

Tufts UEP Field Project Final Presentation



Comunidades Enraizadas: Pathways to Financing and Funding Affordable Housing

Caitlin Hart
Vecky Hernandez
Mara Tu
Louisa Winchell
Grace Wu



Vecky Hernandez



Caitlin Hart



Mara Tu



Grace Wu



Louisa Winchell

Meet the Team!

Outline

- Project Goal
- Background/Context
- Scenario 1
- Scenario 2
- Recommendations



Project Inspiration



Community Control of Housing and Land

Project Inspiration



Community Control of Housing and Land

Project Inspiration



Project Inspiration



How can a CLT have community control if its members cannot access the housing built on the CLT land?



Project Goals and Research Questions



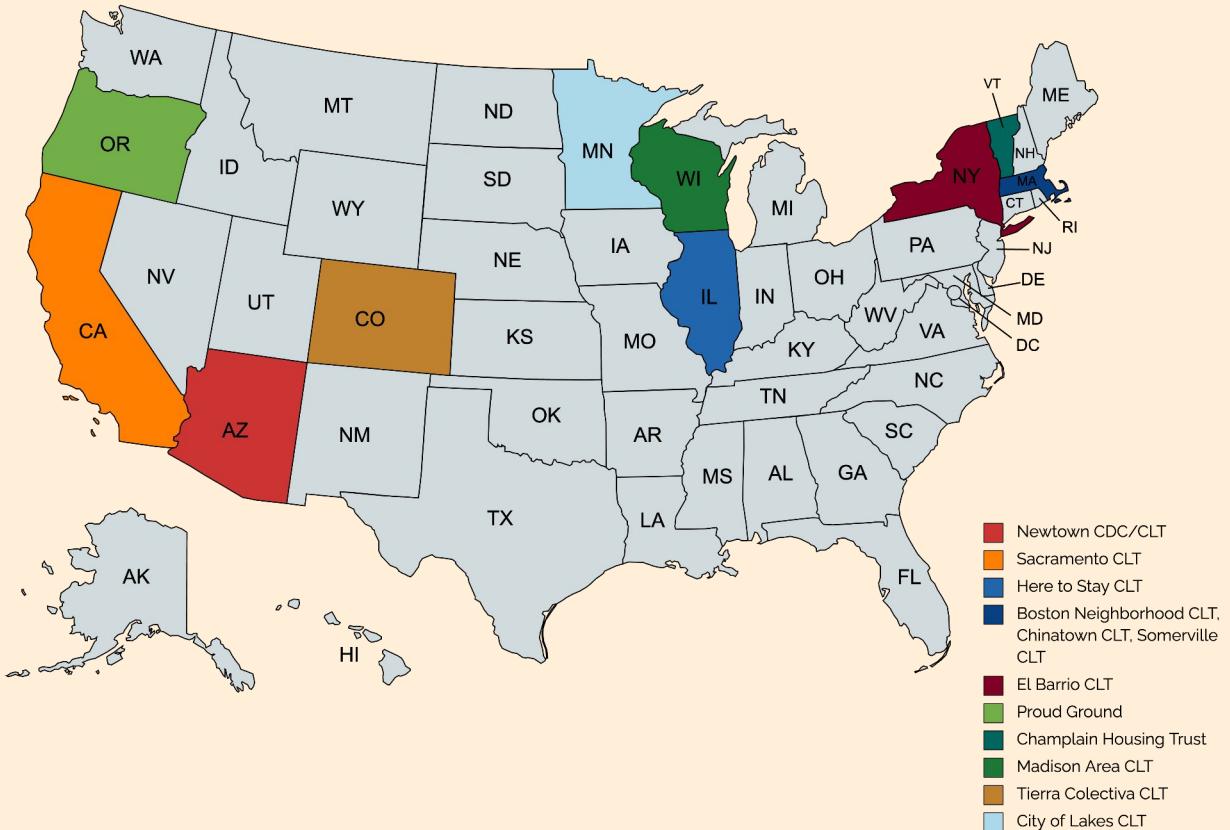
Research Questions

What challenges do particular financing and funding sources present, and what workarounds are possible?

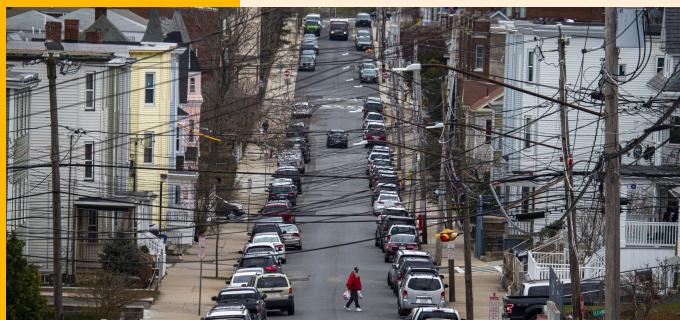
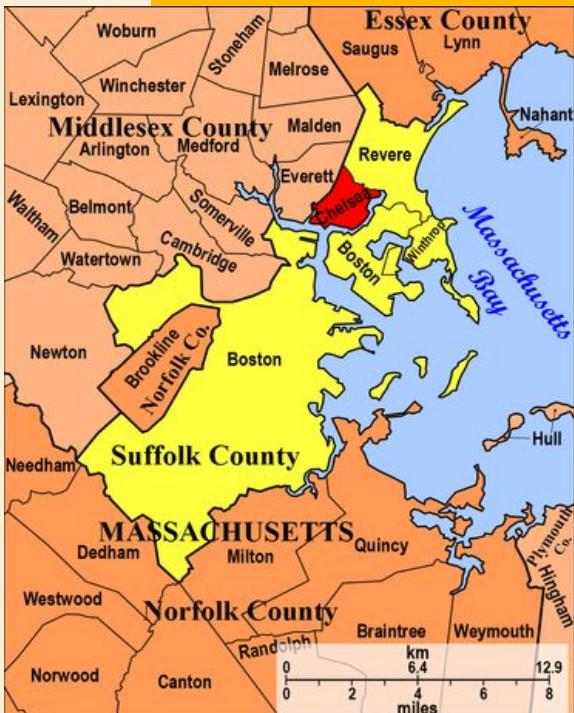
What are financing and funding pathways that Comunidades Enraizadas may leverage as they formulate their CLT, and ensure accessibility for their communities of focus?

Map of Our CLT Interviewees

- thank you!



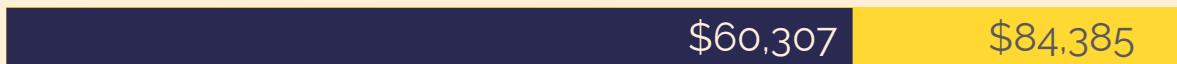
Background: Chelsea, MA



Background: Housing in Chelsea

Source: United States Census Bureau

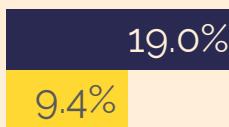
Median Household
Income (in 2020)



Chelsea, MA

Massachusetts

Persons in Poverty



19.0%

9.4%

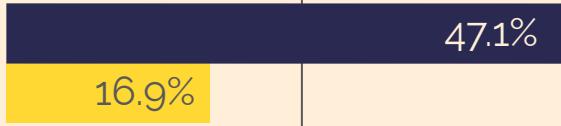
Hispanic or Latinx



67.7%

12.4%

Foreign born
persons from
2015-2019



47.1%

16.9%

Language, other
than English,
spoken at home
from 2016-2020



70.9%

23.9%

Owner-occupied
housing unit rate,
2016-2020



26.9%

62.5%

Background: Comunidades Enraizadas Community Land Trust (CE CLT)

Mission:

Obtain and permanently secure land for the use and benefit of the community so that low-income people, regardless of their immigration status, can achieve long-term housing stability and be stewards of the land.



Image Sources: Comunidades Enraizadas Coppel Facebook Page and Comunidades Enraizadas Community Land Trust Facebook Page



Background: Community Land Trusts (CLTs)



Dual-Homeownership Model

Ownership of the buildings by homeowner



Ownership of the land by CLT

Background: Community Land Trusts (CLTs)



Dual-Homeownership Model

Ownership of the buildings by homeowner



Ground Lease



Ownership of the land by CLT





Financing: the act of obtaining money or capital for a purchase. For example, loans and mortgages

Funding: money provided by an organization or government for a particular purpose. For example, grants and donations

Pathway to CLT Homeownership

Acquisition

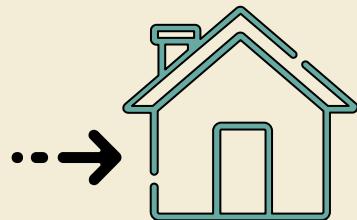
Securing land and buildings



Pathway to CLT Homeownership

Acquisition

Securing land and buildings



Development

Building and
rehabilitating homes

*Public financing and funding;
Loans from lending institutions;
Private grants and donations*

Pathway to CLT Homeownership

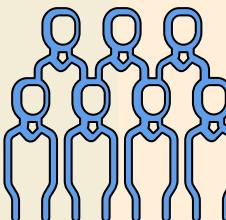
Acquisition

Securing land and buildings



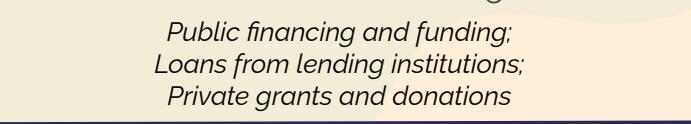
Applicant selection

Choosing who lives in a CLT home



Development

Building and rehabilitating homes

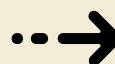


*Public financing and funding;
Loans from lending institutions;
Private grants and donations*

Pathway to CLT Homeownership

Acquisition

Securing land and buildings



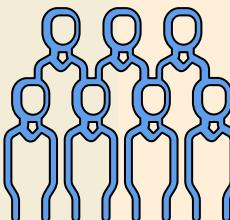
Development

Building and rehabilitating homes

*Public financing and funding;
Loans from lending institutions;
Private grants and donations*

Applicant selection

Choosing who lives in a CLT home



Down payment

A percentage of a home's total cost paid upfront

Pathway to CLT Homeownership

Acquisition

Securing land and buildings



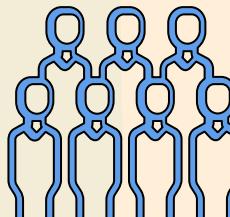
Development

Building and rehabilitating homes

*Public financing and funding;
Loans from lending institutions;
Private grants and donations*

Applicant selection

Choosing who lives in a CLT home



Down payment

A percentage of a home's total cost paid upfront

Mortgage

A secured loan to pay for the remaining portion of the home's costs



*Public financing and funding;
Loans from lending institutions;
Private grants and donations*

Pathway to CLT Homeownership

Acquisition

Securing land and buildings



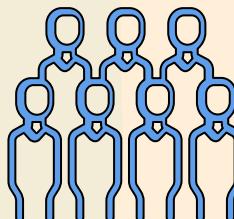
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Applicant selection

Choosing who lives in a CLT home



Down payment

A percentage of a home's total cost paid upfront

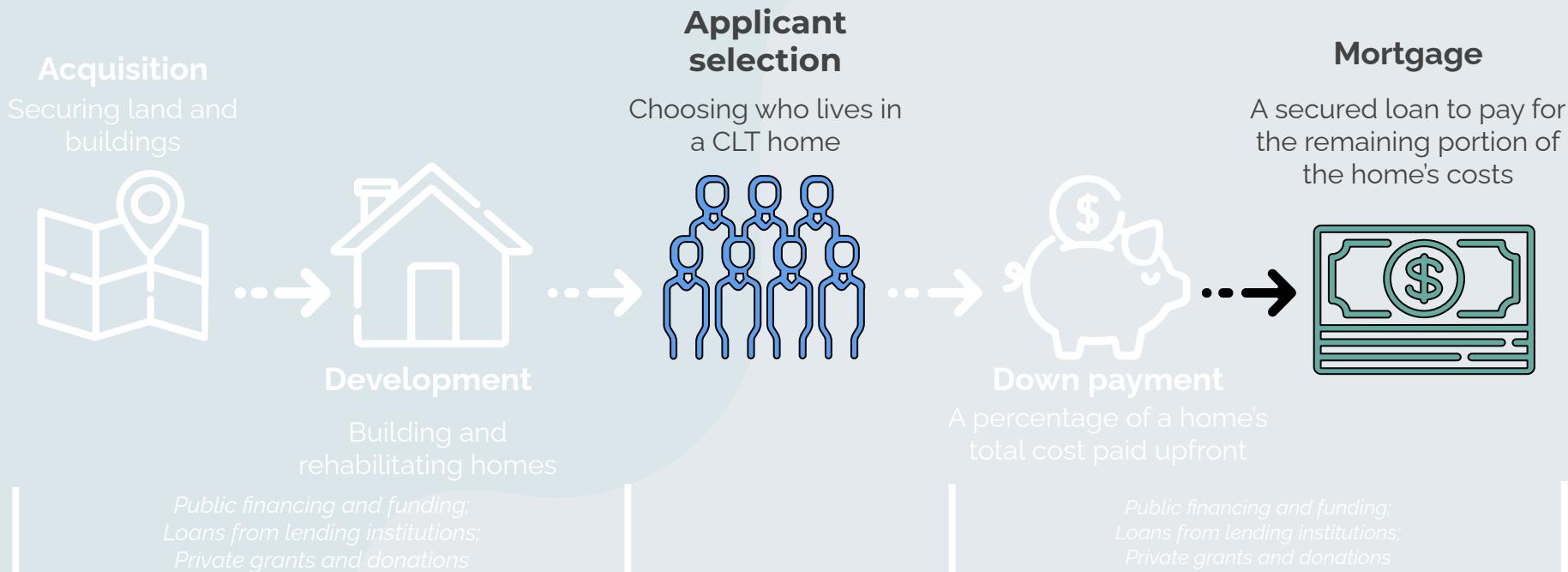
Individual Taxpayer Identification Number (ITIN) Mortgage

A secured loan to pay for the remaining portion of the home's costs



*Public financing and funding;
Loans from lending institutions;
Private grants and donations*

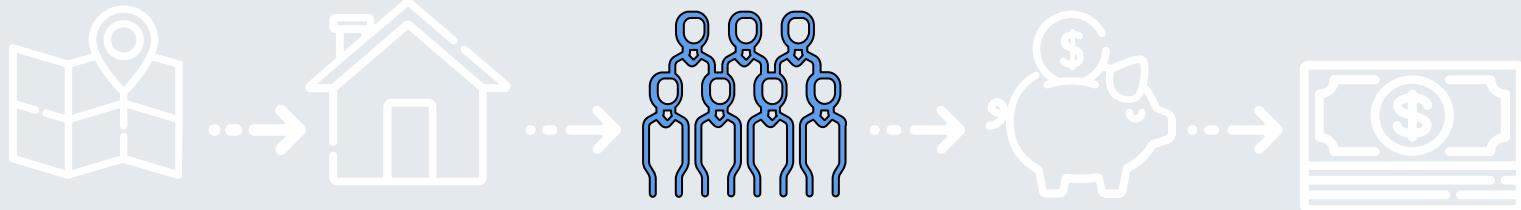
Pathway to CLT Homeownership Scenarios



SCENARIOS

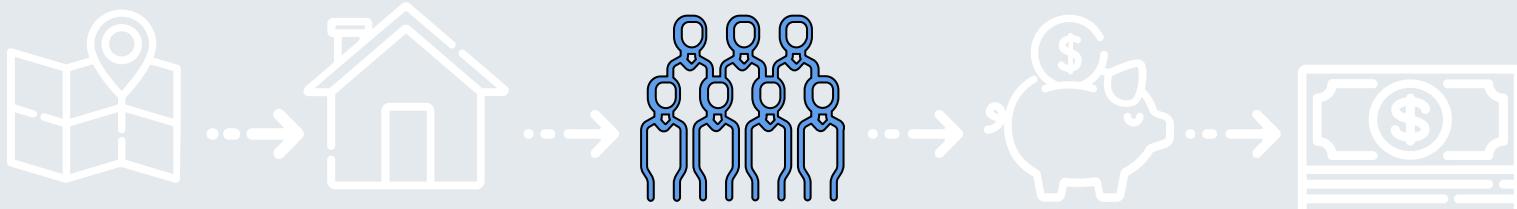


SCENARIO 1: **APPLICANT SELECTION**



SCENARIO 1: **APPLICANT SELECTION**

The process by which a CLT chooses homebuyers and future CLT residents



SCENARIO: APPLICANT SELECTION



A CLT is formed as
an
anti-displacement
tool for
community
control.



SCENARIO: APPLICANT SELECTION



A CLT is formed as an **anti-displacement tool for community control.**



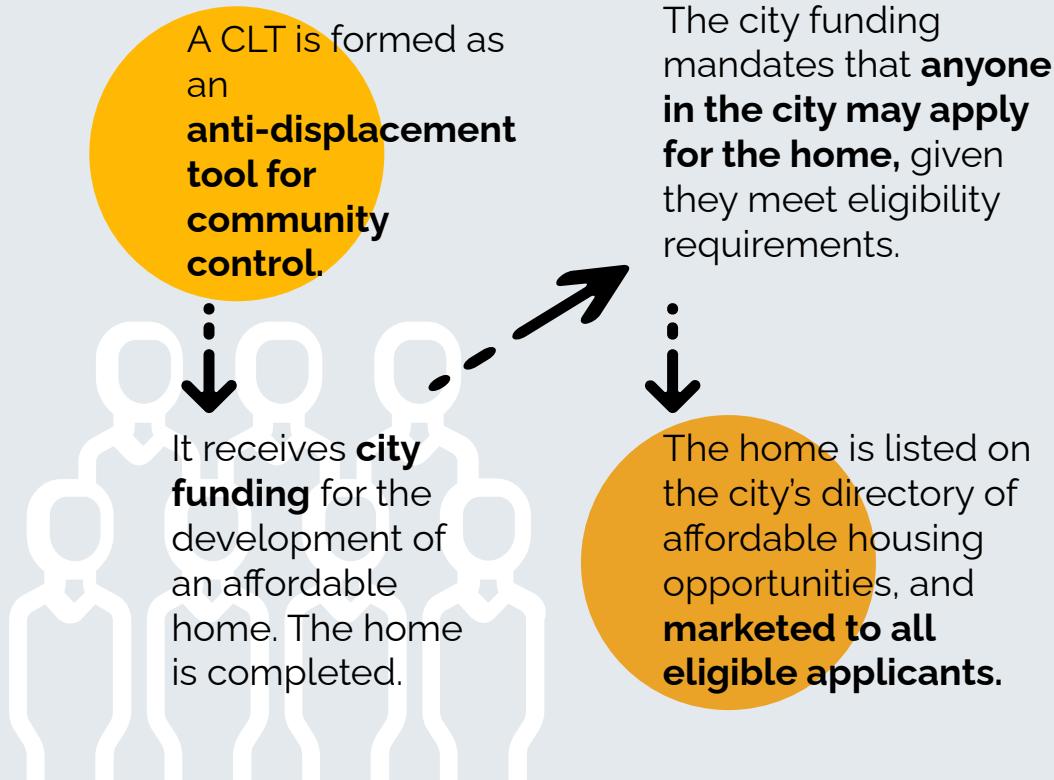
It receives **city funding** for the development of an affordable home. The home is completed.

SCENARIO: APPLICANT SELECTION

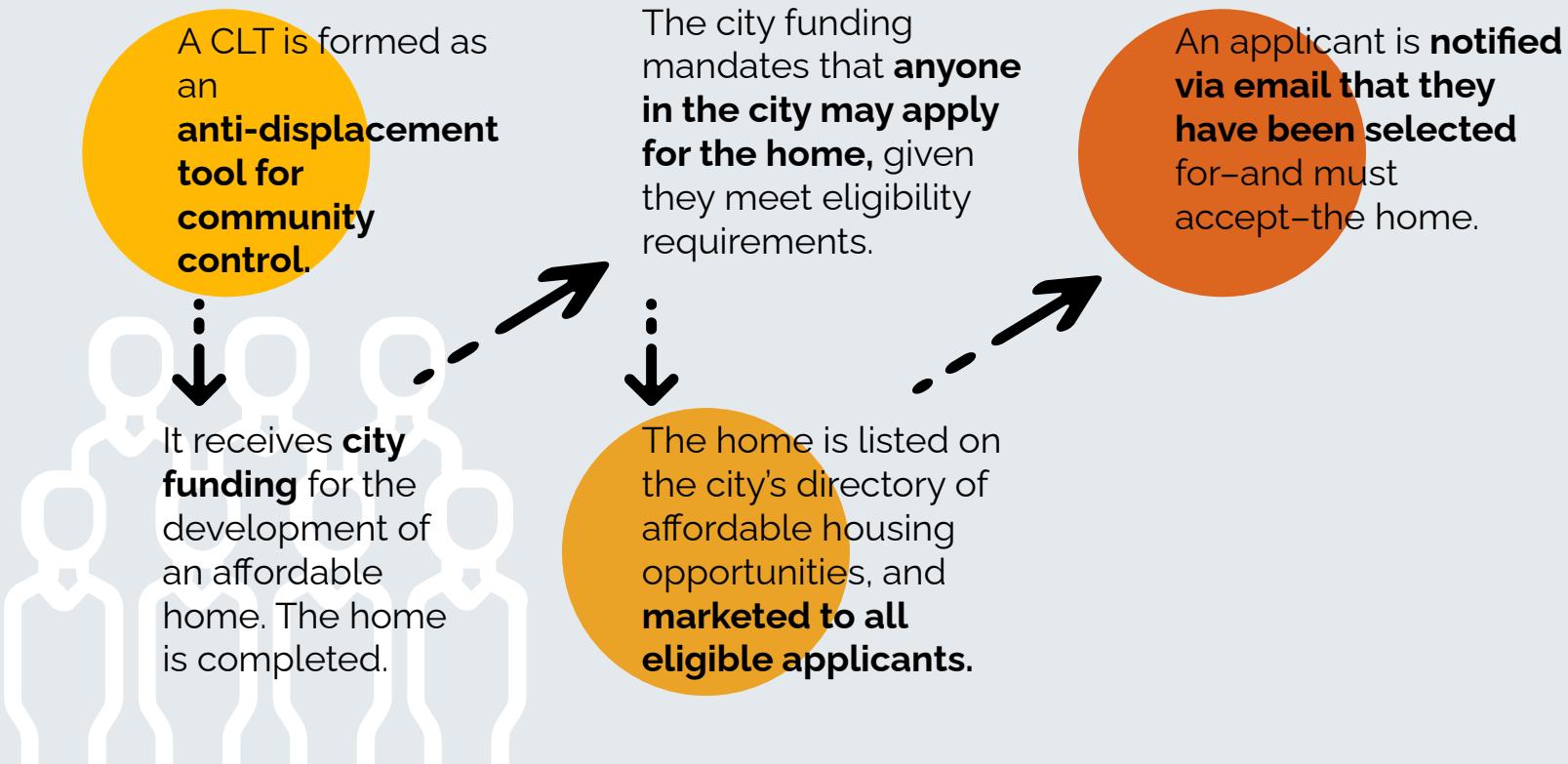


The city funding mandates that **anyone in the city may apply for the home**, given they meet eligibility requirements.

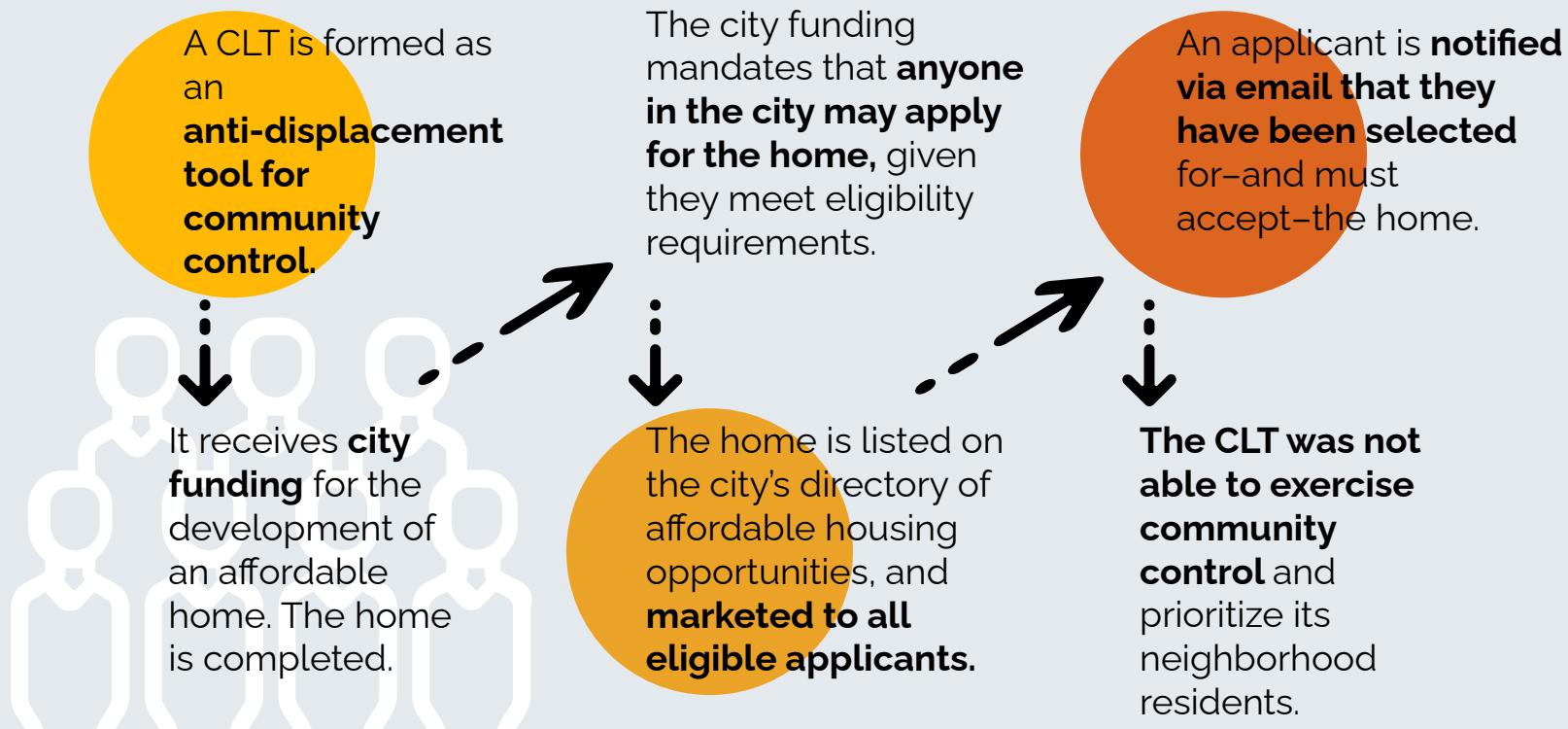
SCENARIO: APPLICANT SELECTION



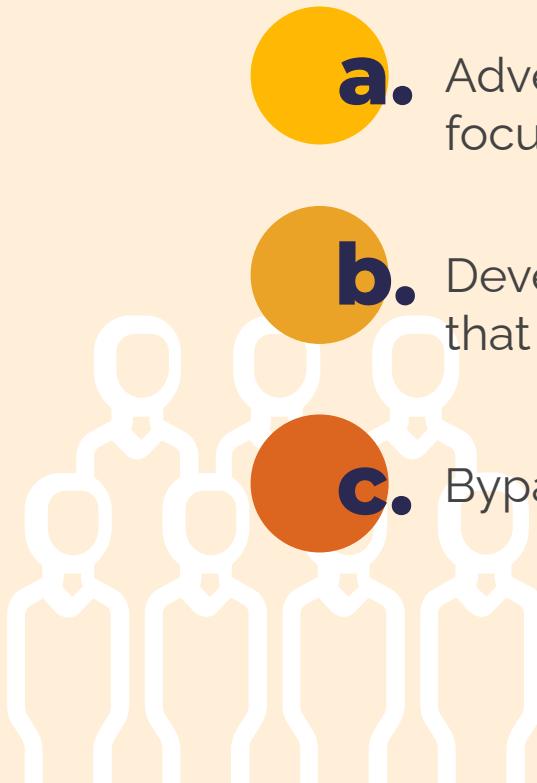
SCENARIO: APPLICANT SELECTION



SCENARIO: APPLICANT SELECTION



What should they do?

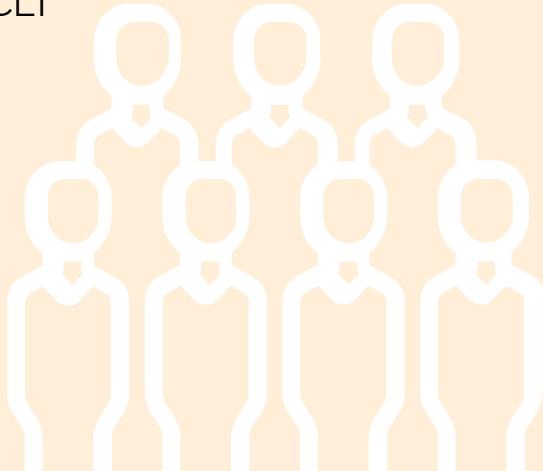
- 
- a.** Advertise + advocate to the CLT's communities of focus.
 - b.** Develop allies in city government to advance policies that empower CLTs to choose their own residents.
 - c.** Bypass the city's resident selection requirements.

Challenges and Work-throughs

APPLICANT SELECTION

Challenge:

Financing and funding restrictions prevent prioritization of local residents and people who have contributed to the development of the CLT



Work-throughs:

Advertise + advocate to the CLT's communities of focus.

Develop allies in city government to advance policies that empower CLTs to choose their own residents.

Bypass the city's resident selection requirements.

- Develop projects that do not trigger lottery rules
- Use a housing co-op model
- Resell homes
- Pursue private and alternative financing and funding strategies

SCENARIO 2: ITIN MORTGAGES



SCENARIO: ITIN MORTGAGES

A CLT finds a new property and finds an interested homebuyer



Prospective homeowner is undocumented but has an ITIN number



CLT is unsure of what options there are for their home buyer and goes to a bank partner for information



Bank is willing to work with them and offers an ITIN mortgage



Bank offers 30 year ITIN mortgage at 7.5% interest rate with a minimum of \$20,000



What should they do?

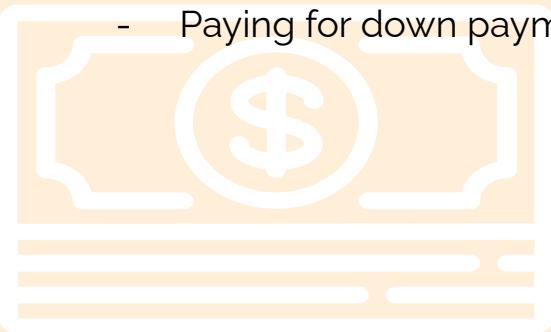
-  **a.** Educate your potential homebuyer about mortgages, ITIN mortgages, obligations, rates allowing them to make their own decision
-  **b.** Regardless of education given to the potential homebuyer, do not offer them the option of ITIN mortgages
-  **c.** Secure private funding specifically to support undocumented homebuyers

Challenges and Work Throughs **ITIN MORTGAGES**

All answers are correct!

Challenges:

- Some ITIN Mortgages have high down payments/interest rates
- Developing an ITIN Record, having proof of income, and other eligibility criteria
- The perception of "risk" for lending institutions
- Paying for down payments



Work-throughs:

- Finding lending institutions that will have a better lending package
- Develop strong, allied relationship with lending institutions to be able to offer better lending packages
- Potentially work with development partners to develop down payment assistance program(s)

Recommendations

General

- Foster relationships with other CLTs
- Explore private financing/funding and alternative strategies for accessing mortgages

Public Financing and Funding

- Strategically leverage the resident selection process
- Explore options that might allow for bypassing the resident selection process
- Advocate for local and state policies

Recommendations

Mortgages

- Foster relationships with lending institutions
- Explore the possibility of accessing ITIN mortgages through Habitat for Humanity
- Share ITIN mortgage eligibility information to prepare prospective homebuyers

Future Research and Projects

- ITIN mortgages, application selection, specific public financing/funds, Fair Housing
- Other experts (immigration, affordable housing)
- Creating educational materials

Many thanks!

