

FAST 2011 AFFORDABLE HOUSING ISSUE REPORT

THE PROBLEM: The foreclosure crisis is having devastating effects on Pinellas County. In February there were 1,003 new foreclosure filings in Pinellas, and 1 in every 499 housing units were in foreclosure.¹ There have been 47,252 foreclosure cases filed in Pinellas since 2007, including 10,946 last year.² All of our congregations have members who have been touched by this issue. The state of Florida remains second in the country for number of foreclosures.

Although some hit by the foreclosure crisis got into risky loans, or refinanced their homes unnecessarily, most of the families in our congregations stopped paying their mortgages because they were laid off from their jobs. Many of these families now have some income to make their mortgage payment, but they cannot get caught up. Banks remain very difficult to negotiate settlements with, and many companies that have preyed on families in need popped up, charging large fees with no results. Currently there is nowhere for families to turn for significant financial help to get caught up on their mortgage.

THE SOLUTION: We have discovered a brand new model created by the Rocky Mountain Community Land Trust in Colorado, which uses the land trust model to help families on the verge of foreclosure.

What is a Land Trust:

The Community Land Trust (CLT) model of affordable housing was created over thirty years ago by the Institute for Community Economics. There are now approximately 200 communities across the U.S. that currently operate or are forming CLTs.³

Community Land Trusts help low and moderate income families benefit from the equity built through homeownership, and at the same time preserve the affordability of these homes so that future residents will have the same affordable homeownership opportunities. By owning the land, CLTs are able to greatly reduce the initial housing cost to the potential buyer. Second, the land lease contains a resale provision which ensures that if the house is sold, it goes to another low or moderate income person. The buyer agrees to limit the amount of profit they make on the house sale in order to insure that the property remains affordable for the next person. The beauty of this is that CLTs do not need additional subsidies each time the house resells; the permanent affordability is built into the lease in perpetuity. Yet, it provides the homeowners with the same permanence and security as a conventional buyer, and they can use the land in the same way as any other homeowner.

In 2008, Pinellas County created a Land Trust in order to build and maintain a larger stock of affordable housing.

THE LAND TRUST FORECLOSURE PREVENTION MODEL

- The Land Trust works with the bank of the family in foreclosure to arrange a short sale of their home.
- The Land Trust acquires the house at a reduced rate and keeps the deed on the land.
- A new bank helps the family refinance the cost of the home. Mortgage payments are greatly reduced because only the house is being refinanced, not the land.
- If a family decides to move, they limit the amount of profit they can make on the home so that it remains affordable for the next family in need.
- Experts we have met with estimate that with \$15 million, a minimum of 300 families could be helped to avoid foreclosure. Those 300 housing units would then remain affordable forever and help many generations of families.

¹ Realty Trac

² St. Petersburg Times, David DeCamp, March 15, 2011

³ National Community Land Trust Network

AFFORDABLE HOUSING ISSUE REPORT Continued

RESEARCH WE HAVE DONE: We have met with county commissioners, county housing staff, Land Trust experts nationally and in Florida, local housing non-profit organizations, and local financial institutions such as Raymond James. They all agree that this is an innovative model that has potential to work in Pinellas County.

THE SOLUTION: When County Commissioners asked voters to pass the Penny for Pinellas Tax, they promised that \$30 million of that tax (3.7%) would go towards the affordable housing land trust. After they passed the tax, they cut the amount of housing money in their revenue projections to \$15 million. To date, the commissioners have not agreed on a clear plan for when they will allocate the money or how they will spend it.

We are asking county commissioners to support this plan to use the \$15 million of land trust money for a foreclosure prevention program. This money is the perfect funding source for this program because Penny for Pinellas money must be spent on acquisition of land that must then remain in the Pinellas County Land Trust.

We are also asking County Commissioners to allocate the full \$15 million for this program as soon as possible, so that we can help 300 families immediately.

WHAT WE WANT SCORECARD:

County Commissioner	Will you vote for this resolution instructing staff to create a plan for using Penny for Pinellas money for a foreclosure prevention program?			
	YES	NO	YES	NO
Com. Morroni				
Com. Welch				
Com. Seel				
Com. Brickfield				
Com. Latvala				
Com. Roche				
Com. Bostock				