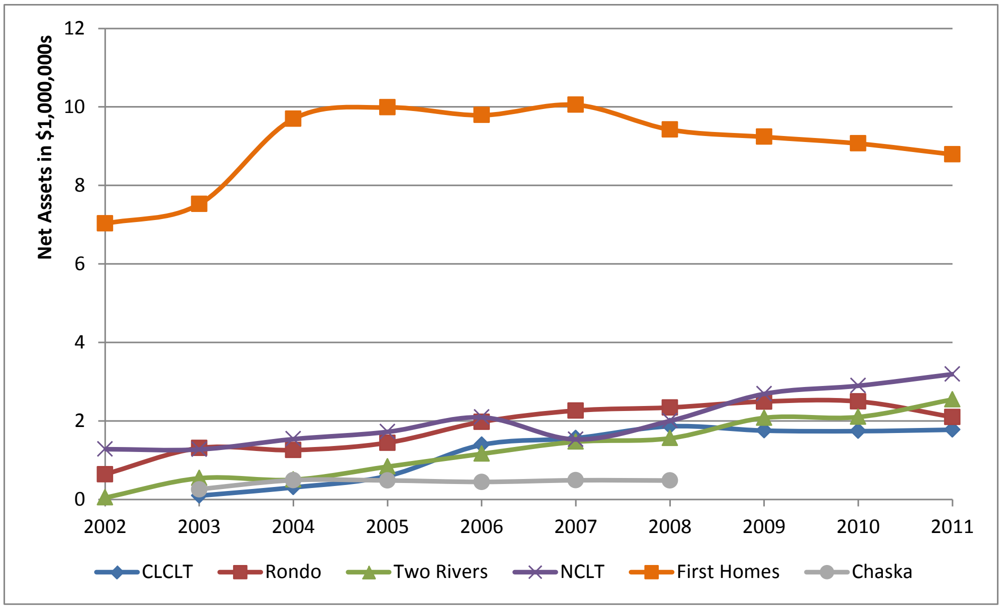
Key Observations

1. **Provided that sufficient annual income is available to cover day-to-day operations, Minnesota CLTs can withstand declines in property values.** This is evident from the fact that several CLTs experienced net asset stability or growth from 2002 to 2011 despite the recession and housing crash. However, despite unchanged or increasing net assets, most organizations experienced fluctuating revenues. Several CLTs were able to streamline losses by adjusting their expenses to their revenues.

    A) *Several Minnesota CLTs experienced net asset stability or growth between 2006 and 2011*. The net assets of six large CLTs were stable or increasing in 2006–2011.[5] As seen in Figures 2 and 3, Two Rivers and NCLT saw their net assets increase significantly after the 2006 peak in the area's housing prices, while First Homes, CLCLT, Rondo, and Chaska experienced little change.

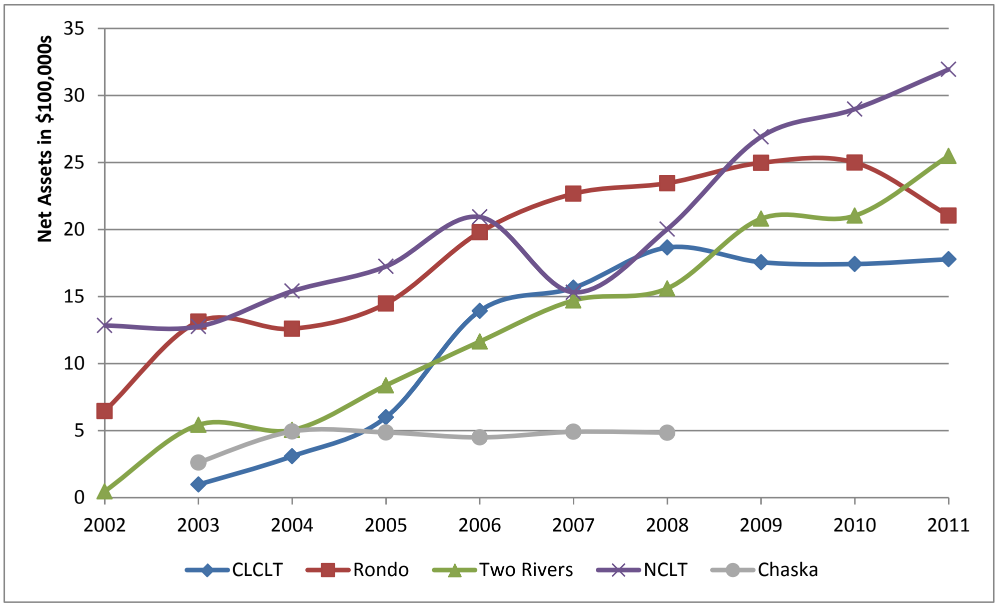
[5] CLTs may differ in whether they book assets such as 30-year forgivable mortgages as liabilities. Accordingly, although it is generally valid to compare a given CLT's asset figures over time, it may not be valid to compare assets across different CLTs.

Figure 2: Net Assets of CLTs in Minnesota



The general stability or rise in CLT assets during the housing bust was possible in part because most CLTs do not mark their real estate assets to market, on the grounds that they plan to hold the asset permanently and accounting principles do not allow them to mark up prices when they recover. Thus, falling land prices do not have a significant direct effect on CLTs' balance sheets. Their finances are mainly affected by fluctuating revenue streams, which affect the scale of their operations and the services they can impart to their clients. Generating and sustaining revenue for day-to-day operations is a bigger challenge than protecting their assets from market fluctuations.

FIGURE 3: THE NET ASSETS OF THE STUDIED CLTS, 2002–2011 (WITHOUT DATA FROM FIRST HOMES)



B) *Most CLTs are heavily dependent on grants revenue.*

As seen in figure 4, government grant revenue was a major source of revenue of most organizations. Over 80 percent of the total revenue of most organizations during most financial years has come from grant revenue, often including a large part from government grants.[6] Other sources of grants include foundations, philanthropic organizations, and individual donations. Only Two Rivers and First Homes have other significant sources of revenue. Two Rivers earned substantial program service revenues from 2003 onwards, while the source of other revenue for First Homes was discount accretion—possibly generated by non-cash revenue accruing from increases in the valuation of bonds held by the organization.

[6] See Appendix 4.

FIGURE 4: GOVERNMENT GRANTS AS A PERCENTAGE OF TOTAL REVENUE

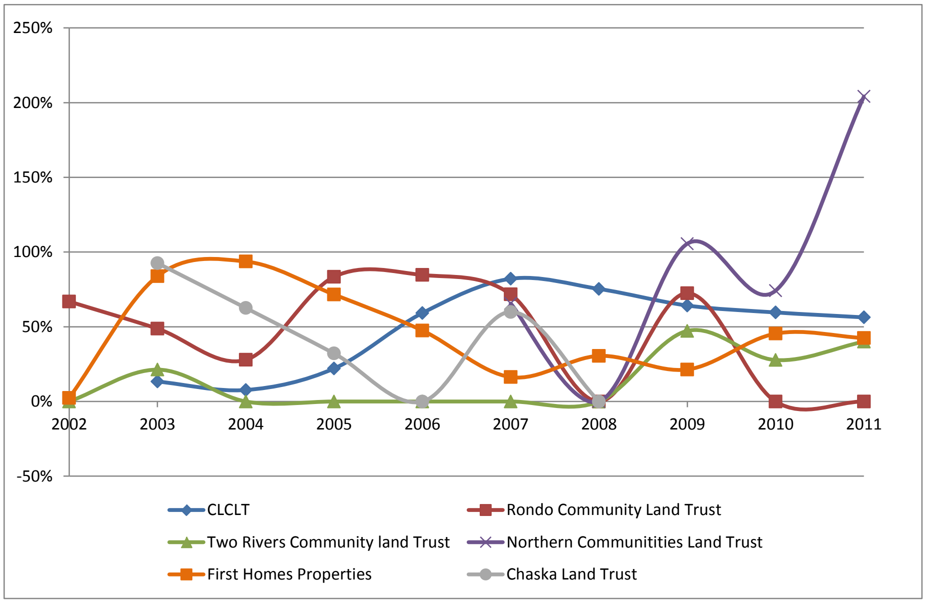
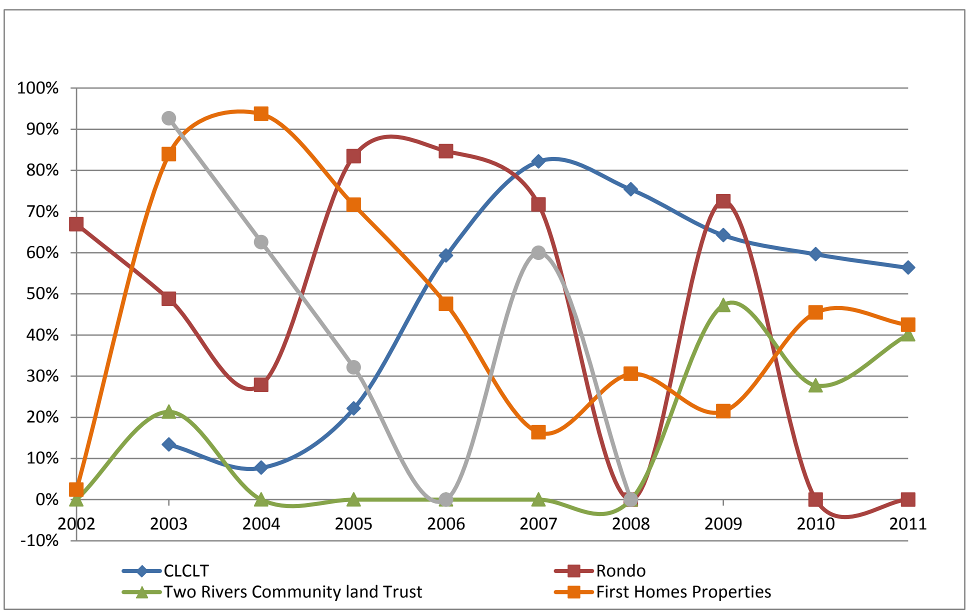


FIGURE 5: GOVERNMENT GRANTS AS A PERCENTAGE OF TOTAL REVENUE (WITHOUT DATA FROM NCLT)



One of the major challenges that most organizations faced during the recession was the inability to stabilize revenues. All their sources of revenue fluctuate significantly. This may reflect CLTs' limited ability to apply for and obtain grants and donations as well as fluctuations in government and foundation budgets. An executive from one CLT noted that many foundations give out grants on the basis of the returns on their investments on a five-year rolling average, so going into the recession, this CLT's revenues held up because the foundations funding it had made good returns on their investments during the previous five years. However, the most recent five years have been down years for foundation investments, so funding is now beginning to dry up gradually, according to this executive.[7] However, most other organizations saw their revenue decline after 2006, when the grants accruing from external funders fell. For instance, unlike CLCLT, whose revenue held up with minor fluctuations from 2006 to 2010 and then slid in 2011, the total revenues of Rondo, Two Rivers, and First Homes took a major hit in 2007–2008. Strong balance sheets helped most Minnesota CLTs deal with their volatile revenues. For a more detailed summary of the revenues of each of the five organizations, please see Appendix 4.

C) *Most organizations adjusted expenses to revenues to streamline losses.*

The major expenses of most organizations include salary and staffing expenses on the administrative side. On the program side, the cost of acquiring properties and rehabilitating and/or developing them, as well as subsidies that go into making homes affordable, are the expenses that these organizations incur. For more on the expenses of each organization, see Appendix 5.

In addition to relying on their balance sheets to absorb revenue fluctuations, several organizations mentioned that during the recession they trimmed salary expenses and office costs. The salary expenses of most organizations, except NCLT, seem to be more or less stable at a first glance, as observed in Figure 6. According to an executive from NCLT, in order to counter the hardships that clients were going through due to the recession, the organization applied for and acquired a grant specifically to hire a staff member who would work with clients to help them with their constraints.[8]

[7] Interview with Jeff Washburn, City of Lakes Community Land Trust, July 2013.
[8] Interview with Jeff Corey, One Roof Community Housing, August 2013.

FIGURE 6: SALARY EXPENSES OF MOST CLT ORGANIZATIONS, 2002-2011

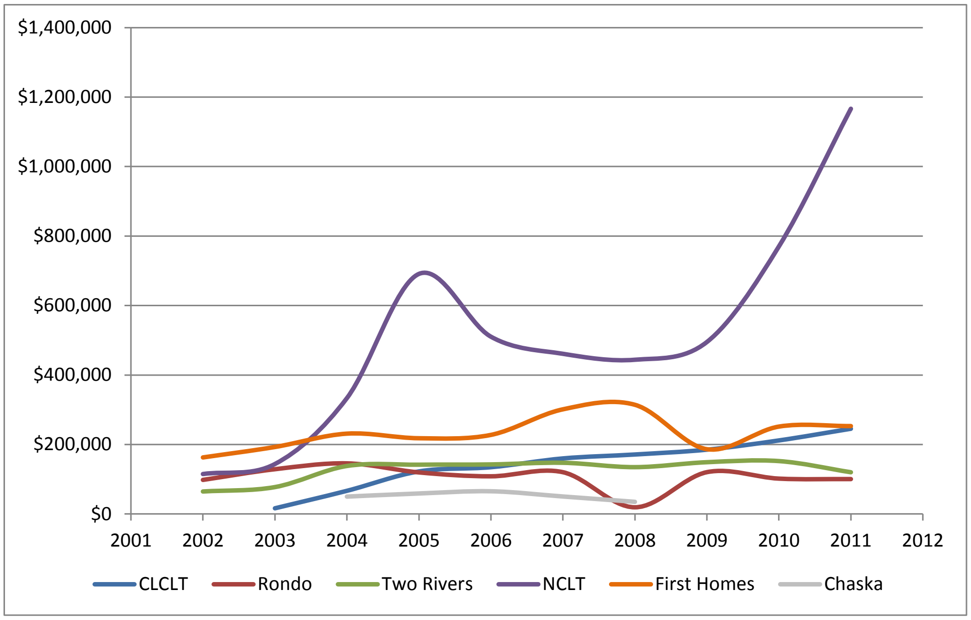
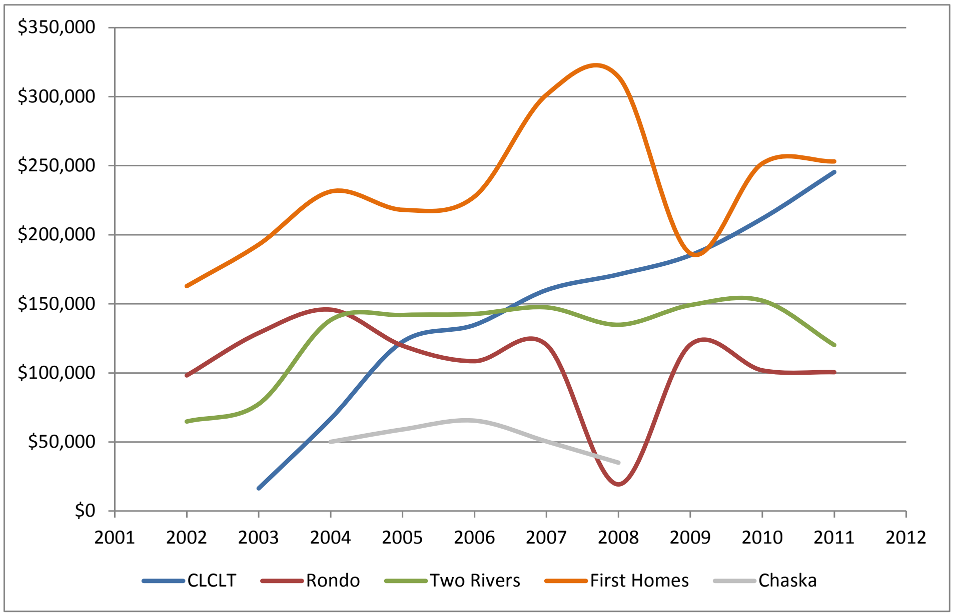


Figure 7, without the outlier NCLT, shows more subtle fluctuations, but the post-2006 trends in salary expenses still vary significantly. For instance, the stable rise in CLCLTs' salary expenses can be attributed to their ability to maintain revenues during the same corresponding period. In contrast, First Homes experienced salary cuts in 2009, Chaska cut salaries in 2007–2008, and Rondo and Two Rivers cut salaries in 2008.

FIGURE 7: SALARY EXPENSES, 2002–2011 (WITHOUT DATA FROM NCLT)

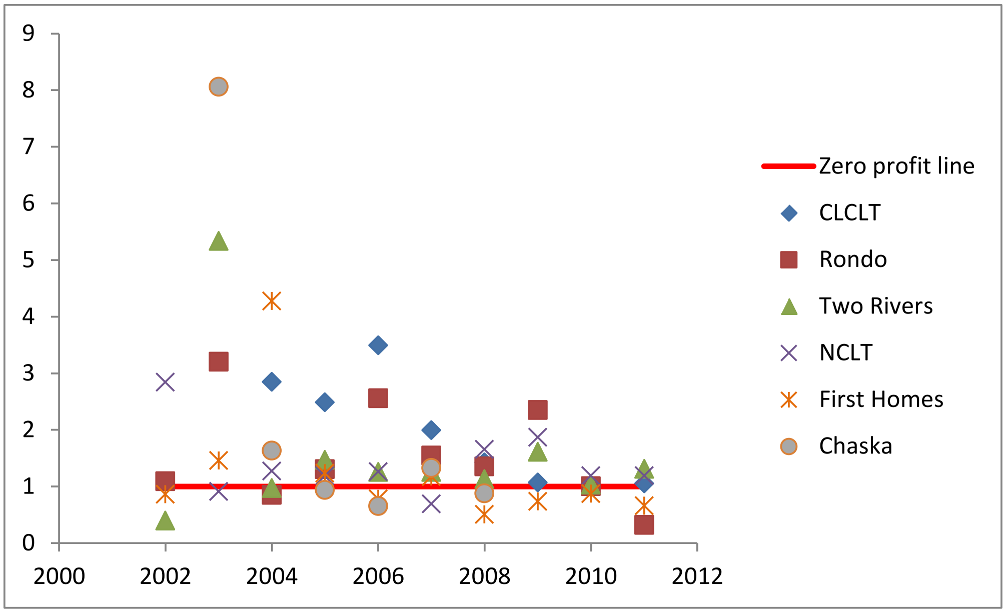


The scale of operations of the CLTs is directly impacted by the grants they are able to procure or the funds they are able to raise. During the recession, lower revenues meant that many program activities contracted. For instance, an executive from Rondo mentioned that the number of homes the CLT developed every year fell from five or six or even ten during certain years pre-recession to about three or four in more recent years.[9] Two Rivers mentioned similar statistics. From aiming for ten homes a year, it was down to four in the past few years taken together.[10]

Most organizations managed to keep operating without losses. Some trimming of administrative expenses and cutting projects allowed most organizations to stay above the red line, as seen in Figure 8. First Homes was an exception. Its expenses often exceeded revenues during and after the housing bust, but it appears that strong revenues earlier helped build net assets that sustained the organization though this period.

[9] Interview with Greg Finzell, Rondo Community Land Trust, July 2013.
[10] Interview with Kathryn Paulson, Two Rivers Community Land Trust, July 2013.

FIGURE 8: TOTAL REVENUES AND TOTAL EXPENSES, 2002–2011



However, some organizations had to use other innovative ways to sustain their operations. For instance, when grant funding available to the City of Chaska began drying up, the city could no longer fund the executive director's position at Chaska Land Trust. The Carver County Community Development Agency (CCCDA) had been an educational partner to the Chaska Land Trust; the land trust's clients took homeownership courses through CCCDA and met with their counselors to gain a better understanding of the land trust program. So as Chaska Land Trust's revenues continued to fall short of expenses, it seemed logical to ask the CCCDA if it would take over the land trust program.[11]

In Duluth, NCLT merged with Neighborhood Housing Services, a nonprofit that provided educational counseling to home buyers, to form One Roof Community Housing in 2011. According to an executive from One Roof Community Housing, the merger was not driven by financial issues but was instead initiated to simplify processes for homebuyers so they would not have to work with two different organizations to own a home.[12]

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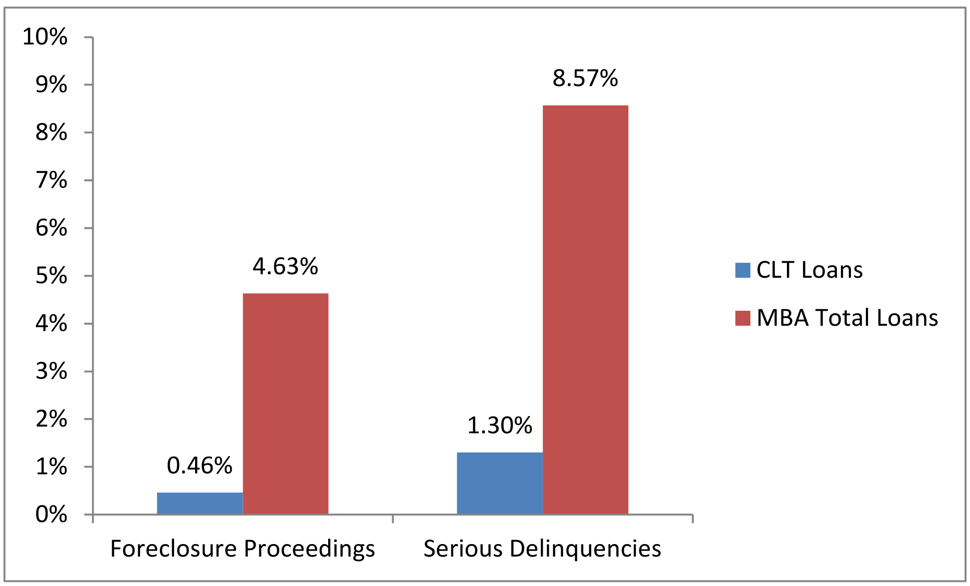
[11] Interview with Brenda Lano, Carver County Community Land Trust, July 2013.
[12] Interview with Jeff Corey, One Roof Community Housing, August 2013.

2. **Nationally, CLT mortgages performed better than traditional mortgages.** According to some of the executives interviewed, this is mainly because of the selection and screening processes and the stewardship services that CLTs offer to their clients.

   A) *Nationally, CLT mortgages showed better performance than general mortgages.*[13]
   At the end of 2010, the general mortgage market experienced a serious delinquency rate of 8.57 percent while the comparable figures for U.S. CLTs stood at 1.30 percent. Similarly, while only about 0.46 percent of CLT-held mortgage loans were in foreclosure proceedings, 4.63 percent of mortgages were in foreclosure proceedings.[14]

FIGURE 9: PERFORMANCE OF CLT MORTGAGES VS. TOTAL MORTGAGES AS OF YEAR-END 2010



Source: Thaden 2011 and the Mortgage Bankers Association.

[13] Emily Thaden, *Stable Home Ownership in a Turbulent Economy: Delinquencies and Foreclosures Remain Low in Community Land Trusts*, Lincoln Institute of Land Policy, 2011.
[14] CLT foreclosure rates are from Thaden (2011), and marketwide foreclosure rates are from the Mortgage Bankers Association.

B) *Selection and screening of clients helped to ensure that they can sustain homeownership.* The process of selecting and screening potential CLT clients differs from organization to organization. Most CLTs require that a buyer's family income be below 80 percent of the area median income. Families are also required to complete homeownership classes[15] and have a pre-approved mortgage from a lender who lends for CLT homes. Most CLTs require their clients to go through a one-on-one counseling session or orientation with them, and some of them pay for the clients to visit a legal professional who will walk the homeowner through the legalities of owning a CLT home. The counseling session helps CLTs ensure that the potential clients are ready for homeownership and have budgeted for the additional costs that go into owning a home, such as property taxes, regular maintenance, and capital improvements. It allows the CLTs to ensure that the family can afford not just the mortgage but all the responsibilities of owning a home.

C) *The support services that CLTs provide to their clients are crucial to help clients sustain homeownership through difficult times and keep delinquency and foreclosure rates low.* Each of the organizations interviewed had a total of fewer than ten foreclosures and short sales in 2003–2011, on portfolios that ranged from a few dozen properties to more than 100 properties. The foreclosures involved mostly families who were in an extreme situation, such as losing a job. Staying in touch with clients, making sure they were on top of their payments and pointing them toward resources in case of financial problems was an important part of the CLTs' routine job. For instance, CLCLT has one staff person who stays in touch with clients, talking to them to see if they have any worries and getting on top of things in case any problems arise. She also is responsible for coordinating trainings and events as well as connecting homeowners with opportunities in the community.[16] Similarly, Two Rivers sent out ground lease waiver application forms that would require clients who had been defaulting on ground lease payments to come to the CLT's office and get in touch with the staff. The staff would then use this opportunity to connect with the family members, understand their financial troubles, and try to help them out as much as possible.[17] This could be one of the reasons CLTs in general have experienced lower foreclosure rates than the conventional market.

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[15] In Minnesota, potential clients are most commonly required to complete the Homestretch workshop─an eight-hour-long, comprehensive educational workshop for first-time home buyers─and have a pre-approved mortgage from a lender who lends for CLT homes.
[16] Interview with Jeff Washburne, City of Lakes Community Land Trust, July 2013.
[17] Interview with Kathryn Paulson, Two Rivers Community Land Trust, July 2013.

In addition to this, the regular support services offered by most CLTs include connecting clients with contractors if they wish to do any maintenance, upgrades or repair work and helping with the paperwork and processes related to property taxes. The organizations also launched innovative services to help clients retain their homes. For instance, Rondo launched a temporary emergency fund to meet mortgage payments on behalf of clients who had a short-term crisis. The funds would then be recovered from the clients when they resell the house. CLCLT launched an opportunity fund that clients could utilize to pursue training to help them enhance their ability to create wealth or build assets. However, none of these services were launched specifically to deal with the recession but rather were responses from the organizations to the clients' ongoing needs.

The ground-lease fees that clients pay to the CLT serve as the main indicator of the financial health of the homeowners. Most Minnesota CLTs do not use PMAs (Permitted Mortgage Agreements), which are a type of contract with the bank that allows CLTs to track if their clients are making their mortgage payments regularly. However, since the CLT owns the land, the mortgage company is obliged to serve delinquency notices to the CLT. In addition, the organizations try to stay connected with their clients to ensure they are on top of their mortgage payments. Some executives noted that this made the clients feel comfortable contacting the organization at an early stage in case of problems. The early notice helped the CLT to point clients toward resources wherever possible or, in extreme cases, to advocate on their behalf for a short sale to prevent a foreclosure.

3. **Other Observations**

A) *CLTs' relationship with banks helped them to facilitate short sales and avoid losing foreclosed properties.*

According to an executive from Rondo, several of Rondo's properties turned over in the past few years by means of foreclosure sales or short sales. In these cases, all the parties involved had to make financial compromises. However, the resale of such properties to eligible buyers allowed the CLTs to retain the properties and keep them affordable. For example, neither CLCLT nor Rondo lost ownership of their foreclosed properties. Both the organizations attributed this to their relationships with the banks as well as with the clients, and also to the nature of the land title that restricts the banks' ability to sell the property on the open market.

B) *Restructuring mortgages is often challenging.*

Restructuring mortgages is a challenge that most CLT homeowners have faced in the past. Mortgage lenders are unwilling to restructure loans until they realize that the borrower absolutely cannot make the payments. Thus, individuals who have been on track with their payments are unable to restructure their mortgage until they miss a couple of payments. One executive said that those who secure mortgages funded by Minnesota Housing Finance Agency bonds find it difficult to restructure mortgages.

C) *Obtaining a second mortgage is usually not permitted but still occurs.*

Since CLTs hold title to the land, their consent is, in principle, required on second mortgages. Most Minnesota CLTs require that families not take on any new mortgage debt. However, there are loopholes in the system and some individuals have obtained a second mortgage. Especially if the second lender overlooks the CLT’s title to the land, a lien may be put on the property in connection with a home equity line of credit or a home improvement loan. However, the second lender’s claim on the property is invalid under the conditions of the ground lease, and it could thus be difficult for the second lender to foreclose on the home.

D) *Post-recession, CLTs are acquiring fewer properties off the open market.*

CLTs usually acquire properties in consultation with potential clients in order to suit their needs and aspirations. Having a buyer ready prior to acquiring and rehabilitating a property also allows the CLT to minimize holding costs. However, sometimes the property may be acquired first, to utilize available funding, and the CLT later finds a suitable family to sell the home to.

In either case, most CLTs acquire properties through the open market or by negotiating deals with nonprofit developers. However, post-recession some of the funding agencies have required CLTs to buy vacant or foreclosed properties or properties owned by banks. Such properties often require CLTs to incur higher rehabilitation expenses to fix up the property. For example, one of the organizations surveyed had three land parcels and a twin home conveyed to the CLT through tax forfeiture. The CLT also purchased six developable land plots during the recession with the idea of developing once the market picked up. Since the developers were eager to get the land off their hands, the CLT was able to secure a high discount on the property.

Current Challenges CLT Executives See

1. **Lending norms have tightened.**
   Most executives agreed that lending norms have tightened in the post-recession years. They say that the minimum credit score to qualify for a mortgage has gone up from less than 600 to 640, credit histories are being checked more diligently and documentation has become more detailed. They also say that new regulations have made appraisals more rigid. While some executives felt that this was restricting aspiring homeowners' ability to access housing finance, others felt that it wasn't significant for families that were really ready for homeownership.

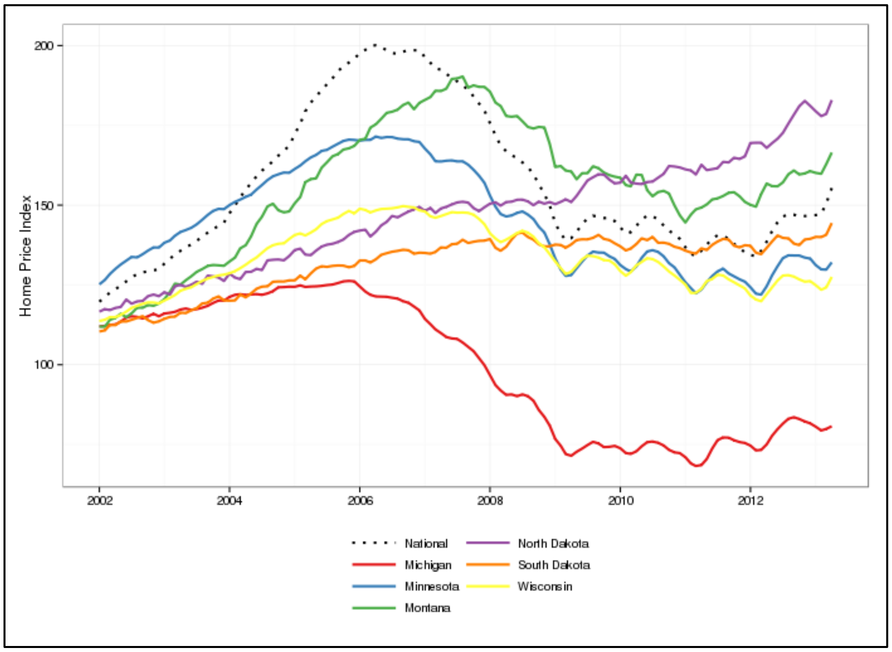
2. **Affordable homeownership is no longer a priority in the philanthropic world.**
   After the housing crash, affordable homeownership is no longer a priority in the philanthropic world, some of the CLT executives say. Organizations that work in the area of affordable housing are thus likely to experience difficulties maintaining funding.

3. **Lack of funds for property management.**
   CLTs essentially own land and have a stake in the condition of the homes constructed there. Thus, their operations are in some ways comparable to the business of maintaining rental properties. However, some CLT executives think that rental property companies are in a better position than CLTs to budget funds for maintenance and capital improvements, partly because they can deduct these expenses for tax purposes. Maintenance of property could thus be a challenge in the future—partly because, as nonprofit firms, CLTs cannot deduct these expenses.

Conclusion

This study reveals that despite various challenges that the CLT sector faced due to the housing market crash and the recession that followed, CLTs in Minnesota have been able to sustain themselves. Some of them got stronger and others had to adjust their operations and finances to make it through the tough times. While this study mostly focused on the organizations' financials, a more detailed study could capture how the program services offered by CLTs underwent changes during the housing crash, how CLTs evaluate their programs, and how CLTs in Minnesota compare to CLTs across the nation.

Appendix 1. Housing Price Index



Source: Staff calculations based on Home Price Index (HPI) data provided by Core Logic.

Appendix 2. Interview Questions

1. Can you briefly summarize your CLT's service area or target population and size?
    a. Did clients from any specific background benefit above average from the program?
    b. Or would you say the program is more valuable to a certain niche population?

2. Can you briefly explain how your **CLT operates**?
    a. How do you shortlist and screen potential clients?
    b. What requirements do they have to fulfill to acquire a CLT unit?
    c. How do you arrive at the ground leases and other user fees?
    d. What support services do you provide?
    e. How do you encourage homeowners to maintain their property?
    f. Did any of these especially become more popular during the crisis?
    g. Does your CLT have programs or practices that you think are unusual or innovative compared to typical CLTs? If so, what are they, and how do they contribute to achieving your mission? [
    h. Specific to CLCLT: Could you talk about the Opportunity fund and employment assistance programs that are unique to CLCLT? Are you initiating more innovative services / programs?

3. How many units have you **resold** as of today?
    a. How do you maintain affordability as units turn over?
    b. What resale formula or other arrangements does your CLT use when a unit is sold?
    c. Has the resale formula changed post-recession?
    d. When prices were rising during the boom, did owners selling units realize capital gains? If so, how large? If not, why not?

4. How have you normally acquired properties, both during and after the housing boom?

5. What allowed your CLT to survive the crash in urban land values as well as it did?

6. Can you explain the financial aspect of your business model?
    a. That is, what are your major expenses and your major sources of revenue?
    b. What were your top three sources of funding before and after the bust?

7. How were your expenses and revenues affected by the housing crash and ensuing serious recession?
    a. Did any of your revenue sources increase or decrease significantly during the bust and recession?
    b. Were any new sources of revenue especially critical to the operations?

8. How did your CLT cope with and adapt to those changes?

9. How well did your home buying families come through the bust and recession?
    a. What rates of mortgage default and foreclosure did you experience?

10. There were several potential delinquent clients in 2009–2010. What steps did you take to help your buyers avoid default and foreclosure?
    a. Which of these interventions were especially successful in helping families retain their home?

11. Did any of your clients lose their properties despite taking these measures to prevent foreclosures?

12. Were you able to maintain control of all the properties whose owners experienced foreclosures?
    a. If yes, what allowed you to maintain control?
    b. What might you do in the future to ensure you don't lose control of properties?

13. How did maintaining control of foreclosed properties affect your operations, expenses, and revenues?

14. Does your CLT use Permitted Mortgage Agreements (PMAs) or other arrangements to monitor your borrowers' performance on their mortgage and to proactively intervene to help them if problems arise?
    a. Why or why not? If yes, how well have they worked since the bust?
    b. In what ways have they not worked as hoped, and could they be improved?

15. Given that housing prices are still well below peak levels, I assume that some current owners would not realize capital gains if they sold at today's prices and that some might have to sell for less than they paid. Is that correct?
    a. If so, have the low prices and dimmer prospects for capital gains made owners less willing to perform upkeep and less interested in making home improvements? If not, why not?
    b. If so, has this caused any problems for the CLT, and have you made any adjustments as a result?

16. How do falling land values affect a CLT's income and balance sheet?

17. Do changes in land values affect ground lease rates?

18. How and when do lower values of the land your CLT owns show up in your financial statements?

19. What programs were most effective in helping your buyers avoid default and foreclosure?
    a. Have you made any changes to your programs to enhance your buyers' ability to make it through future recessions or housing busts?
    b. Did you receive feedback on any of the policies and practices you used?

20. What aspects of your business model were critical to surviving the bust and recession?
    a. Have you made any significant changes in how you fund the CLT?
    b. How about in your expenses?

21. Did you help your clients refinance their mortgages after the prices crashed?
    a. Based on your CLT's experiences in the boom and the bust, how important is it for the CLT to require owners wishing to refinance to get their CLT's approval first?
    b. How does this protect the CLT and possibly the owners too?

22. Did recent experience affect your views on the appropriate level of down payment? Are these levels suggested or enforced by CLTs or mortgage lenders?
    a. What percent down does your CLT require or recommend now, and why?
    b. Has that amount changed in light of recent experience? Why or why not?

23. Have mortgage lenders imposed any new changes such as underwriting standards, etc.?
    a. How has this affected your CLT's ability to meet its objectives?

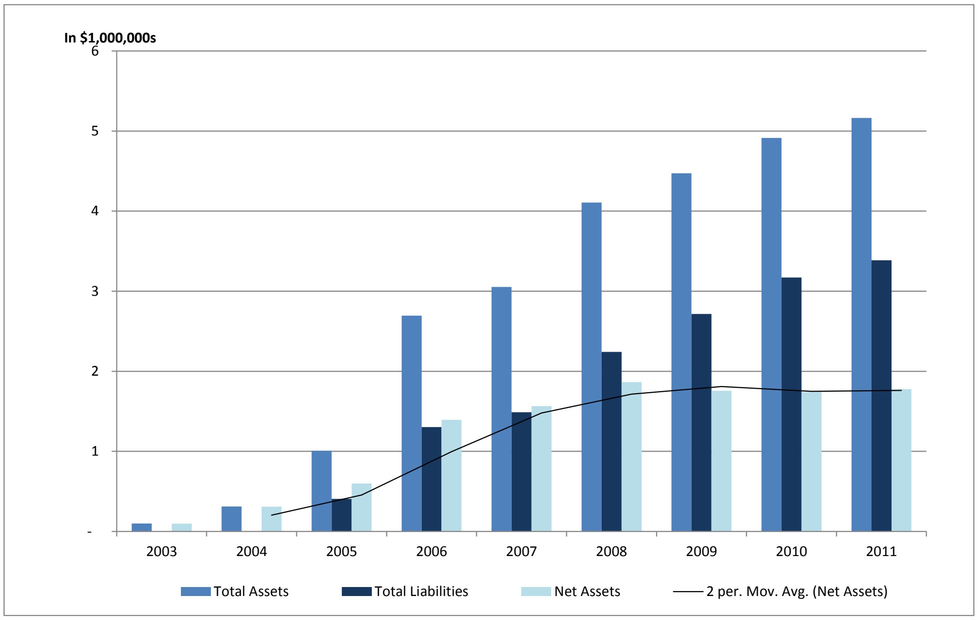
24. Are there any other key lessons you would like to communicate to stakeholders?

25. Is there anything that I have not touched upon that you wish to talk about?

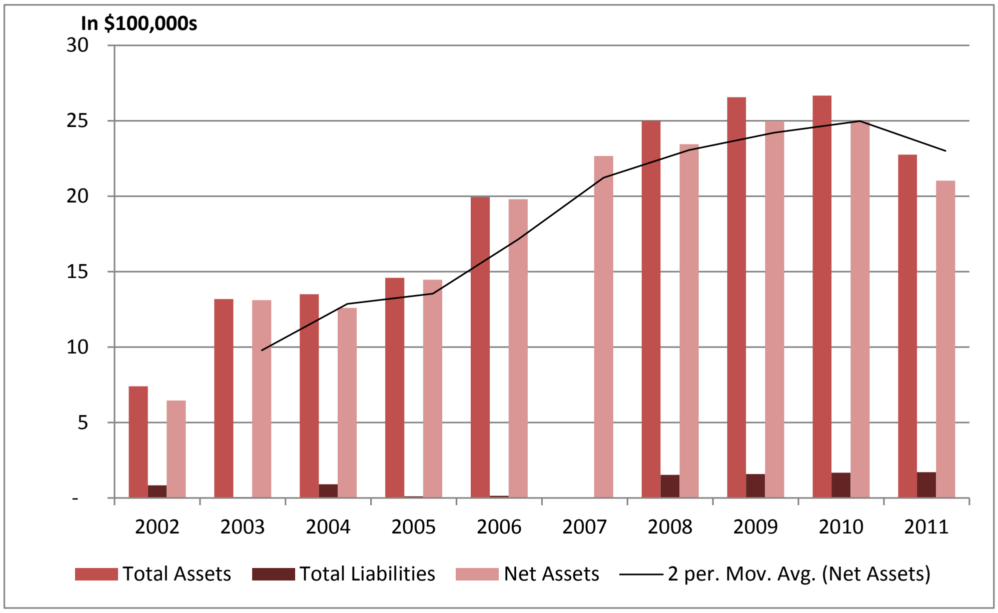
Appendix 3. CLT Balance Sheets (from IRS 990 Filings)

Note: CLTs may differ in whether they book assets such as 30-year forgivable mortgages as liabilities. Accordingly, although it is generally valid to compare a given CLT's asset figures over time, it may not be valid to compare assets across different CLTs.

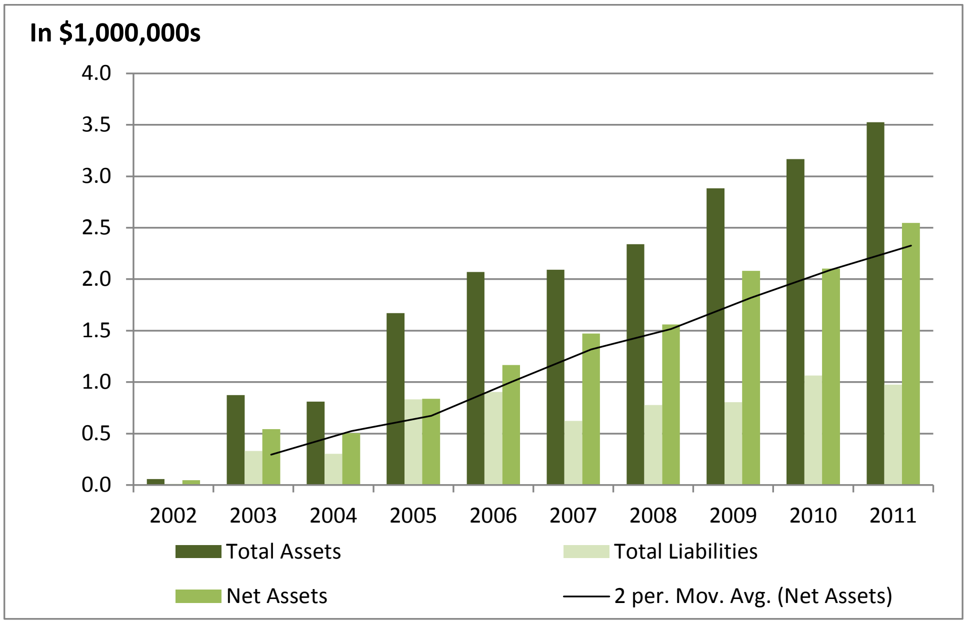
1. City of Lakes Community Land Trust



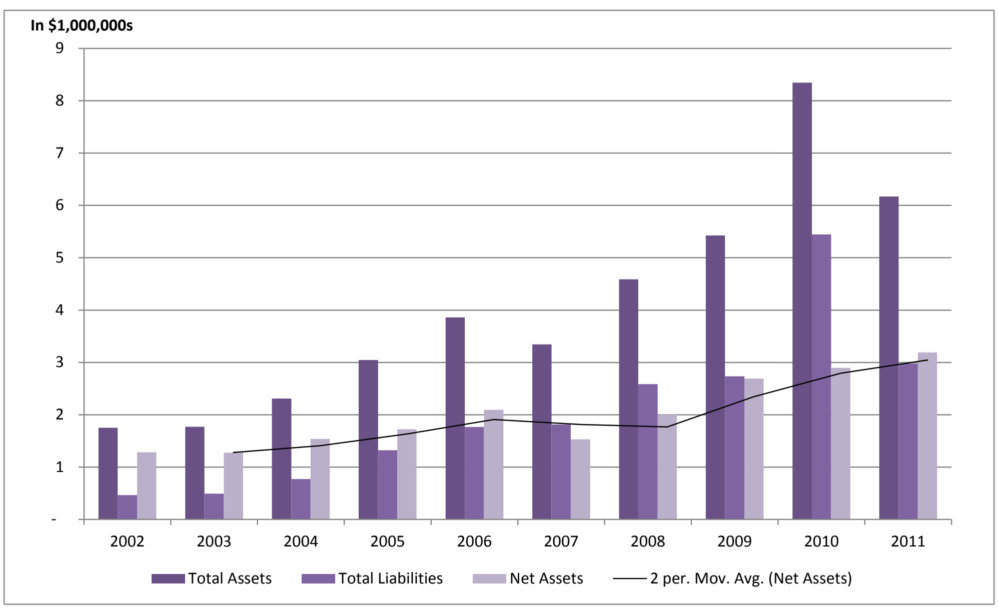
2. Rondo Community Land Trust



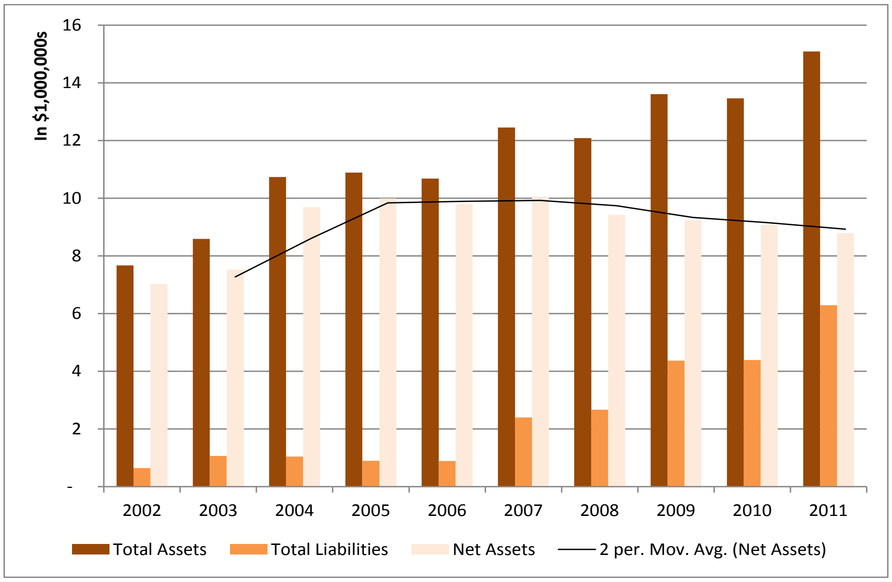
3. Two Rivers Community Land Trust



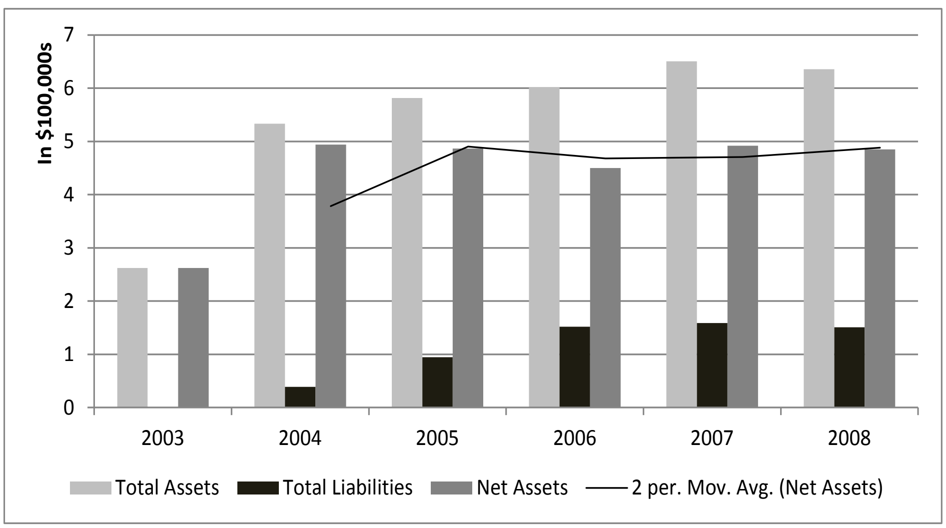
4. Northern Communities Land Trust



5. First Homes Properties

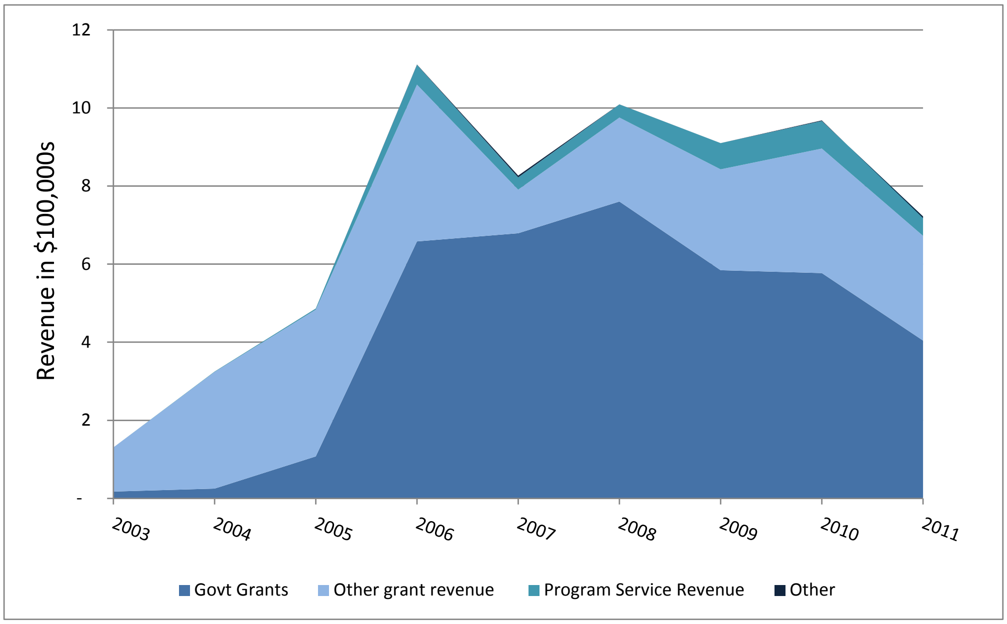


6. Chaska Land Trust

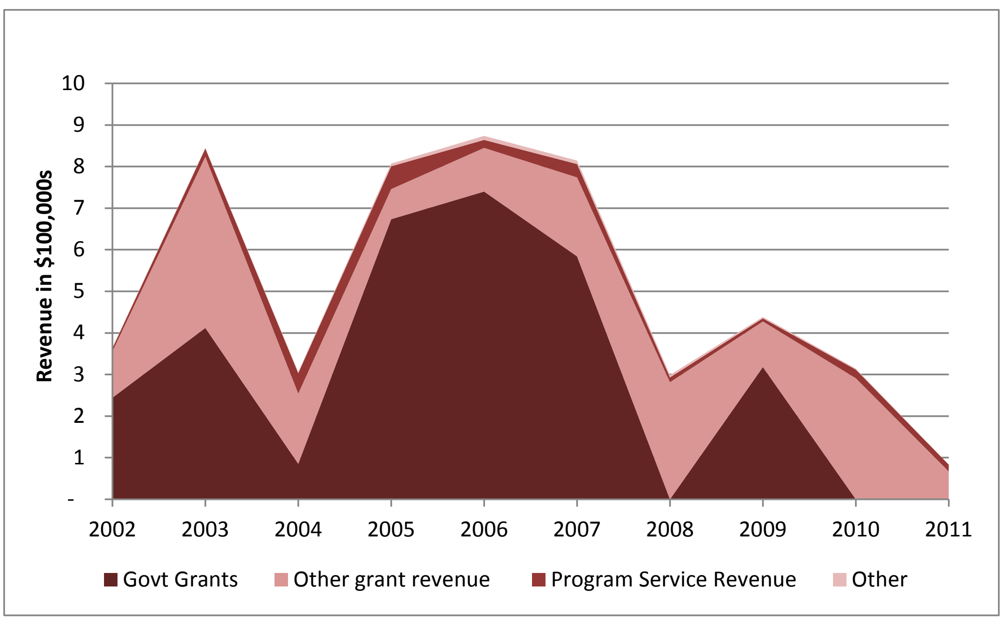


Appendix 4. Sources of Revenue (from IRS 990 Filings)

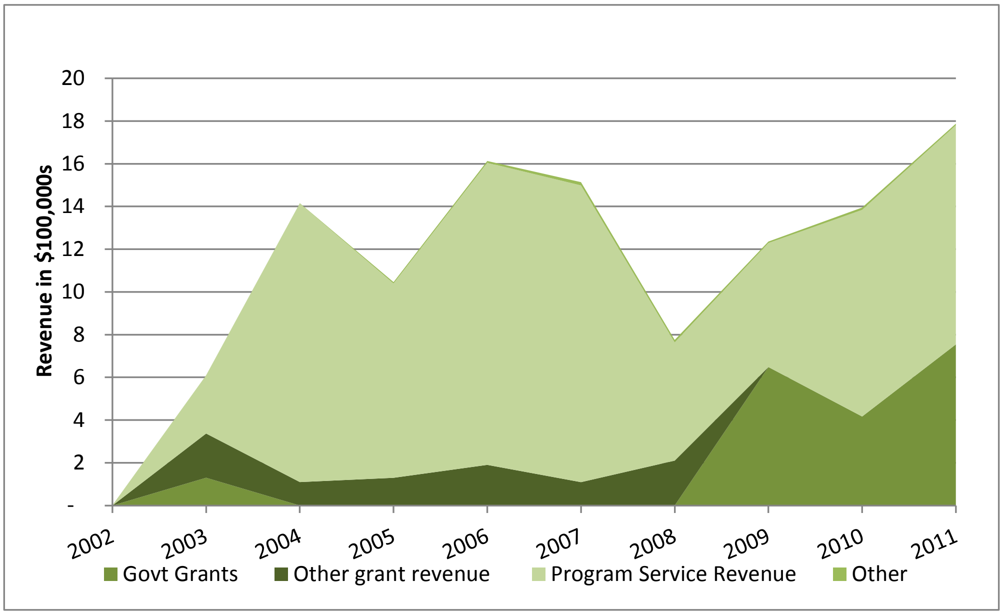
1. City of Lakes Community Land Trust



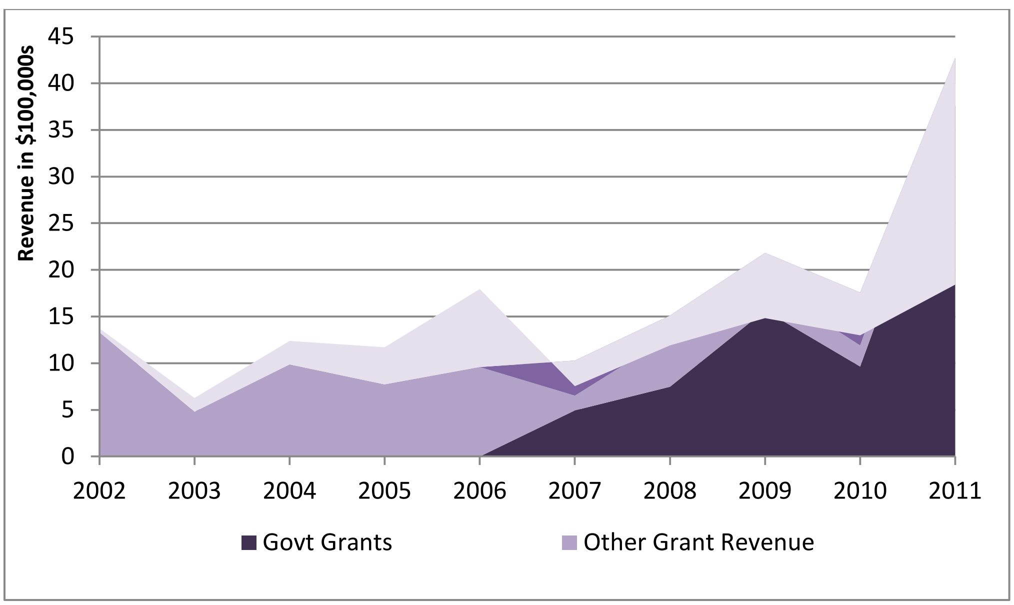
2. Rondo Community Land Trust



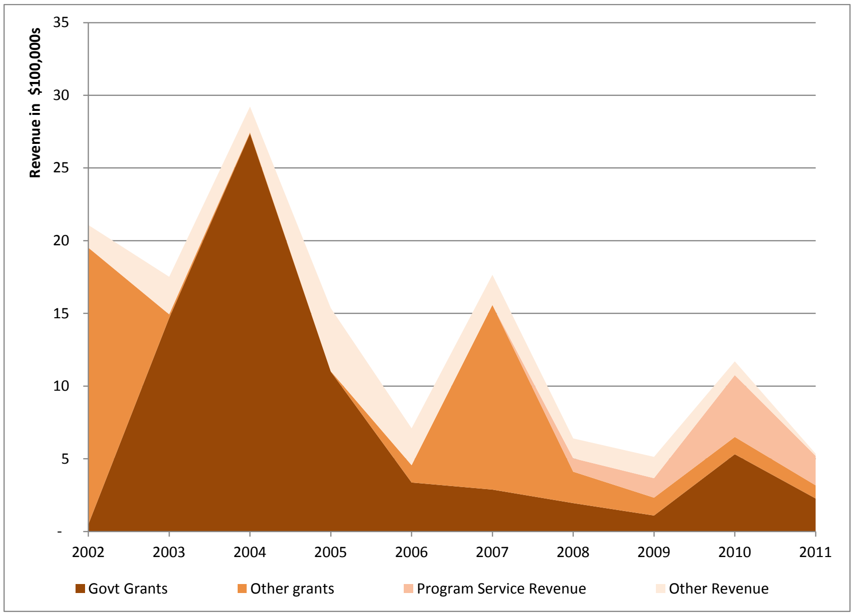
3. Two Rivers Community Land Trust.



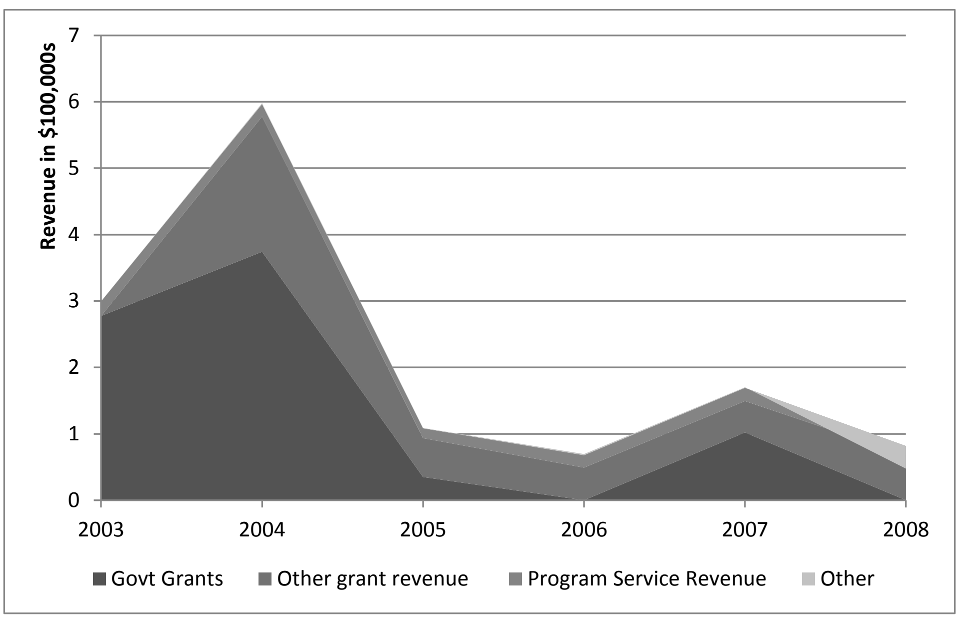
4. One Roof Community Housing



5. First Homes Properties

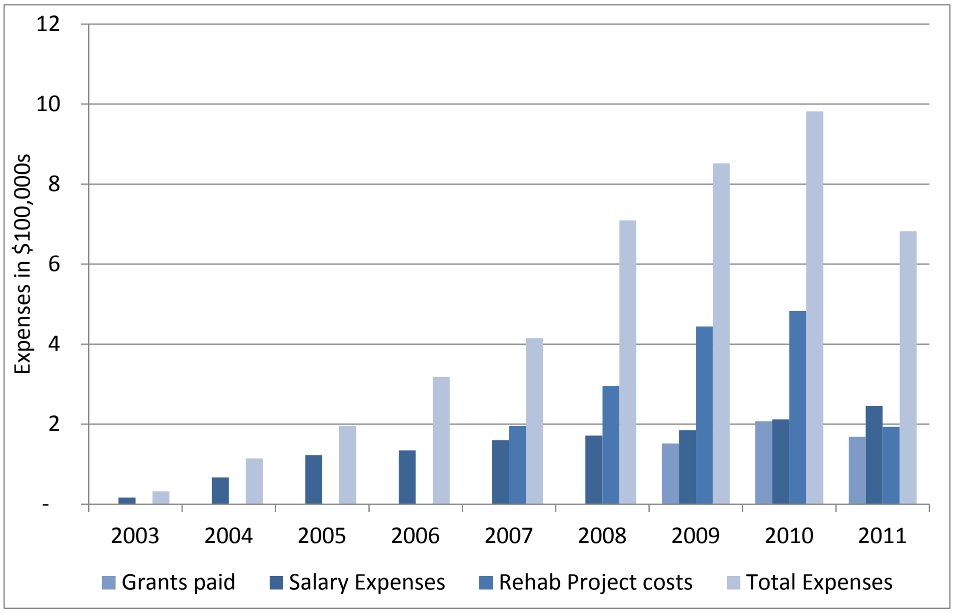


6. Chaska Land Trust

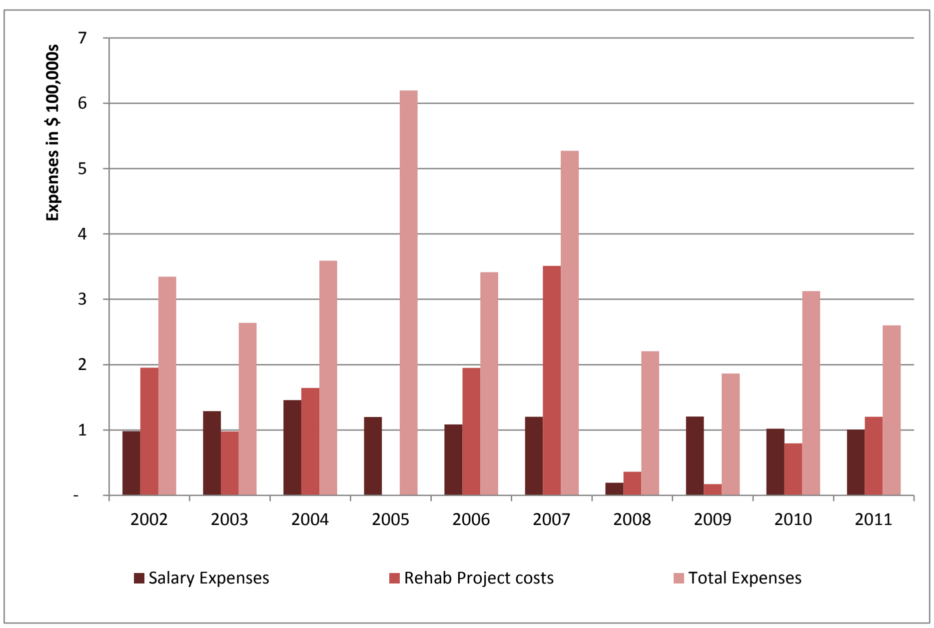


Appendix 5. Major Expenses (from IRS 990 Filings)

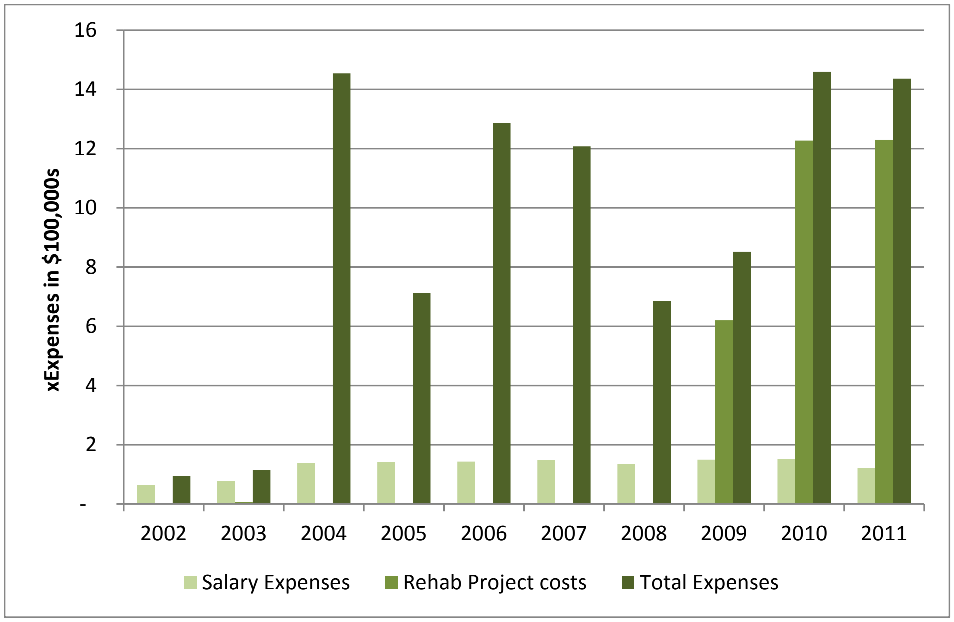
1. City of Lakes Community Land Trust



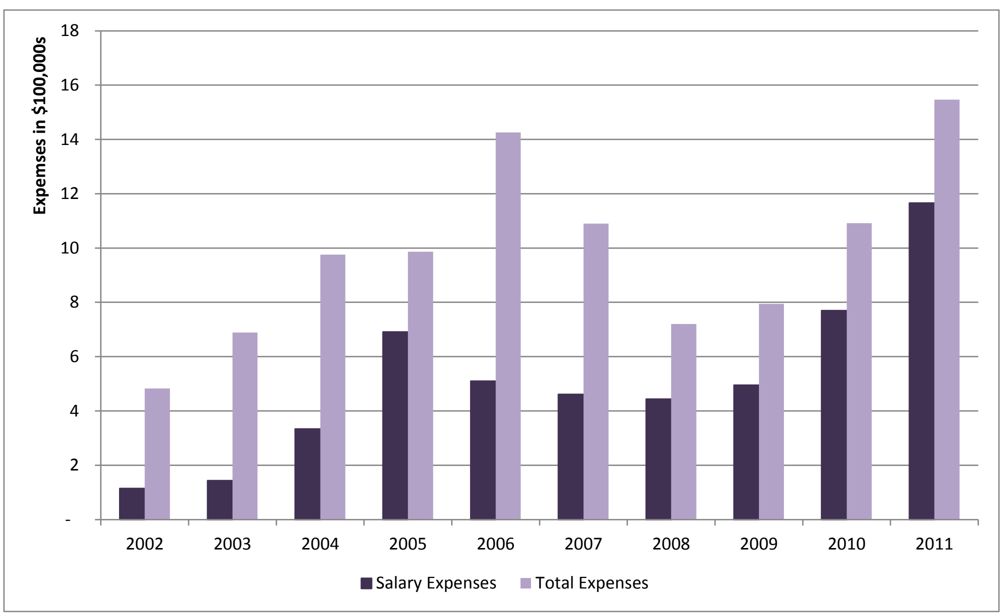
2. Rondo Community Land Trust



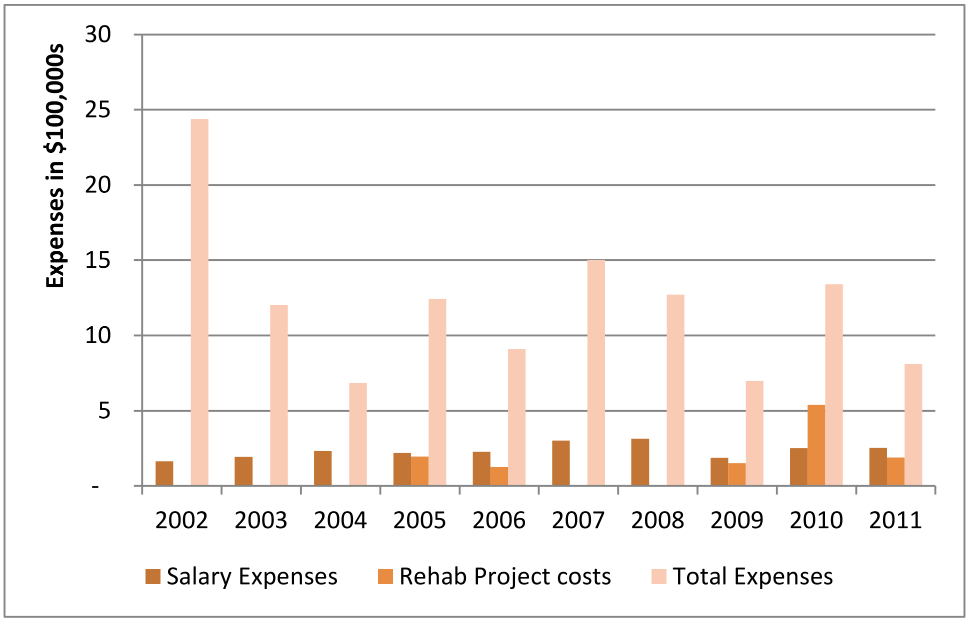
3. Two Rivers Community Land Trust



4. Northern Communities Land Trust



5. First Homes Properties



6. Chaska Land Trust