Paying for Community Control of Land:

Financing and Funding Strategies for Comunidades Enraizadas Community Land Trust

UEP Field Projects · 2022

Caitlin Hart
Vecky Hernandez
Mara Tu
Louisa Winchell
Grace Wu

Paying for Community Control of Land:

Financing and Funding Strategies for Comunidades Enraizadas Community Land Trust

Tufts UNIVERSITY | GRADUATE SCHOOL OF ARTS AND SCIENCES
Urban and Environmental Policy and Planning

Celebrating 25 Years of Fighting for Social and Environmental Justice!
GreenRoots

Table of Contents

List of Figures

List of Tables

Meet the Team

Tufts UEP

Caitlin Hart
she, her, hers
Tufts UEP

Vecky Hernandez-Leon
she, her, hers
Tufts UEP

Louisa Winchell
she, her, hers
Tufts UEP

Mara Tu
she, her, hers
Tufts UEP

Grace Wu
she, her, hers
Tufts UEP

Meet the Team

Comunidades Enraizadas

Sam Montaño
she, her, hers / they, their, theirs
Comunidades Enraizadas

Caroline Ellenbird
she, her, hers
Comunidades Enraizadas

Acknowledgements

We would like to thank the many people who contributed their time and effort to this field project.

First and foremost, we want to express our sincere gratitude to the Comunidades Enraizadas staff and board members. Caroline Ellenbird and Sam Montaño's vision, support, and feedback pushed us in our inquiries and shaped the scope and direction of this project. Floridalma Ochoa, Mayra Romero, Patricia Ebanks, Isabel Cardona, Suyapa Victoria Gonzales, Vicente Perez Marchate, and John Valinch provided invaluable institutional knowledge and inspiration. Thank you all for giving us the opportunity to contribute to your mission to obtain and permanently secure land for the use and benefit of the Chelsea community. ¡Sí se puede!

We would also like to thank Eliza Datta and Harry Smith for orienting us in the technical details of this project, and showing us what to look for and where to look for it. Your vast knowledge of Comunidades Enraizadas, local Community Land Trusts, and affordable housing financing and funding mechanisms were instrumental for launching our project.

We extend many thanks to the Tufts Urban and Environmental Policy and Planning Department and to the Field Project Teaching Team. Penn Loh, our instructor, and Cassandra Bull, our teaching assistant, consistently provided insightful comments and directed us to vital resources. We deeply appreciate your generosity and steady guidance, as this project would not be what it is without you. We offer another warm thanks to the many people who led workshops for our class: Kari Hewitt, Christine Cousineau, Justin Hollander, Aram Donigian, Laurie Goldman, Kylie Burnham, and Ari Gofman.

Finally, we would like to thank the many Community Land Trust practitioners who took the time to speak with us. Much of the information we share in this report came from these conversations — with the people who are actively navigating the financing and funding landscape to secure community control over housing and land. Thank you for demarcating the challenges financing and funding presents for advancing your CLT missions, and for illuminating incisive and nimble strategies. Without you, this report would not have been possible.

Executive Summary

A community land trust (CLT) is designed to support community control of housing and land. More specifically, it is an independent, community-controlled entity that stewards land outside of the speculative real estate market for the purpose of meeting community needs (Shatan & Williams, 2020). However, as some CLT practitioners have told us, a CLT "is not a silver bullet"[1] for solving affordable housing challenges. One of the reasons a CLT is not a silver bullet is because it has to find money to pay for land, buildings, mortgages, and down payments.

Some CLTs say their strategy for obtaining financing and funding is "everything, all the time." But most sources of money have strings attached. For instance, Massachusetts state financing and funding sources include requirements that affordable housing developers and CLTs market their properties broadly and select their residents randomly. While these requirements are designed to prevent discrimination, they end up preventing CLTs from prioritizing local community members and people who have contributed to the development of the CLT. Additionally, while most CLT homebuyers are able to access mortgages through the government-sponsored enterprise (GSE) Fannie Mae[2], Fannie Mae does not provide mortgages to people who are undocumented. One of the few mortgage options available to undocumented people — an "ITIN mortgage" — has significantly higher down payments and interest rates than a

1 Unless otherwise noted, all of the information about specific CLTs throughout the report is from our interviews. For more information on these interviews, see the "Project Goals and Methods" section of the "Introduction to Financing and Funding Community Land Trusts" chapter.
2 Fannie Mae is a government-sponsored enterprise (GSE) that provides mortgage opportunities to CLTs. For more information, see "Chapter 2."

conventional mortgage (the most common type of mortgage). Upon first glance, paying for affordable housing on a CLT presents numerous challenges for implementing the vision of community control that underpins the CLT model.

How can a CLT foster community control if its community of focus cannot access CLT housing?

This report seeks to highlight financing and funding opportunities, challenges, and strategies for Comunidades Enraizadas Community Land Trust (Comunidades Enraizadas) — a CLT in Chelsea, Massachusetts that seeks to prioritize its community. Specifically, Comunidades Enraizadas is invested in pursuing financing and funding options that will promote homeownership opportunities and ensure accessibility for very low-income people, immigrants regardless of documentation status, Chelsea residents, and those who have contributed to the development of the CLT.

Background

Chelsea, a city outside of Boston, has long been home to immigrant communities. Since the mid-20th century it has been home to immigrants from Puerto Rico, Cuba, Central America, and Latinx migrants from other parts of Boston (Boston College, n.d.). Compared with statewide averages, Chelsea residents include a significantly higher percentage of Latinx people, people born in another country, and people who speak a language other than English at home (See Table 1). Meanwhile, it has a much higher percentage of people living in poverty, and a much lower percentage of owner-occupied housing (United States Census Bureau, 2020). Like many other cities across the

country, Chelsea has been facing an affordable housing crisis. With its proximity to the city of Boston, large numbers of investment rental properties, and increasing rents, Chelsea residents are extremely vulnerable to displacement pressures. There is a real need for fair and reasonable housing in Chelsea, especially homeownership options.

During the foreclosure crisis in the 2000s, a group of primarily Latina immigrants in Chelsea began organizing against the rampant displacement in their city, and eventually formed what has become Comunidades Enraizadas. Comunidades Enraizadas is now in the process of incorporating as an independent nonprofit to operate under the umbrella of GreenRoots, a resident-led, grassroots, community-based organization — which has been supporting the formation of Comunidades Enraizadas for several years. The mission of Comunidades Enraizadas is to 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. Currently, it is pursuing homeownership opportunities that ensure accessibility for very low-income people, immigrants regardless of documentation status, Chelsea residents, and those who have contributed to the development of the CLT.

Through the CLT model, Comunidades Enraizadas aims to become an independent, community-controlled entity that stewards land outside of the speculative real estate market, for the purpose of meeting community needs (Shatan & Williams, 2020). CLTs vary in terms of structure, but in this case Comunidades Enraizadas envisions focusing on permanently affordable homeownership. CLTs have roots in Black liberation movements of the 1960s, and have widely been used as a tool to promote racial, economic, and environmental justice (The LISC Institute, n.d.). Many, like Comunidades Enraizadas, use CLTs as models that protect the communities they serve from gentrification and displacement.

To advance this mission, a CLT has a dual-ownership model, in which ownership of the land is separate from ownership of the buildings on that land. Homeowners own the buildings, and have control and security over their property. At the same time, a CLT holds ownership over the land in perpetuity, keeping it off the speculative market. In doing so, the CLT model guarantees that land stays affordable and remains in the hands of the community. A ground lease outlines the rights and responsibilities of both the CLT and the property owner. In sum, CLTs stand out from other affordable housing models in that they provide perpetual affordable housing from one owner after another, and one generation after another. The value of the land is retained by the community, rather than an individual property owner (Shatan & Williams, 2020; Metropolitan Council, 2019; Davis, 2008).

Financing and Funding Community Land Trusts

A significant challenge Comunidades Enraizadas faces is compiling the money to pay for each step necessary to realize affordable homeownership opportunities that are accessible for its communities of focus.

Initial steps a CLT must pay for include:

- **Acquisition,** which refers to the acquisition of vacant land on which to build affordable housing, or the purchasing of existing properties for incorporation into a CLT.

- **Development,** which may include new construction or the rehabilitation of existing properties, and various associated fees and costs.

Furthermore, if a CLT wants to support homeownership opportunities, it also has to support homebuyers in paying for their own set of costs, including:

- **Mortgages**, which are secured loans — meaning loans that are backed by financial assets the homebuyer has — that can be used for purchasing a home. Most mortgages require homebuyer applicants to have a Social Security Number (SSN). Because Comunidades Enraizadas wants to include community members who may be undocumented and do not have an SSN, we pay particular attention to Individual Taxpayer Identification Numbers (ITIN) mortgages. ITINs are given to anyone in the United States who pays taxes, but does not have an SSN. ITIN mortgages are a primary way undocumented people access homeownership opportunities.

- **Down Payment Assistance**, which refers to financial support for the down payment — a percentage of the home's total cost paid upfront.

To pay for these costs, CLTs generally draw from a variety of sources, which broadly fall under two categories: financing and funding. Financing refers to the act of obtaining money or capital for a purchase or production, and typically has payback terms. Loans and mortgages are examples of financing. Funding refers to money given by an organization or government, often for a particular purpose, and often without payback terms. Grants and donations are examples of funding ("Financing v Funding," 2022).

There are three specific sources CLTs and homebuyers draw on to pay for acquisition, development, down payment assistance, and mortgages:

1. CLTs can obtain money from the federal, state, and local governments through a variety of public programs. Public sources offer both financing and funding options, and can be used to pay for acquisition, development, and down payment assistance.

2. CLTs can borrow from lending institutions, based on the amount they will be able to pay off over time. This is a form of financing, which can pay for acquisition, development, and mortgages.

3. CLTs can acquire other kinds of private financing and funding, which can help pay for acquisition, development, and down payment assistance ("The cost," n.d.).

Project Goals

Paying for a CLT involves a lot of costs, which come from multiple different sources. Each of these sources presents particular challenges — especially for a CLT like Comunidades Enraizadas, which seeks to prioritize communities of focus. This report outlines opportunities, challenges, and strategies to financing and funding Comunidades Enraizadas as it pursues homeownership opportunities that are accessible for very low-income people, immigrants regardless of documentation status, local Chelsea residents, and those who have contributed to the development of the CLT. To fill out this landscape,

we draw on literature reviews and 13 semi-structured interviews with CLT practitioners who were selected based on their alignment with Comunidades Enraizadas' goals.

Throughout this report, we offer particular attention to two challenges:

1. The challenge of navigating public financing and funding marketing and resident selection requirements while prioritizing local residents and those who have contributed to the development of the CLT.

2. The challenge of financing mortgages for immigrants regardless of documentation status.

We hope that this report can serve as a multifaceted reference for Comunidades Enraizadas, and for people committed to developing CLTs where CLT members and very low-income, undocumented, and local residents can live.

Overview of Financing and Funding Opportunities, Challenges, and Strategies

Acquiring financing and funding for a CLT while ensuring accessibility for particular communities of focus poses a number of significant challenges. Here we outline some of the main challenges — and strategies to confront these challenges — according to the four steps a CLT must pay for: acquisition, development, mortgages, and down payments.

Financing and Funding for Acquisition and Development

Scenario 1: *A CLT is located in a place where state financing and funding for affordable housing mandates (1) broad, unbiased, and untargeted marketing and (2) random resident selection requirements. These requirements were put in place to uphold the Fair Housing Act and related anti-discrimination regulations.*

If the CLT wants to create an affordable home supported by state funding, that home would have to be marketed at the state level, and the CLT would be required to accept any income-eligible applicant into the applicant pool. Then, once the affordable housing opportunity has been advertised, the application period has closed, and the applicants' eligibility has been verified, resident selection would take place. This resident selection process would be completely random, and would take the form of a lottery. Each eligible applicant would be assigned a ballot, and ballots would be drawn to fill available units, with applicants placed in the order that their ballots are drawn.

The CLT started as a buffer against displacement and a tool for community control, but because of this program, it cannot prioritize local residents or those who have contributed to the development of the CLT. The CLT is wondering: what strategies can it use to confront these challenges?

The primary challenge that Comunidades Enraizadas may encounter in its pursuit of accessibility for its communities of focus is anti-discrimination requirements. Paradoxically, even though the measures are designed to counter discrimination in housing, the Fair Housing Act (FHA), the Affirmative Furthering of Fair Housing (AFFH), and the associated civil rights obligations tied to public financing and funding can actually act as barriers to Comunidades Enraizadas' mission ("Urban Center," n.d.). These anti-discrimination requirements — which can involve marketing and resident selection requirements — may specifically prevent Comunidades Enraizadas from prioritizing Chelsea residents and those who have contributed to the development of the CLT.

These requirements are especially restrictive for state-level financing and funding in Massachusetts. For instance, if Comunidades Enraizadas were to create an affordable home supported by state funding, the home would have to be marketed at the state level, and Comunidades Enraizadas would be required to accept any income-eligible applicant into the applicant pool, necessarily surrendering community control of who may apply and be considered for CLT housing. Although CLTs using state-level financing and funding may be able to reserve a percentage of state-subsidized housing units for different preference groups, the allowable preference groups do not necessarily align with Comunidades Enraizadas' communities of focus (Affirmative Fair Housing, 2013; "Our Mission," 2017; "Home," 2022). By contrast, city-level financing and funding in Chelsea allows a CLT to employ local preference for up to 100% of units (City of Chelsea, personal communication, May 13, 2022). This could better facilitate Comunidades Enraizadas' goals.

In confronting the challenge of marketing and resident selection requirements, CLTs have used many strategies to support accessibility for their communities of focus. Where permissible by law, some CLTs make an effort to advertise their available units to communities of focus, so that their homebuyer applicant pool better reflects the groups they are interested in serving. During marketing and resident selection processes, CLTs could also conduct education and advocacy to ensure communities of focus check their emails and receive available opportunities. CLTs have also explored pathways that do not trigger marketing and resident selection requirements. Projects with particular criteria, for instance, may be exempt from these requirements. One CLT is looking into whether a limited equity cooperative (LEC) — a cooperative housing model in which multiple households collectively own multiple dwelling units — might be exempt from local-level marketing and resident selection requirements (Ehlenz, 2014). In one city, homes financed through local financing and funding sources are subject to marketing and resident selection requirements when they are sold for the first time. Upon a home's resale, however, it is not subject to the same restrictions — making the home more accessible to local communities. A Community Benefits Agreement (CBA) — a contract between a developer and community-based organizations — may also provide CLT financing and funding with fewer restrictions ("Community Benefits," 2022). Additionally, some CLTs suggest that relationships with city and state allies can support accessibility for communities of focus. Furthermore, many CLTs draw on private financing and funding sources, which may have fewer restrictive requirements. These sources might include grants from foundations, loans from lending institutions and social investment funds, and fundraisers from individual donors. Finally, some cities — like Boston — have pilot policies that provide preference for existing neighborhood residents and people living in locations with high displacement risk ("City of Boston," n.d.). Policies like this may help confront public financing and funding marketing and resident selection requirements, and could be worth advocating for.

Scenario 2: *A CLT has a new home available, and identifies a prospective homebuyer to purchase the property. The prospective homebuyer is undocumented. They have an Individual Taxpayer Identification Number (ITIN), but they work informally for cash and don't use their ITIN to record all of their income. The CLT wants to support this prospective homebuyer in purchasing its new home, but isn't sure what mortgage and down payment options are available for someone who doesn't have citizenship, and who works informally. It reaches out to other CLTs to learn about possible options and strategies.*

Financing and Funding for Mortgages and Down Payments

Obtaining mortgages for very low-income and undocumented people presents another set of interrelated challenges. ITIN mortgages are a primary way undocumented people access homeownership opportunities. However, ITIN mortgages typically have higher down payment and interest rate requirements than most other mortgages. Down payments can be 15-20%, and as high as 30% (compared with conventional mortgages' 3-20%) while interest rates are often 7-8% (compared with conventional mortgages' 4-5.5%) ("ITIN Home Loans," 2022; Gogol, 2022; Ballinger, 2022; Araj, 2022; U.S. Bank, 2022). When ITIN mortgages have high down payments, their accessibility is limited to homebuyers who have saved a sufficient amount to pay this upfront cost. And even if a homebuyer is able to pay these costs, CLTs express concern about whether ITIN mortgages are too risky for their homebuyers. For instance, high interest rates increase the size of the debt the homebuyer applicant must pay off over time, making this debt more difficult to eliminate (Del Rio, 2010, p. 3). Different CLTs have approached this concern differently. Some conduct education with homebuyers so that they may decide whether to pursue ITIN mortgages themselves; some have their board vote on whether to offer ITIN mortgages; and others do not offer ITIN mortgages with high down payments and interest rates.

Additionally, some lending institutions require a homebuyer applicant to use their ITIN actively for at least two years before they are eligible for an ITIN mortgage. This means that a homebuyer applicant must log the majority of their income using their ITIN for at least two years. For people who work informally, for cash, developing an ITIN record can be a significant transition and delay their eligibility for an ITIN mortgage. Because of this, CLTs encourage prospective homebuyer applicants to develop a tax record using their ITIN, and track their income in whatever way possible.

Despite these barriers, the CLTs we spoke with demonstrated that some lending institutions have more flexible and accessible ITIN mortgages than others. Habitat for Humanity of Metro Denver (Habitat), for example, is able to offer CLT ITIN mortgages with more accessible down payment and interest rate requirements. It can also work with homebuyer applicants who do not meet traditional lending institutions' eligibility criteria, including those who have no credit. Other chapters of Habitat, and other kinds of Community Development Financial Institutions (CDFIs), may be valuable lending partners for CLTs seeking ITIN mortgages. As specialized organizations that provide financial services and loans to low-income communities, CDFIs could be especially well positioned for this task ("CDFI Certification," n.d.).

Scenario 3: *A CLT is deeply invested in supporting homeownership opportunities for immigrants regardless of documentation status. It wants to find a local lending institution that can offer ITIN mortgages — ideally, with accessible interest rate and down payment requirements. It begins reaching out to banks. Some of them offer ITIN mortgages, but they aren't familiar with the CLT model. The CLT reaches out to other banks, and finds one that has worked with CLTs before, but doesn't offer ITIN mortgages. The CLT starts to feel like it has no options to support undocumented homebuyers. It wonders: why is it so hard to find a bank that will provide an ITIN mortgage to a homeowner who wants to live in CLT housing?*

Many lending institutions rely on the Federal National Mortgage Association (commonly known as Fannie Mae). Fannie Mae is a government-sponsored enterprise (GSEs) created by the United States Congress that buys mortgages from lending institutions. It then holds these mortgages in its portfolio or packages them with other mortgages to create what is called a 'mortgaged-backed security,' which is traded in a 'secondary mortgage market' (Stein, 2010, p. 240; FHFA, n.d.; "How Does Securitization," n.d.). In other words, Fannie Mae attracts secondary mortgage market investors who might not otherwise invest in mortgages, thereby expanding the pool of funds available for housing. Lending institutions benefit from being able to sell mortgages to Fannie Mae because they get more liquid monetary resources to offer more mortgages. Meanwhile, homebuyers theoretically benefit because mortgages are more accessible (FHFA, n.d.).

Following negotiations with CLTs, in 2006 Fannie Mae began offering a standardized CLT mortgage.[3] This has made it much easier for CLT homebuyers to access mortgages (Stein, 2010, p. 240). While Fannie Mae will offer ITIN mortgages, it requires homebuyer applicants to be lawful residents of the United States (Fannie Mae, 2021). As a result, Fannie Mae's CLT mortgage program is not accessible to undocumented people using ITINs. Lending institutions that do offer ITIN mortgages to undocumented people cannot sell them to Fannie Mae, and have limited access to the secondary mortgage market (Del Rio, 2010). In turn, lending institutions must hold ITIN mortgages themselves, which makes these mortgages 'risky' for lending institutions. This 'risk' for the lending institution is one of the reasons ITIN mortgages generally have high down payments and interest rates. (We discuss this 'risk' more deeply in Chapter 2.) Since CLTs working with undocumented homebuyers cannot access Fannie Mae CLT mortgages, this may require CLTs to work with lending institutions that are not familiar with the CLT model. This presents additional challenges because CLT homebuyers — regardless of documentation status — may themselves be perceived as 'risky' borrowers for lending institutions. This is because CLTs are structured to maintain permanent affordability. Lending institutions may be concerned that — in the event that a homebuyer is not able to pay off their mortgage — the lending institution will not be able to resell the house at a market rate price and recover the loss. Ultimately, this means that it may be difficult for CLTs to identify a lending institution that is not only willing to offer an ITIN mortgage, but an ITIN mortgage to a CLT.

To confront these compounding challenges, CLTs may need to conduct advocacy and education with lending institutions. Importantly, Fannie Mae holds the same concerns as other lending institutions about the risk of the CLT model. Fannie Mae's CLT mortgage program uses a ground lease rider to address these concerns. This rider modifies the homebuyer applicant's ground lease, and essentially states that if the homebuyer is foreclosed upon, the bank can sell the house to whoever, however. The CLT gets the right of first refusal to buy the property for the back debt, but if the CLT cannot get the money to do so, the lending institution gets to keep the house (Stein, 2010). While this rider presents a threat to CLT permanent affordability, it can be used as a model for other lending institutions the CLT seeks to work with. When making the case to lending institutions to offer ITIN mortgages, CLTs have emphasized that the CLT homebuyer applicants are a good investment for the lending institution, rather than a risk. Beyond advocacy, one CLT we spoke with provided financial support to its lending institution by obtaining a grant.

In general, developing strong relationships with lending institutions, and the people who work there, has helped CLTs address many of the challenges discussed here. Relationships have opened up opportunities to obtain ITIN loans for undocumented homebuyers, reduced down payment and interest rate costs, and made it possible to count informal income in evaluating mortgage eligibility.

Several CLTs we spoke with also presented alternative ways to access mortgages for undocumented immigrants and very low-income people, without using ITIN mortgages. These strategies could be valuable seeds for future research. Limited equity cooperatives (LECs) get a 'blanket mortgage' for the co-op corporation as a whole, rather than many individual mortgages. In some cases, a lending institution may be more willing to provide a blanket mortgage rather than many small loans to low-income borrowers (White, 2011). One CLT we spoke

3 Freddie Mac also offers a CLT mortgage program, which is outlined in Chapter 4. However, most of our research illuminated information on the Fannie Mae CLT mortgage program, so we focus on Fannie Mae for the duration of the chapter and report.

with speculated that a blanket mortgage may also be a useful tool to provide homeownership to undocumented people.

The final step a CLT must undertake in pursuing affordable homeownership opportunities is obtaining down payment assistance. Securing down payment assistance presents yet another set of challenges for promoting accessibility for Comunidades Enraizadas' communities of focus. Public financing and funding sources are a primary source of down payment assistance, just as they are for acquisition and development costs. These programs may include citizenship requirements that prohibit undocumented people from accessing their funds. Additionally, as with mortgages, very low-income people may be prevented from accessing down payment assistance DTI and credit score requirements. Our research yields that private financing and funding for down payment assistance is a main strategy to confront this challenge. The CLTs we spoke with illuminated multiple examples of such funds, which may have less restrictive criteria.

Conclusion

We hope this report contributes to Comunidades Enraizadas, and the CLT community, by illuminating financing and funding challenges and strategies to confront them. As this landscape becomes clearer, it will be easier for CLT practitioners and advocates to collaborate, share strategies, and advocate to change these significant financing and funding barriers to community control. We envision a future where financing and funding for affordable housing can contribute to the CLT mission to steward housing and land for the purpose of meeting community needs; rather than standing in its way.

Background

A community land trust (CLT) is designed to support community control of housing and land. More specifically, it is an independent, community-controlled entity that stewards land outside of the speculative real estate market for the purpose of meeting community needs. However, as some CLT practitioners have told us, a CLT "is not a silver bullet" for solving affordable housing challenges. One of the reasons a CLT is not a silver bullet is because it has to find money to pay for land, buildings, mortgages, and down payments. Some CLTs will say their strategy for obtaining financing and funding is "everything, all the time."

But most sources of money have strings attached. For instance, Massachusetts state financing and funding sources include requirements that affordable housing developers and CLTs market their properties broadly and select residents randomly. While these requirements are designed to prevent discrimination, they end up preventing CLTs from prioritizing local community members and people who have contributed to the development of a CLT. Additionally, while most CLT homebuyers are able to access mortgages through the government-sponsored enterprise Fannie Mae, Fannie

Mae does not provide mortgages to people who are undocumented. One of the few mortgage options available to undocumented people — an "ITIN mortgage" — has significantly higher down payment and interest rate requirements than a conventional mortgage (the most common type of mortgage). Upon first glance, paying for affordable housing on a CLT presents numerous challenges for implementing the vision of community control that underpins the CLT model.

How can a CLT foster community control if its community of focus cannot access CLT housing?

This report seeks to highlight financing and funding opportunities, challenges, and strategies for Comunidades Enraizadas — a CLT in Chelsea, Massachusetts that seeks to prioritize its community. In pursuing financing and funding options, Comunidades Enraizadas considers whether each source will be able to promote accessibility for four communities of focus: very low-income people, immigrants regardless of documentation status, local Chelsea residents, and those who have contributed to the development of the CLT.

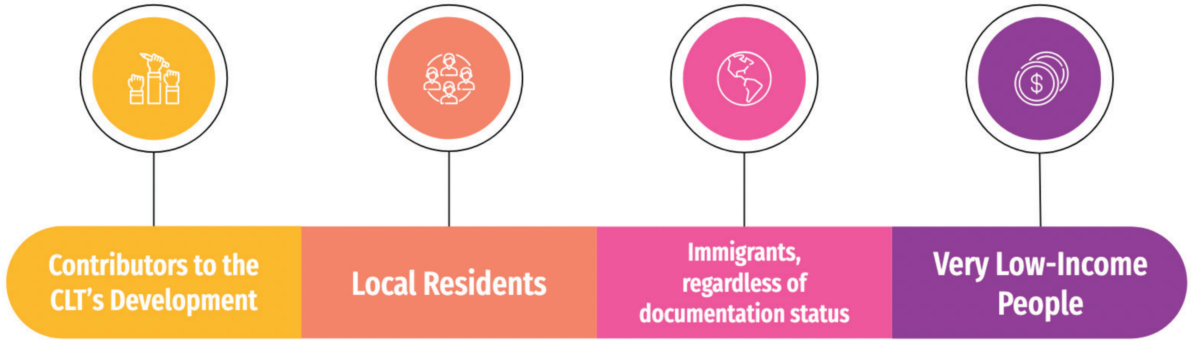

Figure 1. Comunidades Enraizadas' communities of focus

Comunidades Enraizadas Community Land Trust

Figure 2. Comunidades Enraizadas staff, members, and board members (Source: Comunidades Enraizadas Coop Facebook)

Comunidades Enraizadas was founded by a group of primarily Latina immigrants in Chelsea, Massachusetts. The group began organizing during the foreclosure crisis, when these local activists witnessed rampant displacement in their city. Originally, Comunidades Enraizadas called itself a "cooperativa," which stands for "cooperative" in English, and has since decided to develop a community land trust. For several years, GreenRoots — a resident-led organization with more than twenty-five years of major environmental justice and public health victories in Chelsea and neighboring communities — has supported the development of Comunidades Enraizadas. Comunidades Enraizadas is in the process of incorporating as an independent non-profit, which will operate under the umbrella of GreenRoots.

The mission of Comunidades Enraizadas is to 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. Currently, Comunidades Enraizadas is pursuing homeownership opportunities, with particular attention to accessibility for very low-income people, immigrants regardless of documentation status, local Chelsea residents, and those who have contributed to the development of the organization (See Figure 1).

At the time of writing this report, Comunidades Enraizadas is exploring possible acquisitions and projects in Chelsea with the help of a consultant; pursuing a partnership with Habitat for Humanity; and strengthening relationships with the City of Chelsea.

Chelsea, Massachusetts Context

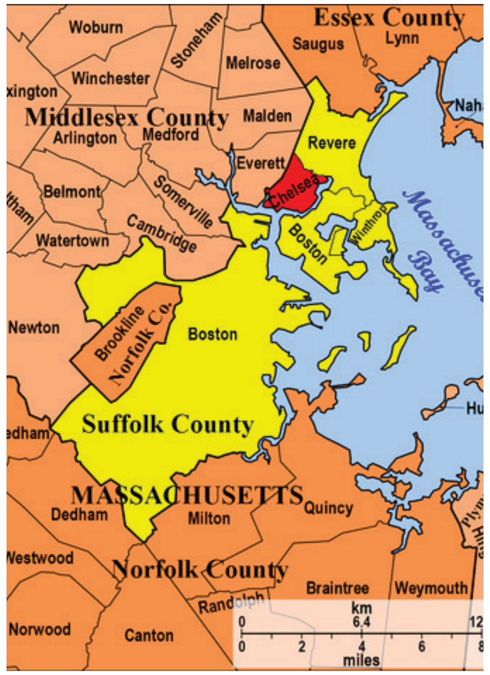

Figure 3. Map of Chelsea in relation to Boston, MA. (Source: Family Search)

The city of Chelsea, which sits on the land of the Pawtucket and Massa-adchu-es-et (Massachusetts) peoples, is home to more than 40,000 people and holds a rich history (United States Census Bureau, 2020). For the first century of its incorporation, Chelsea was visited as a rural retreat for wealthy residents to escape Boston's city center. By the mid-1900s, the city was home to immigrants from Ireland, Nova Scotia, France, Russia, Poland, Lithuania, Italy, and migrants from other parts of Boston. By World War II, the Jewish population in the city surpassed everywhere else in Massachusetts besides Boston. The demographics changed again in the second half of the century, as the Jewish population migrated into the suburbs, new immigrants arrived from Puerto Rico, Cuba, and Central America, and Latinx communities migrated from other parts of Boston (Boston College, n.d.).

BACKGROUND

By 2007, Chelsea was declared a sanctuary city and became the city with the highest percentage of foreign-born residents in the state. Today, the city offers some opportunities for local businesses, but many industries that used to dominate the city have moved. This has left limited local work options with decent wages and within reasonable commuting distances. Still, immigrant communities continue to move to Chelsea due to its status as a sanctuary city, its relatively low housing costs, and its community (Boston College, n.d.).

Since the end of the last recession, Chelsea has been facing an affordable housing crisis. Increases in rent following the recession, and competition from renters looking for housing outside of Boston, have produced displacement pressures for longer-term residents. According to the Massachusetts Housing Partnership (2021), the 80% area median income (AMI) — the metric often used to determine 'affordable' housing — in the surrounding county is $78,550 for a single-person household. However, the median household income in Chelsea is $60,307, almost $20,000 below the county-level 80% AMI (United States Census Bureau, 2020). Additionally, the most recent Census data show that more than 19% of the city's population is living in poverty; 25% of the city's population lives in owner-occupied housing; and more than two-thirds of Chelsea households are renters (see Table 1). (United States Census Bureau, 2020). The City of Chelsea recognizes that there is a real need to provide access to fair and reasonable housing for low-income residents, and is in support of Comunidades Enraizadas' mission.

Table 1. Comparison of demographics between Chelsea, Massachusetts and the State of Massachusetts. (Data retrieved from the United States Census Bureau, 2020)

Demographic categories	Chelsea, Massachusetts	Massachusetts
Median Household Income (in 2020 dollars), 2016 - 2020	$60,307	$84,385
Per capita income* in the past 12 months (in 2020 dollars), 2016 - 2020	$26,203	$45,555
Persons in poverty	19%	9.4%
Median value of owner-occupied housing units, 2016 - 2020	$398,800	$369,900
Owner-occupied housing unit rate, 2016 - 2020	26.9%	62.5%
Foreign born persons, 2015 - 2019	47.1%	16.9%
Hispanic or Latino	67.7%	12.4%
Language other than English spoken at home, persons age 5+ years, 2016 - 2020	70.9%	23.9%

*Per capita income is the mean income computed for every man, woman, and child in a particular group including those living in group quarters.

Why and What is a Community Land Trust?

A community land trust is an independent, community-controlled entity that stewards land outside of the speculative real estate market, for the purpose of meeting community needs. CLTs have been started by residents, community developers, coalitions, non-profits, and government agencies, and hold land for many purposes, including: community gardens, agriculture, small businesses, community facilities, and housing. The most common purpose of land held by CLTs is permanently affordable housing, which can take the form of rental

housing, cooperative housing, and/or homeownership (Shatan & Williams, 2020).

Widely recognized as the nation's first CLT, New Communities, Inc. in Albany, Georgia was founded in 1969 to prevent displacement of, and support liberation for, Black lives and land (The LISC Institute, n.d.). Grounded in the history of Black liberation movements, CLTs have widely been used as a tool to promote racial, economic, and environmental justice. As the price of private land has increased in metropolitan areas over the past 40 to 50 years, CLTs have proliferated and gained increasing attention. Many see CLTs as models that protect the populations they serve from gentrification and displacement, and ensure that residents have opportunities to remain in the neighborhoods that they live in. As part of this overarching goal, many CLTs today also center racial justice and economic democracy as primary values for their organizations (Shatan & Williams, 2020). Today, there are an estimated 300 CLTs across North America, and over 225 CLTs in the United States (Shatan & Williams, 2020; "Community Land Trusts," 2022).

While there are various ways that CLTs maintain community control, the most critical part of a CLT structure is the dual-ownership model (See Figure 4). This model separates ownership of land from ownership of buildings on that land, which plays two crucial roles. First, it ensures that building owners (including homeowners) have control and security over their property. Second, by holding ownership over the land in perpetuity and thereby keeping it off the speculative market, the CLT model guarantees that land stays affordable and remains in the hands of its community. In practice, this generally means that a homeowner can purchase a home on CLT land for a below-market price; receive a 99-year renewable, inheritable lease; and benefit from CLT support — financial and otherwise — to purchase their home.

Meanwhile, the homeowner agrees to the CLT's restrictions on how much the property can be resold for, which is based on the CLT's resale formula. Resale formulas typically allow homeowners to acquire some equity as their home increases in value over time, but restrict the price in order to maintain affordability for the home's next owner (Shatan & Williams, 2020).

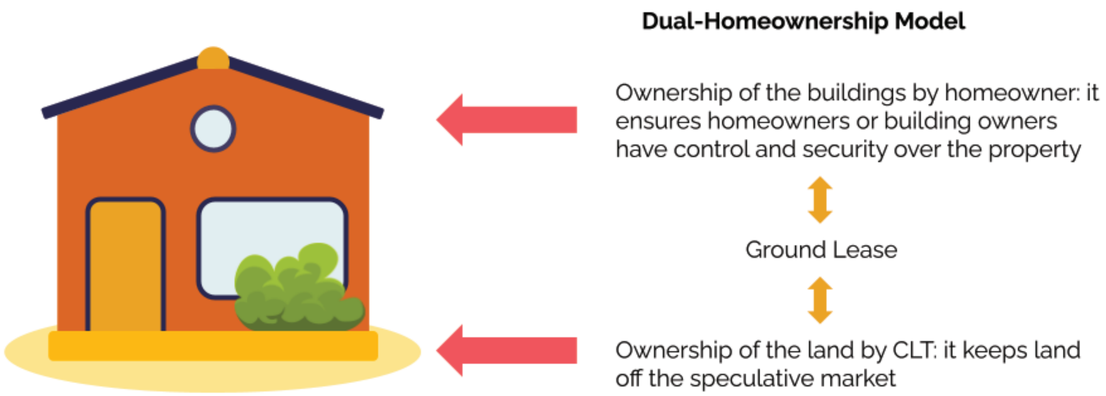

Figure 4. Model of how a community land trust functions (Source: Google Slides diagram made by Mara Tu and Grace Wu)

Another important feature of a CLT is the ground lease. A ground lease outlines the rights and responsibilities of both the CLT and the property owner in the dual-ownership model. The ground lease protects the homeowners' interests in security, privacy, and equity, while enforcing the CLT's interests in preserving continued housing affordability (Metropolitan Council, 2019). For example, the ground lease gives a CLT the right to step in and force repair when a building's structural integrity is compromised. The ground lease also gives CLTs the right to step in and cure the default on mortgages to safeguard occupants' residential security (Davis, 2008).

Despite the commonalities in CLT structures, individual CLTs are quite diverse and make a variety of different choices to accommodate the

needs of the individual communities they serve. For instance, CLTs make choices about whether to steward rental or homeownership properties, and whether to acquire existing buildings or develop new ones.

Regardless, all CLTs stand out from other affordable housing models in that they provide perpetual affordable housing from one owner after another, one generation after another. A CLT does not disappear after a building is sold; it has a perpetual responsibility for caring for its buildings and the residents who occupy them. The value of the land generated by collective and public actions is retained by the community, rather than an individual property owner (Davis, 2008).

CLTs are a valuable model for securing permanent affordability and community control of housing and land. However, paying for a CLT is a complicated process which presents numerous challenges — especially for a CLT like Comunidades Enraizadas, which seeks to prioritize specific communities of focus. In the following chapter, we outline the different steps to financing and funding CLTs, and the different sources to pay for these steps. We then begin to lay out the challenges that financing and funding sources present for Comunidades Enraizadas as it seeks to ensure accessibility for its communities of focus: very low-income people, immigrants regardless of documentation status, local Chelsea residents, and those who have contributed to the development of the CLT. Finally, we describe the specific goals and methods that guide our project and report.

Introduction to

Financing and Funding Community Land Trusts

Note: *Please see the glossary at the end of the report for additional descriptions of the more technical terms we use to explain financing and funding steps for community land trusts.*

Financing and Funding Process

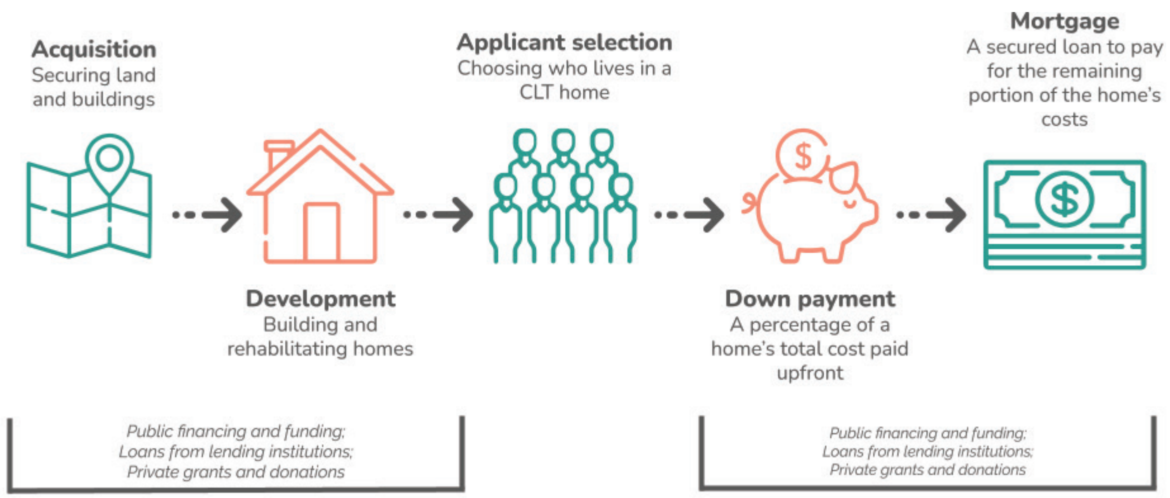

Figure 5. Visualization of Financing and Funding Process (Sourge: Google Slides diagram made by Caitlin Hart)

A significant challenge CLTs face is compiling the money to pay for each step necessary to realize affordable homeownership opportunities that are accessible for communities of focus.

Initial steps a CLT must pay for include:

- **Acquisition**, which refers to the acquisition of vacant land on which to build affordable housing, or the purchasing of existing properties for incorporation into a CLT; and
- **Development**, which may include new construction or the rehabilitation of existing properties, and various associated fees and costs.

Furthermore, if a CLT wants to support homeownership opportunities, it also has to support homebuyers in paying for their own set of costs, including:

- **Mortgages**, which are secured loans — meaning loans that are backed by financial assets the homebuyer has. Mortgages can be used for purchasing a home.
- **Down Payment Assistance**, which refers to financial support for the down payment. A downpayment is a percentage of the home's total cost paid upfront.

To pay for these costs, CLTs generally draw from a variety of sources, which broadly fall under two categories: financing and funding. **Financing** refers to the act of obtaining money or capital for a purchase or production, and typically has payback terms. Loans and mortgages are examples of financing. **Funding** refers to money given by an organization or government, often for a particular purpose, and

FINANCING AND FUNDING COMMUNITY LAND TRUSTS

often without payback terms. Grants and donations are examples of funding ("Financing v Funding," 2022).

There are three specific sources CLTs and homebuyers draw on to pay for acquisition, development, down payment assistance, and mortgages:

- CLTs can obtain money from the **federal, state, and local governments** through a variety of public programs. Public sources offer both financing and funding options, and can be used to pay for acquisition, development, and down payment assistance.
- CLTs can borrow from **lending institutions**, based on the amount they will be able to pay off over time. This is a form of financing, which can pay for acquisition, development, and mortgages.
- CLTs can acquire other kinds of **private financing and funding**, which can help pay for acquisition, development, and down payment assistance ("The cost," n.d.).

Each of these sources presents particular challenges — especially for a CLT like Comunidades Enraizadas, which seek to prioritize particular communities of focus. Comunidades Enraizadas is invested in pursuing financing and funding sources that promote homeownership opportunities and ensure accessibility for four communities of focus: very low-income people, undocumented people, local residents, and those who have contributed to the development of the CLT. In the next section, we offer important contextual information to financing and funding CLTs, which begins to illuminate the challenges Comunidades Enraizadas might face when trying to realize this vision. Then, we highlight our specific project methods and goals.

Table 2. Financing and Funding Sources for Steps to CLT Affordable Homeownership

Step to CLT Affordable Homeownership	Financing/Funding Sources	Financing and/or Funding
Acquisition	Lending Institutions; Public Sources; Private Sources	Financing and Funding
Development	Lending Institutions; Public Sources; Private Sources	Financing and Funding
Down Payment Assistance	Public Sources; Private Sources	Financing and Funding
Mortgages	Lending Institutions	Financing

Paying for Acquisition and Development

Public financing and funding sources from federal, state, and local governments are critical for CLT acquisition and development. Public programs are commonly used by all affordable housing developments, beyond and including CLTs. In addition to paying for the cost of acquiring land or buildings, and developing or rehabilitating homeownership units, these programs help make homeownership units affordable. Generally, the price a CLT must pay to acquire and develop property off the speculative market is higher than the price it charges prospective homebuyers — as CLT homeownership units are intended to be affordable (White, 2011, p. 375). For most affordable housing and CLT projects, this gap between the cost to produce the property and the cost to purchase it — called the 'subsidy' — comes from public financing and funding sources (White, 2011, p. 375).

FINANCING AND FUNDING COMMUNITY LAND TRUSTS

Each public financing and funding source is catered toward particular types of housing (such as rental or homeownership) and particular household characteristics (such as income status, household size, etc.). Accordingly, each public financing and funding source also carries a particular set of restrictions on who the financing and funding can serve. These restrictions can include income limits, limits on prices units can be rented or sold for, and requirements that affordability be maintained for a certain period of time ("Types of Funding," 2022).

The primary challenge that Comunidades Enraizadas may encounter in its aim to support local residents and those who have contributed to the development of the CLT is — somewhat paradoxically — anti-discrimination requirements. The Fair Housing Act (FHA), the Affirmative Furthering of Fair Housing provision (AFFH), and the associated civil rights obligations tied to public financing and funding are designed to counter discrimination in housing. However, in practice they can actually act as barriers to Comunidades Enraizadas' vision of anti-displacement for its population of historically and currently discriminated-against Latinx immigrants ("Urban Center," 2018). For instance, as part of meeting these standards, Massachusetts state financing and funding requires broad, unbiased, and untargeted marketing of available housing, as well as random selection of applicants. If Comunidades Enraizadas were to create an affordable home supported by state funding, the home would have to be marketed at the state level, and Comunidades Enraizadas would be required to accept any income-eligible applicant into the applicant pool. It would not be able to ensure accessibility for local residents, or for those who have contributed to the CLT.

Paying for Mortgages and Down Payments

Once a CLT has acquired and developed a homeownership unit, it then needs to sell that unit to a homebuyer. Most homebuyers, especially low-income homebuyers generally supported by CLTs, do not have enough available cash to pay for a home all at once. Instead, they need to acquire a mortgage (Stein, 2010, p. 236). A mortgage is a secured loan provided by a lending institution that is backed by the financial asset of the home. The lending institution offers a mortgage so that a homebuyer can purchase a home, and in exchange, the homebuyer pays back the mortgage over time with interest. Paying a mortgage back with interest means that the amount the homebuyer owes increases over time by a particular percentage (called the 'interest rate'). For homebuyers, a mortgage provides a way to purchase a home without paying the full cost all at once. For lending institutions, a mortgage provides a way to make an investment and generate a profit. If a homebuyer does not or cannot pay the lending institution back for the mortgage, the lending institution can foreclose the home and attempt to sell it to recover the amount the homebuyer owes (Stein, 2010, p. 237).

Many lending institutions rely on the Federal National Mortgage Association (commonly known as Fannie Mae) and the Federal Home Loan Mortgage Corporation (commonly known as Freddie Mac). Fannie Mae and Freddie Mac are government-sponsored enterprises (GSEs) created by the United States Congress. Both Fannie Mae and Freddie Mac buy mortgages from lending institutions. They then hold these mortgages in their portfolios or package them with other mortgages to create what is called a 'mortgaged-backed security,' which they then trade (buy and sell) in a 'secondary mortgage market.' The process of creating the 'mortgage-backed security' is called 'securitizing' (Stein, 2010, p. 240; FHFA, n.d.; "How Does Securitization," n.d.). Entities that trade mortgage-backed securities on the secondary mortgage market include Fannie Mae, Freddie Mac, and other private entities — all of which are trying to make a profit. In exchange for selling mortgages to Fannie Mae, Freddie Mac, and the secondary mortgage market, lending institutions are provided 'liquidity,' which is another word for 'cash.' This 'liquidity' then allows lending institutions to make additional mortgage loans ("Duty to Serve," 2022). In other words, Fannie Mae and Freddie Mac attract secondary mortgage market investors who might not otherwise invest in mortgages, thereby expanding the pool of funds available for housing. Lending institutions benefit from being able to sell mortgages to Fannie Mae because they get more cash to offer more mortgages. Meanwhile, homebuyers theoretically benefit because mortgages are more accessible (FHFA, n.d.).

Following negotiations with CLTs, in 2006 Fannie Mae began offering a standardized CLT mortgage.[1] This has made it much easier for CLT homebuyers to access mortgages (Stein, 2010, p. 240). However, undocumented homebuyers face additional challenges obtaining mortgages for CLT homeownership. Many mortgages, including those provided through Fannie Mae, are inaccessible for undocumented immigrants (Fannie Mae, 2021). One of the main ways undocumented immigrants do access mortgages is through Individual Taxpayer Identification Numbers (ITINs). ITINs are issued by the Internal Revenue Service to people who do not have, and are not eligible for, a Social Security Number (SSN). ITINs are designed to allow people to file tax returns and payments, but they can also be used to obtain what are called 'ITIN mortgages' ("Individual Taxpayer Identification Number," 2022). Some ITIN mortgages are

1 Freddie Mac also offers a CLT mortgage program, which is outlined in Chapter 4. However, most of our research illuminated information on the Fannie Mae CLT mortgage program, so we focus on Fannie Mae for the duration of the chapter and report.

only available to lawful residents of the United States, while others are available to undocumented immigrants. While Fannie Mae will offer ITIN mortgages, it requires homebuyer applicants to be lawful residents of the United States (Fannie Mae, 2021). As a result, Fannie Mae's CLT mortgage program is not accessible to undocumented people using ITINs. Lending institutions that do offer ITIN mortgages to undocumented people cannot sell them to Fannie Mae, and have limited access to the secondary mortgage market (Del Rio, 2010). In turn lending institutions must hold ITIN mortgages themselves, which makes these mortgages 'risky' for lending institutions. We discuss this 'risk' more deeply in Chapter 2.

Mortgage financing presents three primary challenges for CLTs seeking to ensure accessibility for immigrants regardless of documentation status. First, because ITIN mortgages are considered 'risky' for lending institutions, they often have high interest rates and down payment requirements. Second, ITIN mortgages include income and eligibility criteria that CLT homebuyers have to meet. Third, because ITIN mortgages are not provided through the Fannie Mae CLT mortgage program, they may require CLTs to work with lending institutions that are not familiar with the CLT model. As a result, it may be difficult for CLTs to identify a lending institution that is not only willing to offer an ITIN mortgage, but an ITIN mortgage to a CLT. More broadly, all mortgages present additional challenges for very low-income people, as they carry debt-to-income ratio (DTI) requirements and credit score requirements that may be difficult to meet.

To acquire a mortgage, all homebuyers, regardless of their citizenship status, must pay a down payment. A down payment is a percentage of a home's total cost that must be paid upfront. In addition to supporting homebuyers in obtaining mortgages, CLTs may also need to support homebuyers in obtaining down payment financing

and funding. Public financing and funding sources are a primary source of down payment assistance, just as they are for acquisition and development costs. Public financing and funding for down payment assistance presents two primary challenges for prioritizing Comunidades Enraizadas' communities of focus. First, undocumented people may be prevented from accessing down payment assistance funds that have citizenship requirements. Second, as with mortgages, very low-income people may face challenges meeting down payment assistance debt-to-income ratio (DTI) and credit score requirements.

Project Goals and Methods

This report outlines opportunities, challenges, and strategies to financing and funding Comunidades Enraizadas as it seeks to ensure accessibility for very low-income people, immigrants regardless of documentation status, local Chelsea residents, and those who have contributed to the development of the CLT.

Our central research questions are:

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

What challenges do particular financing and funding sources present, and what strategies can be used to confront these challenges?

In answering these questions, we offer particular attention to two challenges:

- the challenge of navigating public financing and funding marketing and resident selection requirements while prioritizing local residents and those who have contributed to the development of the CLT; and
- the challenge of financing mortgages for immigrants regardless of documentation status.

Our research draws on literature reviews and 13 semi-structured interviews with CLT practitioners. Our literature reviews — covering peer-reviewed articles, affordable housing and non-profit organizations' publications, CLT reports, and publicly available government materials — demonstrated available financing and funding sources, and barriers they present for Comunidades Enraizadas as it pursues its goals. The interviews with 13 CLT practitioners deepened our understanding of financing and funding opportunities and challenges, and illuminated possible strategies for Comunidades Enraizadas for addressing these challenges.[2]

We identified potential CLT practitioners to speak with through the snowball method and through internet and media searches. The final list of interviewees were selected based on their CLT's alignment with Comunidades Enraizadas in one or more of these factors:

- work with immigrant populations, regardless of their immigration status;
- work with low-income residents, including extremely low-income populations;

2 Unless otherwise noted, all of the information about specific CLTs throughout the report is from our interviews.

- work with historically discriminated populations and advocate for anti-displacement;
- provide homeownership opportunities; and/or
- focus on language justice

In the semi-structured interviews, each interviewee was asked questions such as: What financing and funding sources does your CLT use? Are there particular communities of focus your CLT wishes to support? Do the financing and funding sources you use present any challenges supporting these communities? If so, does your CLT have any strategies to confront these challenges? *(See Appendix A)*

We interviewed the following CLTs:

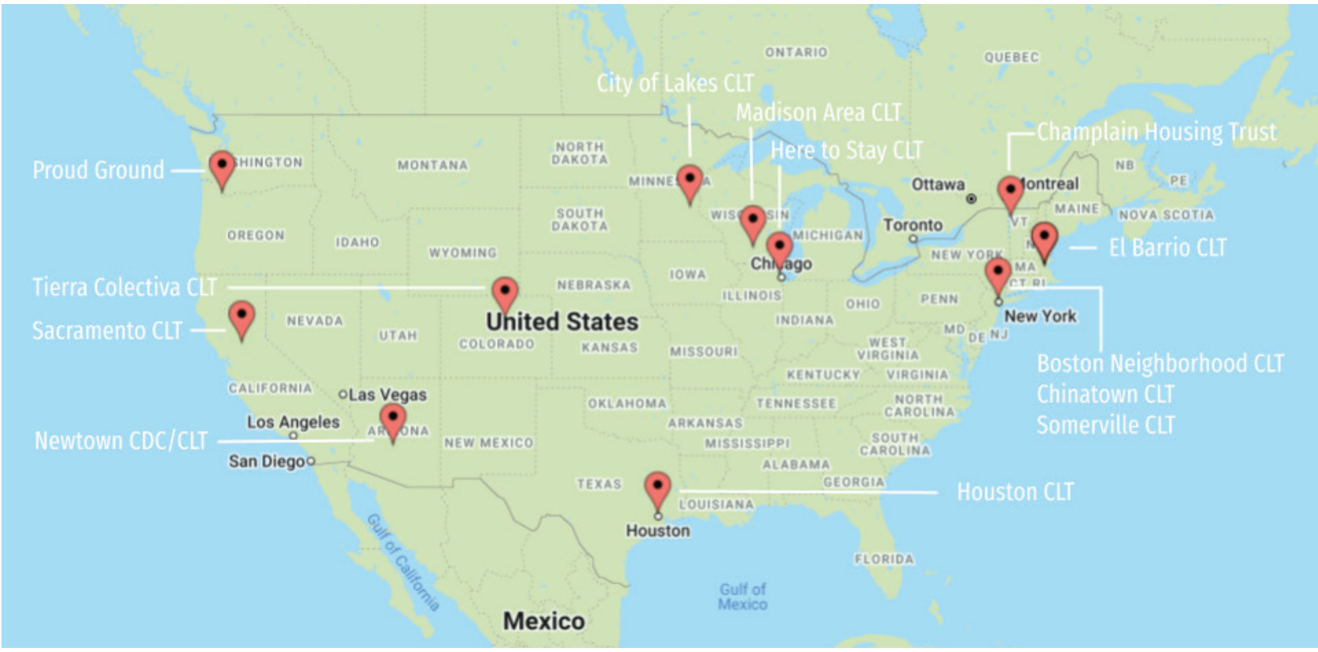

Figure 6. A map of the CLTs that are included in this report (Source: Datawrapper, created by Grace Wu

Table 3. CLTs Interviewed.

CLT	Location	Website
Boston Neighborhood Community Land Trust (BNCLT)	Boston, MA	https://www.bnclt.org/
Chinatown Community Land Trust (Chinatown CLT)	Boston, MA	https://chinatownclt.org/
Champlain Housing Trust (CHT)	Champlain Housing Trust (CHT) Burlington, VT	https://www.getahome.org/
City of Lakes Community Land Trust (City of Lakes CLT)	Minneapolis, MN	https://www.clclt.org/
East Harlem/El Barrio Community Land Trust (East Harlem/El Barrio CLT)	New York City, NY	N/A
Here to Stay Community Land Trust (Here to Stay CLT)	Chicago, IL	https://www.heretostayclt.org/
Houston Community Land Trust	Houston, TX	https://www.houstonclt.org/
Madison Area Community Land Trust (MACLT)	Madison, WI	http://www.affordablehome.org/
Newtown Community Development Corp/ Community Land Trust	Tempe, AZ	https://newtowncdc.org/
Proud Ground	Portland, OR	https://proudground.org/
Sacramento Community Land Trust (Sacramento CLT)	Sacramento, CA	http://www.sacclt.org/
Somerville Community Land Trust (Somerville CLT)	Somerville, MA	https://www.somervillecommunitylandtrust.org/
Tierra Colectiva GES	Denver, CO	https://www.tierracolectivages.org/who-we-are

FINANCING AND FUNDING COMMUNITY LAND TRUSTS

Our findings on financing and funding opportunities, challenges, and strategies are presented in this report through three vantages:

- an overview of opportunities, challenges and strategies to financing and funding a CLT while prioritizing Comunidades Enraizadas' communities of focus;
- two lists of specific financing and funding sources, with information about challenges and strategies indexed by source; and
- case studies of four CLTs that — in pursuing financing and funding options that ensure accessibility for very low-income people, immigrants regardless of documentation status, local residents, and/or people who have contributed to the development of the CLT — illuminate a landscape of financing and funding challenges and expand our understanding of what strategies can help confront these challenges.

In Chapter 1, we lay out the four case studies, which are based on our conversations with CLT practitioners. In Chapter 2, we offer the overview of financing and funding challenges and strategies, drawing on our literature reviews and interviews. In Chapters 3 and 4, we provide a list of financing and funding sources for acquisition, development, mortgages, and down payment assistance. Here, we outline specific challenges and strategies associated with each source; and where possible, we highlight the specific challenges each source presents for ensuring accessibility for Comunidades Enraizadas' communities of focus.

We hope that this report can serve as a multifaceted reference for Comunidades Enraizadas, and for people committed to developing

CLTs where very low-income people, immigrants regardless of documentation status, local residents, and CLT participants can live.

Chapter 1

Case Studies

Case Study Key

Single family homes

Small multifamily housing (two to three units)

Multifamily housing

Homeownership

Rental

Rent-to-own

New construction

Existing buildings

Tierra Colectiva

Tierra Colectiva GES (Tierra Colectiva) is a community land trust in Denver, Colorado. It is in the process of being incorporated as a 501c3.

Who They Serve

Tierra Colectiva serves the residents of Globeville and Elyria-Swansea with the goal of preventing displacement. It aims to create and preserve affordable and accessible housing and real-estate, and promote community ownership of land.

How They Got Started

Tierra Colectiva was envisioned by a housing organizing committee that was part of the G.E.S (Globeville, Elyria-Swansea) Coalition. The committee conducted a survey in the community to understand why residents were being displaced and used the survey to compile possible solutions. Ultimately, the committee identified a CLT as a potential pathway forward. They understood that a CLT wouldn't solve all of

the community's challenges, but felt that a CLT could contribute a lot. In addition to receiving organizational and technical support from the Dudley Street Neighborhood Initiative in Boston, MA and from Grounded Solutions, the committee started interviewing different community development corporations (CDCs) and CLTs to find a partner to support its work. Eventually, Tierra Colectiva decided to incubate under the Colorado Community Land Trust, based in Denver.

A Funding Story

The Colorado Department of Transportation (CDOT) fund for replacement housing was a valuable source of funding for Tierra Colectiva. In 2014-2015, CDOT conducted a massive highway expansion that cut through the neighborhood of Elyria-Swansea and displaced 56 homes. Tierra Collectiva made the argument to CDOT that the community had lost vitality on account of this lost housing. In turn, Tierra Colectiva argued that CDOT needed to replace the housing lost, as dictated by the National Environmental Policy Act (NEPA). The city of Denver conducted a study that analyzed how much housing was lost and how much it would cost to replace this housing. The city concluded that the value was around $14.5 million, and CDOT released a grant for $2 million to work on replacing housing in the neighborhood where the highway expansion was conducted. This grant money provided Tierra Colectiva essential funds to acquire, rehabilitate, and sell properties.

Proud Ground

Proud Ground was started in 1999 as the "Portland Community Land Trust" to serve the city of Portland, Oregon. This origin story is somewhat unique, as most CLTs are founded to serve smaller communities. Later, Proud Ground expanded and absorbed another CLT's homes and service areas, at which point it adopted its current name. Proud Ground currently serves five counties in the Portland Metro region.

Who They Serve

Proud Ground offers affordable homeownership to income-qualified, first time homebuyers.

How They Got Started

In 1999, the City of Portland gave Proud Ground funding to start its CLT, and maintained an annual funding stream of $70,000 to $90,000 after that. The city also gave Proud Ground its first homes.

A Funding Story

Proud Ground has not yet closed on an ITIN mortgage. However, it has recently met with a local credit union, Consolidated Community Credit Union, to discuss the possibility of obtaining ITIN mortgages for its homebuyers. There are two credit unions in the state of Oregon that offer ITIN mortgages, but only one is willing to provide ITIN mortgages to a CLT.[1] Proud Ground was reluctant to offer ITIN mortgages for a long time, because it considered them too risky for its homebuyers. For instance, the ITIN mortgage offered by Consolidated Community Credit Union is amortized at 30 years (meaning the payment is spread out over a 30 year period), but the credit union requires that the mortgage be paid in full after 15 years. Proud Ground considered this requirement prohibitive for its homebuyers. However, more recently, Proud Ground conducted additional conversations with the credit union, and learned that there are additional options for ITIN mortgage holders. For example, at the 15 year mark, borrowers can renew or refinance their mortgage, extending the time period that it must be paid off.

In deepening its understanding of equity and decision-making processes, Proud Ground is currently reflecting on its history of not pursuing ITIN mortgages on behalf of homeowners. It is asking itself: why are we making this decision for homebuyers, rather than allowing them to assess the risks of ITIN mortgages themselves? Instead, Proud Ground now aims to provide homebuyers the information they need to make their own decision about whether or not to obtain an ITIN mortgage. Proud Ground believes that even if a homebuyer cannot renew or refinance after 15 years, the homebuyer will still benefit from 15 years of homeownership, wealth creation, and stability.

1 See Chapter 2 for a full discussion of why lending institutions may not be willing to provide ITIN mortgages to CLT homebuyers.

Here to Stay CLT

.Here to Stay Community Land Trust (Here to Stay CLT) is a community land trust in Chicago, Illinois. Here to Stay CLT submitted an application for 501c3 status in December, 2021.

Who They Serve

Here to Stay CLT serves Chicago's northwest side. This includes the neighborhoods of Logan Square, Avondale, Humboldt Park, and Hermosa — which have historically been home to Latinx communities.

How They Got Started

Here to Stay was founded to combat the displacement of Latinx residents on Chicago's Northwest side. Within the last decade, the organization has witnessed the displacement of over 20,000 residents in these areas — resulting from skyrocketing real-estate prices, property taxes, and rents. Here to Stay CLT was envisioned by four long-standing housing justice organizations. In conversation

with community members, these organizations realized that homeownership was in demand but out of reach for many local residents. In turn, the organizations decided to found Here to Stay CLT, with a strong emphasis on community control. As all four organizations are connected to housing justice efforts, they have together created a pipeline of interested homebuyers for the CLT.

A Funding Story

Here to Stay CLT recently identified a homebuyer who was undocumented to purchase one of its homes. However, when Here to Stay CLT began working with the homebuyer, it struggled to identify a lending institution that could offer an ITIN mortgage to a CLT.[1] It has found that banks are hesitant to work with CLTs, and all the more hesitant to offer ITIN mortgages to CLT homebuyers. Additionally, Here to Stay is seeking funds for down payment assistance, as local public sources for down payment assistance are not accessible for CLTs and communities of focus.

1 See Chapter 2 for a full discussion of why lending institutions may not be willing to provide ITIN mortgages to CLT homebuyers.

Chinatown CLT

Chinatown Community Land Trust (Chinatown CLT) — in the Chinatown neighborhood of Boston, Massachusetts — started meeting in 2014 and incorporated in 2015.

How They Got Started

Chinatown CLT spent its first couple years figuring out what its organizational structure and strategy would be, and introducing itself to neighborhood residents. The organization specifically aimed to preserve Chinatown's smaller privately-owned properties as permanently affordable housing; and believed a CLT would be an ideal model to achieve this goal. Around the time Chinatown CLT was founded, the short-term rental market took off, which disincentivized home sellers from selling their properties to the CLT at accessible prices. Chinatown CLT struggled to compete with investors that were buying properties at really high prices, in cash.

CASE STUDIES

Who They Serve

Chinatown CLT serves the Chinatown neighborhood of Boston. It seeks to prevent the displacement of the neighborhood's working class families, and to create a regional hub for the Greater Boston Chinese community.

A Funding Story

Chinatown CLT successfully organized and advocated for short-term rental regulations — which made short-term rentals like Airbnb illegal and opened up opportunities for the organization to acquire homes and properties. With the regulations in place, investor-owners wanted to do something more profitable than regular rentals, so they started applying for variances to expand their buildings and turn them into higher-end condos. In response, Chinatown CLT again organized and advocated against these variances. Through organizing and political connections, Chinatown CLT was able to get one investor-owner to sell it two row houses — which are the only properties it has acquired so far. Chinatown CLT has emphasized that public financing and funding sources have rigid funding cycles. Given that acquiring a home is often time-sensitive for a CLT, these cycles make it difficult to access public money.

Chapter 2

Overview of Financing and Funding Challenges and Strategies

Acquiring financing and funding for a CLT while ensuring accessibility for particular communities of focus poses a number of significant challenges. This chapter outlines some of the main limitations financing and funding sources present for a CLT that wants to ensure accessibility for very low-income people, immigrants regardless of documentation status, local residents, and those who have contributed to a CLT's development. We structure this chapter according to the four steps a CLT must pay for to realize affordable homeownership opportunities: acquisition and development, mortgages, and down payments.

Tables 4 through 7 provide an outline of challenges financing and funding sources present to ensuring accessibility for each of Comunidades Enraizadas' communities of focus. The challenges are indexed by public financing and funding for acquisition and developmnet, public financing and funding for down payment assistance, and mortgage financing. Each of the specific challenges are detailed and contextualized in the following pages.

Table 4. Financing and Funding Challenges and Strategies by Community of Focus: Very Low-Income People

Community of Focus	Financing/Funding Type and Purpose	Challenges	Strategies
Very Low-Income People	Public Financing/Funding for Acquisition and Development	[Unidentified]	[Unidentified]
	Public Financing/Funding for Down Payment Assistance	• Debt-to-Income Ratio (DTI) Requirements • Credit Score Requirements	• Debt-to-Income Ratio (DTI) Requirements • Credit Score Requirements
	Mortgage Financing	• Debt-to-Income Ratio (DTI) Requirements • Credit Score Requirements	• Private Financing/Funding

Table 5. Financing and Funding Challenges and Strategies by Community of Focus: People Who Have Contributed to the CLT's Development

Community of Focus		Challenges	Strategies
People Who Have Contributed to the CLT's Development	Public Financing/Funding for Acquisition and Development	Marketing and Resident Selection Criteria	• Local Preference • Municipal Financing/Funding • Advertising • Information-Sharing • Exempt Project Criteria • Limited Equity Cooperatives • Resale Homes • Relationships with City and State Allies • Community Benefits Agreements • Private Financing/Funding • Advocating for Potentially Useful Policies
	Public Financing/Funding for Down Payment Assistance	[Unidentified]	[Unidentified]
	Mortgage Financing	[Unidentified]	[Unidentified]

Table 6. Financing and Funding Challenges and Strategies by Community of Focus: Immigrants Regardless of Documentation Status

Community of Focus	Financing/Funding Type and Purpose	Challenges	Strategies
Immigrants Regardless of Documentation Status	Public Financing/Funding for Acquisition and Development	[Unidentified]	[Unidentified]
	Public Financing/Funding for Down Payment Assistance	• Citizenship-Based Requirements	• Private Financing/Funding
	Mortgage Financing	• Citizenship Requirements • High Down Payments and Interest Rates for ITIN Mortgages • Developing an ITIN Record, Acquiring Proof of Income, and Other Eligibility Criteria • Locating a Lending Institution Willing to Offer an ITIN Mortgage to a CLT	• ITIN Mortgages • Deciding Whether or Not ITIN Mortgages are Too Risky for Homebuyers • Educating Homebuyers on ITIN Mortgages • Working with More Flexible Lending Institutions, including CDFIs • Working with Homebuyers to Develop an ITIN Record and Maintain Proof of Income • Identifying Another Family Member to Acquire an ITIN Mortgage • Advocacy and Education with Lending Institutions • Obtaining Grants to Support Lending Institutions • Limited Equity Cooperatives • Lending as a CLT

Table 7. Financing and Funding Challenges and Strategies by Community of Focus: Local Residents

Community of Focus	Financing/Funding Type and Purpose	Challenges	Strategies
Local Residents	Public Financing/ Funding for Acquisition and Development	• Marketing and Resident Selection Criteria	• Local Preference • Municipal Financing/Funding • Advertising • Information-Sharing • Projects that do not Trigger Resident Selection Criteria • Limited Equity Cooperatives • Resale Homes • Relationships with City and State Allies • Community Benefits Agreements • Private Financing/ Funding • Advocating for Potentially Useful Policies
	Public Financing/ Funding for Down Payment Assistance	[Unidentified]	[Unidentified]
	Mortgage Financing	[Unidentified]	[Unidentified]

Acquisition and Development

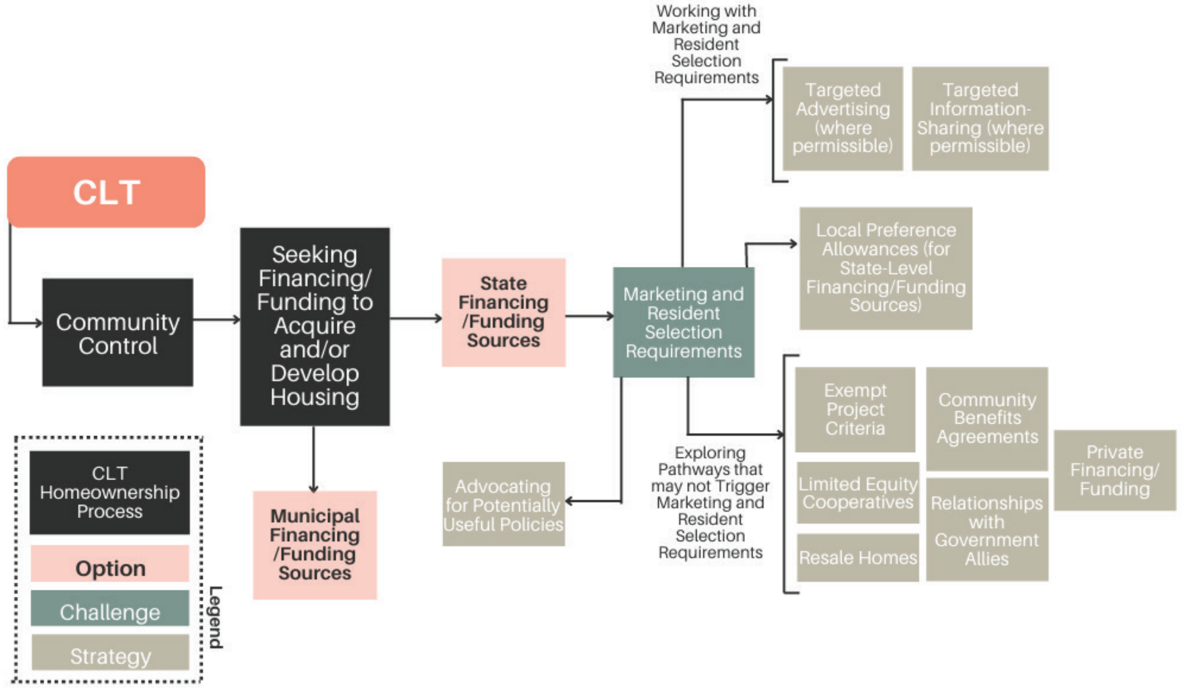

Figure 7. Acquisition and development pathway diagram (Source: Canva, created by Mara Tu)

Challenge: Marketing and Resident Selection Requirements

Public financing and funding for acquisition and development presents one primary challenge for ensuring accessibility for Comunidades Enraizadas' communities of focus: marketing and resident selection requirements. Paradoxically — even though they are designed to counter discrimination in housing — the Fair Housing Act (FHA), the Affirmative Furthering of Fair Housing provision (AFFH), and the associated civil rights obligations tied to public financing and funding can actually act as barriers to Comunidades Enraizadas' vision of anti-displacement for its population of historically and currently discriminated-against Latinx immigrants. These anti-discrimination requirements may specifically prevent Comunidades Enraizadas from prioritizing Chelsea residents and those who have contributed to the development of the CLT.Housing supported by federal financing and funding through the United States Department of Housing and Urban Development (HUD) is subject to the FHA and the AFFH. Housing supported by state financing and funding through the Massachusetts Department of Housing and Community Development (DHCD) must uphold FHA, AFFH, non-discrimination, and equal opportunity standards, whether or not the funding ultimately comes from HUD ("Urban Center," 2018).

As part of meeting these standards, DHCD mandates that an Affirmative Fair Housing Marketing and Resident Selection Plan (AFHMP) be developed and implemented for housing projects subsidized by state financing and funding. AFHMP requirements include two components that pose particular challenges for Comunidades Enraizadas:

- broad, unbiased, and untargeted marketing of available housing, and
- random selection of applicants.

State-subsidized affordable housing opportunities must be broadly advertised through local and regional publications; shared through notices to community groups, housing industry organizations, and related entities; and listed through the Massachusetts Affordable Housing Alliance, an affordable housing and racial justice non-profit, and the MassAccess Housing Registry, which compiles affordable housing opportunities in Massachusetts with a focus on accessible housing (Affirmative Fair Housing, 2013, pp. 5-6; "Our Mission," 2017; "Home," 2022).

What is the Fair Housing Act?
The federal Fair Housing Act (FHA) of 1968 requires that no discrimnation in any housing-related activities shall occur on the basis of race, color, religion, sex, gender, gender identity, sexual orientation, familial status, nation or origin, or disability. This applies to the United States Department of Housing and Urban Development (HUD), other federal departments and agencies, and recipients of HUD funding "Affirmatively Furthering Fair Housing," n.d.).

If Comunidades Enraizadas were to create an affordable home supported by state funding, the home would have to be marketed at the state level, and Comunidades Enraizadas would be required to accept any income-eligible applicant into the applicant pool, necessarily surrendering community control of who may apply and be considered for CLT housing.

What is Affirmatively Furthering Fair Housing?
A provision of the FHA, the Affirmative Furthering of Fair Housing (AFFH) is meant not only to prevent discrimination in housing, but also to require action that aims to address and undo the impacts of previous racist and exclusionary policies and practices in the United States. AFFH is a charge for HUD, other federal departments and agencies, and recipients of HUD funding to actively work to "overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics" ("Affirmatively Furthering Fair Housing," n.d.).

Once an affordable housing opportunity has been advertised, the application period has closed, and the applicants' eligibility has been verified, resident selection may take place. To continue to uphold anti-discrimination, the resident selection process must be completely random. It usually takes the form of a lottery; each eligible applicant is assigned a ballot, and ballots are drawn to fill available units, with applicants placed in the order that their ballots are drawn (Affirmative Fair Housing, 2013, pp. 8-10).

If Comunidades Enraizadas were to create an affordable home supported by state funding, the home would be given to a randomly-selected eligible applicant. Again, community control would not be possible, because Comunidades Enraizadas would not be able to intentionally choose the eligible applicant selected for the home.

Strategy: Local Preference

It has been suggested that requesting accommodations for local preference may be a possible strategy Comunidades Enraizadas could use to confront this challenge. 'Local preference' is permitted by Massachusetts state financing and funding, and allows an organization to reserve a percentage of state-subsidized housing units — no more than 70% — for allowable preference category residents, given that the organization justifies the need to do so and demonstrates that it will have no adverse effects (Affirmative Fair Housing, 2013, p. 7-8). However, the allowable preference categories may or may not align with Comunidades Enraizadas' communities of focus. Regardless of the alignment between Comunidades Enraizadas' target residents and allowable preference category residents, state local preference processes would not empower Comunidades Enraizadas to prioritize their communities of focus more specifically than Chelsea residents (Affirmative Fair Housing, 2013, p. 8).

If Comunidades Enraizadas were to leverage federal or state financing or funding to create affordable housing, it would not be able to curate who may apply for its homes — those who end up in the applicant pool — nor who would be selected to live in these homes.

Allowable preference categories for Massachusetts local preference:

- Current residents
- Municipal employees
- Employees of local businesses
- Households whose children attend local schools

(Affirmative Fair Housing, 2013, p. 8)

FINANCING AND FUNDING CHALLENGES AND STRATEGIES

Strategy: Municipal Financing and Funding

Local preference for projects that are supported by municipal funds — and not by state and federal funds — may better ensure accessibility for Comunidades Enraizadas' communities of focus. In Chelsea, if housing projects receive municipal support, up to 100% of the units may be reserved for local preference (in comparison to the state's maximum of 70%), and allowable preference categories may be developed on a project-by-project basis. In the past, these categories have included formerly homeless people and first-generation immigrants (City of Chelsea, personal communication, May 13, 2022). With city financing and funding, then, Comunidades Enraizadas' aim to house communities of focus — very low-income people, undocumented immigrants, Chelsea residents, and those who have contributed to the development of the CLT — may be achievable.

We asked CLTs how they are navigating public financing and funding resident selection requirements, and they offered a handful of strategies that currently do, or potentially could, allow CLTs to ensure accessibility for the communities they care about. Some of these strategies work within the bounds of marketing and resident selection requirements, while others explore pathways that do not trigger these requirements. We also include information about a local policy that could be a useful model.

Strategies: Working with Marketing and Resident Selection Requirements

Advertising: Where permissible by law, some CLTs make an effort to advertise their available units to communities of focus, so that their homebuyer applicant pool better reflects the groups they are interested in serving.

Information-Sharing: During marketing and resident selection processes, program administrators may send out emails letting applicants know whether they have been selected. If people do not receive or respond to these emails, they can miss an opportunity to accept a housing position. In turn, CLTs could conduct education and advocacy to ensure communities of focus check their emails to receive available opportunities.

Strategies: Exploring Pathways that do not Trigger Marketing and Resident Selection Requirements

Exempt Project Criteria: There may be particular project criteria that do not subject a project to specific marketing and resident selection requirements. Chinatown CLT is currently exploring the possibility that small projects of 5 units or less do not need to go through the City of Boston's Affirmative Fair Housing Marketing program.

Limited Equity Cooperatives: Chinatown CLT is currently exploring whether limited equity cooperatives might be a way to pursue homeownership opportunities without triggering the City of Boston's Affirmative Fair Housing Marketing program. A limited equity cooperative is a cooperative corporation (co-op) in which multiple households collectively own multiple dwelling units. Each household purchases and owns a share of the co-op, which helps maintain its affordability. In turn, each household is provided a dwelling unit and a vote in the co-op's governing structure. Several CLTs have integrated limited equity co-ops into their model, and are known as LEC-CLTs (Ehlenz, 2014).

Resale Homes: In the City of Madison, homes originally financed through the city's Affordable Housing Fund and up for resale are not subject to the same marketing and resident selection requirements as they were during the first sale. For example, when Madison Area Community Land Trust resells a house financed through the Trust Fund, the primary restriction it faces is a "land use restriction agreement" with the city — which is concerned only with the income of the applicant in question. Generally, in a given moment, homes that are being resold on a CLT are cheaper than homes that are being sold for the first time on the CLT. This is because homes that have been part of a CLT for several years have been subject to the resale formula outlined in the ground lease, which limits how much they may increase in value compared with homes still operating within the speculative real estate market (Shatan & Williams, 2020). In other words, homes resold on a CLT — because of the CLT model — are more afforable than homes sold for the first time on a CLT. However, when homes are resold, applicants may still seek down payment assistance money from city sources, which could contain resident selection requirements.

Community Benefits Agreements: A Community Benefits Agreement (CBA) is a contract between a developer and community-based organizations that represent the local community where a development is taking place. The CBA outlines what benefits the community will receive from the developer's project ("Community Benefits," 2022). In North Denver, Colorado, larger-scale developments are required to work with the community, especially if they receive larger-scale government benefits such as tax credit financing. Tierra Colectiva received $4.5 million dollars from a recent development's CBA. This money does not have the marketing and resident selection requirements, and allows Tierra Colectiva to prioritize communities of focus.

Relationships with City and State Allies: Some CLTs suggest that relationships with city and state allies can support their pursuit of ensuring accessibility for communities of focus. Such relationships

FINANCING AND FUNDING CHALLENGES AND STRATEGIES

allow CLTs to explain their models and missions, and highlight how they differ from regular affordable housing non-profits.

Private Financing and Funding: Many CLTs draw on private financing and funding sources, which may have fewer restrictive requirements. These sources might include grants from foundations, loans from lending institutions and social investment funds, and fundraisers from individual donors.

Strategies: Advocating for Potentially Useful Policies

City of Boston's "Diversity Preference Policy (aka Pilot Displacement Preference)": There is a pilot policy in the City of Boston called the "Diversity Preference Policy (aka Pilot Displacement Preference)" that provides preference for existing neighborhood residents. This preference can be used for up to 50% of units in projects located in non-segregated locations that have high rates, or risk, of displacement ("City of Boston," n.d.). However, this policy still involves some restrictions that prevent open access for communities of focus.

Mortgage Financing

There are a series of interrelated challenges that CLTs seeking to obtain mortgage and down payment financing and funding for very low-income people and undocumented people face. We begin by focusing on challenges mortgages present, and then detail challenges down payment assistance presents. In both cases, we pay particular attention to accessibility for immigrants regardless of documentation status, and for very low-income people.

FINANCING AND FUNDING CHALLENGES AND STRATEGIES

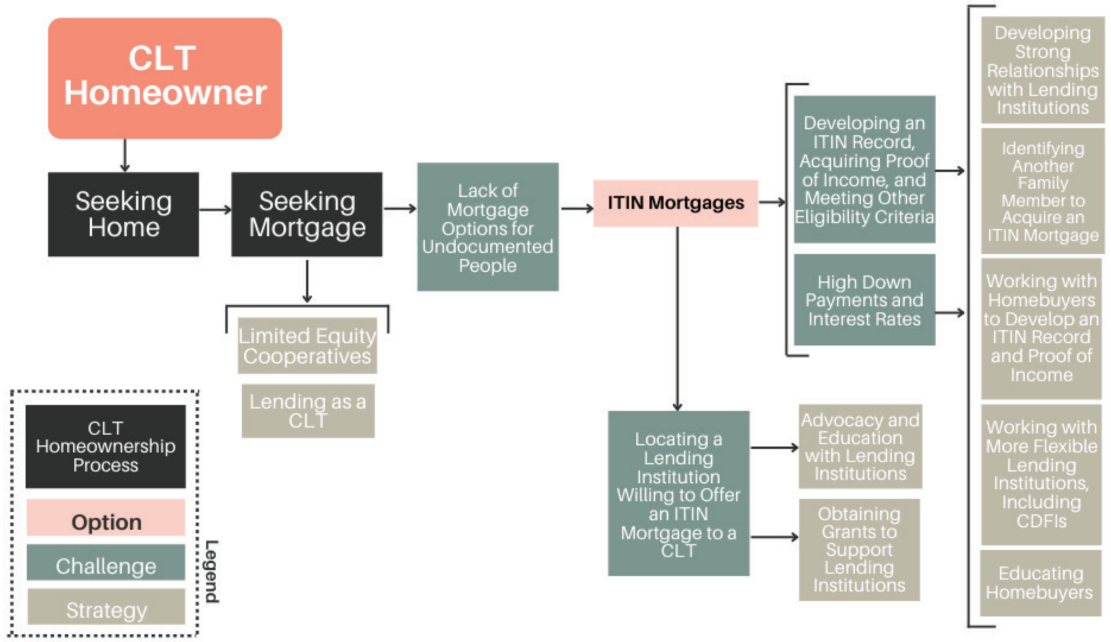

Figure 8. Obtaining mortgage pathway diagram (Source: Canva, created by Mara Tu)

Challenge: Lack of Mortgage Options for Undocumented People

The first challenge is that many mortgages are inaccessible for undocumented immigrants. One of the main ways undocumented immigrants do access homeownership is through Individual Taxpayer Identification Numbers (ITINs). ITINs are issued by the Internal Revenue Service to people who do not have, and are not eligible for, a Social Security Number (SSN). ITINs are designed to allow people to file tax returns and payments, but they can also be used to obtain what are called 'ITIN mortgages' ("Individual Taxpayer Identification Number," 2022). Some ITIN mortgages are only available to permanent residents and people who have the legal right to work and live in the United States with a visa. However, some lending institutions offer ITIN mortgages that are available to undocumented residents. Lending institutions offering ITIN loans, and mentioned by the CLTs we interviewed, include Sunrise Bank in Minnesota, First Bank in Colorado, Habitat for Humanity of Metro Denver in Colorado, and Consolidated Community Credit Union in Oregon.

Challenge: High Down Payments and Interest Rates for ITIN Mortgages

Several CLTs that have done research on available ITIN mortgages have found that these mortgages require substantially higher down payments and interest rates than conventional mortgages. Down payments can be 15-20%, and as high as 30% (compared with conventional mortgages' 3-20%) while interest rates are often 7-8% (compared with conventional mortgages' 4-5.5%) (See Table 8 for a comparison of requirements for conventional mortgages, unconventional (government-backed) mortgages, and ITIN mortgages) ("ITIN Home Loans," 2022; Gogol, 2022; Ballinger, 2022; Araj, 2022; U.S. Bank, 2022). Lending institutions are inclined to require these high down payments and interest rates because ITIN mortgages are viewed as 'risky.'

There is a complicated context that has led to this perception of risk. Three main factors make ITIN mortgages, especially those offered to undocumented people, seem 'risky' for lending institutions. First, while ITIN mortgages generally perform better than traditional mortgages, they do not have a robust secondary mortgage market (Del Rio, 2010, p. 7).

Government-sponsored enterprise (GSEs) Fannie Mae, which generally provides entrance into this secondary market, will work with ITIN holders only if they are lawful residents (Fannie Mae, 2021). If a lending institution offering ITIN mortgages to undocumented people cannot sell them to Fannie Mae, it must hold these loans itself, making them

more risky for the lending institution. Second, lending institutions express concerns that offering ITIN mortgages will elicit anti-immigrant responses and even criminal charges. However, the latter concern is unsubstantiated, as there are no laws prohibiting financial institutions from serving uncodumented immigrants or denying undocumented immigrants the right to mortgages or homeownership (Del Rio, 2010, p. 7). One CLT mentioned that a third reason ITIN mortgages held by undocumented people are considered 'risky' is because the lending institution could face a legal issue if a person receiving an ITIN mortgage gets deported.

Table 8. Conventional, unconventional, and ITIN mortgage considerations (Source: Ballinger, 2022; Araj, 2022; U.S. Bank, 2022; "ITIN Home Loans," 2022)

	Conventional Mortgages	Unconventional (Government-Backed) Mortgages	ITIN Mortgages
Down Payments	As low as 3%; can go to 20% but optional	3%–10%	15–20%, and as high as 30%
Interest Rates	4–5.5%	4–5.5%	7–8%
Terms	10-year fixed; 15-year fixed; 20-year fixed; 30-year fixed	15-year fixed; 30-year fixed	10-year fixed; 15-year fixed; 20-year fixed; 30-year fixed
Credit Scores	Minimum 620	500–660	600–680
SSN/Citizenship Requirements	Require an SSN	Require lawful immigration status	Do not require an SSN; all immigrants regardless of their immigration status can apply

Despite these different reasons for and perceptions of risk, it is also important to remember that some lending institutions do exploit the limited availability of ITIN mortgages and make the down payment and interest rate requirements overly high. Additionally, some immigration justice advocates share concern about the privacy of undocumented homebuyer applicants' information when applying for ITIN mortgages — as some lending institutions ask for more identification than is legally required (Del Rio, 2010, p. 8).

When ITIN mortgages have high down payments, their accessibility is limited to homebuyers who have saved a sufficient amount to pay this upfront cost. Even if a homebuyer is able to pay these costs, CLTs express concern about whether the lending package associated with ITIN mortgages are too 'risky' for the homebuyers. In general, as lending institutions manage the 'risk' of ITIN mortgages through high down payments and interest rates, they make these mortgages less accessible, and more 'risky,' for homebuyer applicants. Agreeing to high interest rates means that the size of the debt the homebuyer applicant must pay off will increase significantly over time, and become more difficult to eliminate (Del Rio, 2010, p. 3).

Strategy: Educating Homebuyers on ITIN Mortgages

Different CLTs have approached this concern of 'risk' for the homebuyer differently. One CLT we spoke with says it would consider getting its board to vote to approve whether homeowners may pursue ITIN mortgages with high down payments and interest rates. Tierra Colectiva decided not to accept ITIN mortgages requiring a $20,000 down payment and 8% interest rate because this was too risky. Historically, Proud Ground has not used ITIN mortgages because it considered them too risky for homebuyer applicants. However, more recently, it did additional research and learned that its lending partner could offer more flexible options to ITIN homebuyer applicants. Additionally, it decided that the decision of whether or not an ITIN mortgage is too risky should be made by homebuyers themselves — not by the CLT. Now, Proud Ground now seeks to provide prospective homebuyers with all of the education and resources they need to make an informed decision about whether the ITIN mortgage is too risky for them.

Strategy: Working with More Flexible Lending Institutions

Despite the fact that many ITIN mortgages have higher than typical down payments and interest rates, some lending institutions have a more accessible, and less risky, ITIN mortgage loan package. Consolidated Community Credit Union, which works with Proud Ground, gives homeowners the option of renewing or refinancing their ITIN mortgage if they do not pay it off within the originally designated time frame. In general, the credit union is interested in working with homebuyers. First Bank, which is used by Tierra Colectiva, offers low interest rates of under 3%, and requires a $10,000 down payment.

Challenge: Developing an ITIN Record, Acquiring Proof of Income, and Other Eligibility Criteria

Finding a lending institution that offers an ITIN mortgage for undocumented immigrants, particularly one that has an accessible down payment and interest rate, is a significant step for a CLT. However, there are additional challenges that are worth keeping in mind. For instance, some lending institutions require a homebuyer applicant to use their ITIN actively for at least two years before they are eligible for an ITIN mortgage. This means that a homebuyer applicant must log the majority of their income using their ITIN for at least two years. For people who work informally, for cash, developing

FINANCING AND FUNDING CHALLENGES AND STRATEGIES

an ITIN record can be a significant transition and delay their eligibility for an ITIN mortgage. Because of this, Tierra Coletiva encourages all prospective homebuyer applicants to track their income and develop a tax record using their ITIN.

Strategy: Working with Homebuyers to Develop an ITIN Record and Maintain Proof of Income

Tierra Colectiva emphasizes that there may also be cases where it is valuable to have proof of income even if this proof is not logged through an ITIN. Say, for instance, a couple is applying for a mortgage and only one partner has an SSN. If the partner with an SSN is just below the income eligibility criteria needed to acquire a mortgage, the second partner's proof of income may be necessary to prove that the couple is eligible for a mortgage. This proof of the second partner's income can happen through an ITIN, or if necessary, through more informal means. Letters from people who are customers of the second partner, for example, could serve as proof of that person's income. Having proof of income, in whatever way possible, can make a significant difference for homebuyer applicants who are on the fringes of mortgage eligibility.

Strategy: Working with More Flexible Lending Institutions, Including CDFIs

Beyond proof of income, there are additional eligibility criteria that can determine whether or not a homebuyer applicant is able to access an ITIN mortgage. First Bank, the lending institution used by Tierra Colectiva, will not finance homebuyers who are using another person's SSN, who have two ITINs, or who have no credit. In these cases, Tierra Colectiva turns to another lending partner: Habitat for Humanity of Metro Denver (Habitat). Habitat, as a Community Development

Financial Institution (CDFI), is able to provide mortgages, including ITIN mortgages. It may even provide ITIN mortgages to homebuyer applicants who are not eligible for mortgages through First Bank. CDFIs are specialized organizations that provide financial services to low-income communities, and individuals who do not have access to other forms of financing ("CDFI Certification," n.d.). This partnership has been critical for Tierra Colectiva, as it has provided the opportunity for homebuyer applicants who are ineligible for loans through First Bank to pursue homeownership. CDFIs, in general, may be valuable partners from which CLTs could obtain ITIN mortgages. East Harlem/El Barrio CLT is familiar with CDFIs that offer ITIN mortgages to small businesses, indicating that they could potentially offer these services for housing and mortgages. Several CLTs in addition to Tierra Colectiva have partnerships with Habitat for Humanity chapters, including Champlain Housing Trust, Proud Ground, and Houston CLT. Sacramento CLT also gets CDFI loans for non-mortgage items.

Strategy: Identifying Another Family Member to Acquire an ITIN Mortgage

Some prospective homebuyers may not have an ITIN record, or may not want one. Prospective homebuyers who are undocumented, for instance, may have concerns about reporting their informal income, or using an ITIN, for fear of deportation. In these cases, Tierra Colectiva has asked homebuyer applicants whether a child, or another breadwinner in their family, might be willing and able to acquire the mortgage, so that they don't have to.

Challenge: Locating a Lending Institution Willing to Offer an ITIN Mortgage to a CLT

Lending institutions may be at many different stages in their willingness to provide ITIN mortgages at all, ITIN mortgages for undocumented residents, ITIN mortgages for undocumented residents who are part of a CLT, and ITIN mortgages for undocumented residents who are part of a CLT and have no credit. Each of these scenarios individually presents the image of ‘risk’ for the lending institution, and adding them together increases this image of ‘risk.’ Advocacy and education with, and support for, lending institutions can help dispel misunderstandings about the ‘risk’ of ITIN and CLT mortgage loans, and strengthen relationships between lending institutions and CLTs.

Following negotiations with CLTs, in 2006 Fannie Mae began offering a standardized CLT mortgage program. This program provides significant support for lending institutions offering CLT mortgages; if Fannie Mae securitizes the CLT mortgage, then the lending institution does not have to, reducing the risk of the mortgage for the lending institution. A critical part of the Fannie Mae mortgage agreement with a CLT is the ground lease rider. This rider modifies the homeowner applicant’s ground lease, and essentially states that if the homeowner is foreclosed upon, the bank can sell the house to whoever, however. The CLT gets the right of first refusal to buy the property for the back debt, but if the CLT cannot get the money to do so, the lending institution gets to keep the house, and this housing on the CLT is no longer permanently affordable. This ground lease rider ensures that the mortgage is safe to the lending institution and to Fannie Mae, but presents a threat to permanent affordability on a CLT (Stein, 2010). Madison Area Community Land Trust (MACLT) has lost at least one house this way.

FINANCING AND FUNDING CHALLENGES AND STRATEGIES

According to MACLT, Fannie Mae mortgages are typically considered good options for CLTs for three primary reasons: (1) almost every lender works with it, (2) it offers a 30 year fixed-rate mortgage, which is less risky than a variable rate mortgage for homebuyers, and (3) at this point it has a streamlined system to accept CLT mortgages.

While Fannie Mae will offer ITIN mortgages, it requires homebuyer applicants to be lawful residents of the United States (Fannie Mae, 2021). As a result, Fannie Mae’s CLT mortgage program is not accessible to undocumented people using ITINs. Since lending institutions cannot sell ITIN mortgages for undocumented people to Fannie Mae, lending institutions themselves have to hold the mortgages, which is more risky for the lending institutions. As previously discussed, this is one of several risks — or seeming risks — that lending institutions take on when offering ITIN mortgages. The lending institution may be even less willing to take on what it believes to be an already-risky loan for a CLT if the CLT model is unfamiliar. Lending institutions may be especially concerned about the CLT’s mechanisms to maintain permanent affordability. In the event that a CLT homeowner is not able to pay off their mortgage — lending institutions generally want to ensure that they will be able to resell the house at a market rate price and recover the loss (as dictated in the Fannie Mae ground lease rider). In other words, the lending institution may already perceive the CLT model as risky, giving the impression that an ITIN mortgage provided to a CLT is all the more risky.

Strategy: Advocacy and Education with Lending Institutions

In turn, CLTs seeking to obtain ITIN mortgages for undocumented residents may need to do multiple layers of advocacy and education with lending institutions. First, the CLT may have to explain its model. One of the primary reasons lending institutions may be skeptical of the model is because they fear that if the homeowner is foreclosed upon, there will be so many resale restrictions on the property that it will no longer be valuable to the bank. One CLT suggested that the Fannie Mae ground lease rider may offer a compelling portrait of what an agreement between the lending institution and CLT could look like, as it makes mortgage loans to CLTs safer for the lending institution. Second, the CLT may have to explain that its homebuyer applicants are a good investment for the lending institution, rather than a risk. In making a case to Habitat to provide homeownership opportunities for its members, Tierra Colectiva emphasized: "this is the best investment that [Habitat] can make. These families love this community, they want to stay here, they want a home, and they're going to take advantage of it."

Strategy: Obtaining Grants to Support Lending Institutions

Beyond advocacy, Tierra Colectiva has provided financial support to Habitat as it provides ITIN mortgages. After providing the four ITIN mortgages to Tierra Colectiva's homebuyer applicants, Habitat was hesitant to provide more. Usually, Habitat sells its mortgages to the secondary mortgage market, which is especially necessary for a small CDFI to acquire liquidity. However, as previously mentioned, ITIN mortgages do not have access to this secondary market. As a result, Habitat has to commit to holding ITIN mortgages rather than selling them, and taking on this risk itself. To support Habitat as it offered additional mortgages, Tierra Colectiva received a $600,000 grant in 2021 from the Colorado Health Foundation. This grant was afforded by the foundation to "address the finance gap between development costs and affordable sales prices" ("Building the Foundational Units," 2021). With help from this grant, Habitat and Tierra Colectiva are developing an additional nine mortgages together.

In general, the CLTs we spoke with emphasized that developing strong relationships with lending institutions, and the people who work there, can help address many of the challenges discussed here. Relationships can open up opportunities to obtain ITIN loans for undocumented homebuyer applicants, reduce down payment and interest rate costs, and make it possible to count informal income in evaluating mortgage eligibility.

Alternative Strategies to Confront Mortgage Challenges

Several CLTs we spoke with presented alternative ways to access mortgages for undocumented immigrants and very low-income people, without using ITIN loans.

Limited Equity Cooperatives: One CLT we spoke with suggested that a limited equity cooperative may be a way to provide homeownership opportunities for undocumented people who do not qualify for traditional mortgages. A limited equity cooperative (LEC) is a cooperative corporation (co-op) in which multiple households collectively own multiple dwelling units. Each household purchases and owns a share of the co-op, which helps maintain its affordability. In turn, each household is provided a dwelling unit and a vote in the co-op's governing structure. Several CLTs have integrated LECs into their model, and are known as LEC-CLTs (Ehlenz, 2014). Unlike individual homebuyers who must obtain their own mortgages, an LEC gets a 'blanket mortgage.' A 'blanket mortgage' is a loan made to a co-op corporation, rather than a mortgage made to an individual. Generally, a lending institution may be more willing to provide a blanket mortgage to a corporation rather than many small loans to low-income borrowers. As a result, blanket mortgages are useful for CLTs to provide homeownership opportunities to low-income people, who might not otherwise qualify for a mortgage. Blanket mortgages may also be a useful tool to provide homeownership to undocumented people (White, 2011).

Lending as a CLT: One CLT we spoke with speculated that if a CLT had a large amount of private funds, it could house mortgage loans itself. As a lender, a CLT could do its own underwriting process — the process in which a lender evaluates a homebuyer applicant's eligibility for a loan, based on their financial history, income, credit, etc. It could then offer down payment requirements and interest rates that are accessible to undocumented immigrants and very low-income people.

Down Payment Assistance Financing and Funding

In order to access a mortgage, a homebuyer must pay for a down payment — a percentage of the home's total cost paid upfront — which may require obtaining down payment assistance. Down payment assistance refers to financial support for the down payment, and can often be secured through public financing and funding sources. Two major sources of down payment assistance are from the HUD's HOME Investment Partnership Program (HOME) and HUD's Community Development Block Grant Program (CDBG). These two federal funding sources award funds annually to state and local governments, which then distribute the funds to local non-profit organizations in the forms of grants, loans, or other forms of credit enhancements to support affordable housing. Other sources of funding and financing for down payments include city general funds and city tax increment financing programs (TIF).

The major restrictions to public down payment assistance presented for prioritizing Comunidades Enraizadas' communities of focus are citizenship requirements and debt-to-income ratio (DTI) and

credit score requirements. These restrictions can be prohibitive for undocumented immigrants and very low-income people.

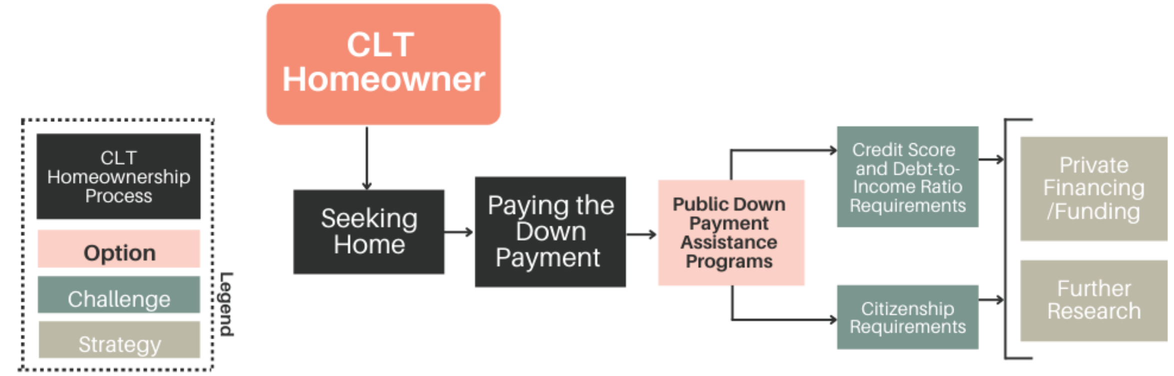

Figure 9. Paying for downpayments pathway diagram (Source: Canva, created by Mara Tu)

Challenge: Citizenship-Based Requirements

There are two primary laws that directly address non-citizen eligibility for federal housing programs that affect local down payment assistance programs: (1) Section 214 of the Housing and Community Development Act of 1980, and (2) Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-192). Public funding programs covered by Section 214 makes some categories of non-citizens eligible for federal housing programs, but exclude undocumented immigrants. Public funding programs covered by PRWORA exclude all non-citizens, except for "qualified aliens" from federal public benefits, which include housing assistance. According to the Congressional Research Service (2021), Section 214 does not apply to HUD's Community Development Block Grant (CDBG) program, or to HUD's HOME Investment Partnerships program. The Congressional Research Service adds that the extent to which PRWORA applies to HUD programs, including these ones, is unclear. As a result, on a federal level, HOME and CDBG have no regulatory restrictions on non-citizen eligibility, and no federal requirement to verify applicants' citizenship status.

However, state and local programs using CDBG or HOME funds may be subject to the regulations of PRWORA, making undocumented people ineligible for these programs (City of Chelsea, n.d.). In other words, even if a state or local program is funded through the federal CDBG or HOME programs, it may still be subject to PRWORA, and exclude undocumented people from accessing its funds. This is the case for two of the public down payment assistance funds accessible to Chelsea residents. The City of Chelsea's First Time Homebuyer (FTHB) Down Payment Assistance Program is funded through federal CDBG funds. However, because this program complies with PRWORA, this pool of money is not available to undocumented people. Further, according to the program application, "all household members six (6) years of age or older are required to have a valid social security number in order for borrower(s) to be eligible for assistance" (City of Chelsea, n.d.). Similarly, the regionally-based North Suburban Consortium (NSC) First Time Home Buyer Down Payment Assistance Loans are funded through federal HOME funds. However, because this program also complies with PRWORA, undocumented

Qualified Aliens: According to the Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-192), qualified aliens refers to Lawful permanent residents (LPRs), Refugees and asylees, People granted parolees for more than one year, Cuban-Haitian entrants, and Certain abused spouses and children (Congressional Research Service, 2021). *(See Appendix C)*

people are ineligible for assistance (North Suburban Consortium & Malden Redevelopment Authority, n.d.).

Challenge: Debt-to-Income Ratio and Credit Score Requirements

Down payment assistance debt-to-income (DTI) ratio and credit score requirements present additional challenges for very low income homebuyers. DTI can be obtained by dividing an individual's monthly debt payments by monthly income before taxes. It helps lending institutions to determine the risk of borrowers taking another loan. According to Wells Fargo (n.d.), a DTI of less or equal to 35% is considered a "looking good" DTI; a DTI between 36%–49% means that there is still room to improve; and a DTI equal to or greater than 50% is considered an unhealthy DTI. Most down payment assistance programs and mortgage programs require a 50% DTI and an average of 620 credit score (See Figure 10). These requirements might be hard for very low-income people to achieve.

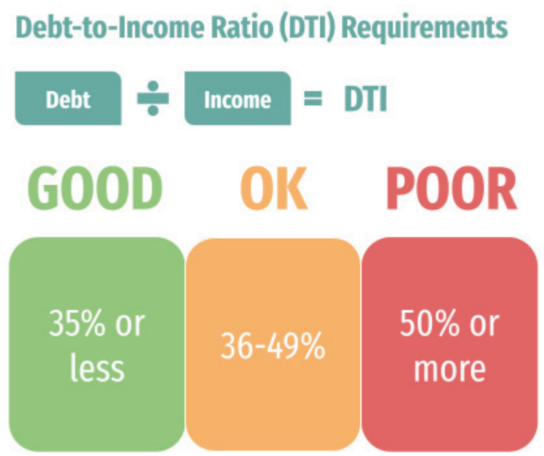

Figure 10. Citizens, non-citizens, and debt-to-income ratio (Source: Google Slides diagram, created by Grace Wu)

Strategy: Private Financing and Funding

Private funds for down payment assistance could allow a CLT to obtain money for down payments without these restrictions for undocumented and very low-income people. There are multiple examples of such funds. One of Madison Area Community Land Trust's realty partners, Alvarado Real Estate Group, has started a fundraising campaign inviting people who work in real estate — such as realtors, appraisers, lenders, and lawyers — to individually "give back" to help people access homeownership. Alvarado Group is building a down payment assistance fund, called "Own It," using these donations ("Down Payment Fund," 2021). Tierra Colectiva developed a down payment assistance program with its development partner, Brothers Redevelopment. This is a 2-1 match program, and has provided all of its homeowners the required $10,000 down payment for an ITIN mortgage at First Bank.

Chapter 3

Acquisition and Development Financing and Funding Sources

Much like other affordable housing developers and CLTs, Comunidades Enraizadas seeks financing and funding to build its vision. Money is required to create or secure affordable housing units, which means that financing and funding must be obtained for the acquisition of land or existing buildings, and development — which includes the construction and/or rehabilitation of units. For all financing and funding sources, Comunidades Enraizadas seeks to prioritize options that will promote homeownership over rental housing, and ensure accessibility for very low-income people, immigrants regardless of documentation status, Chelsea residents, and those who have contributed to the development of the CLT.

As detailed in Chapter 2, the primary challenge that Comunidades Enraizadas may encounter in its pursuit of accessibility for these communities of focus is anti-discrimination requirements. Paradoxically, even though the measures are designed to counter discrimination in housing, the Fair Housing Act (FHA), the Affirmative Furthering of Fair Housing (AFFH), and the associated civil rights obligations tied to public financing and funding can actually act as barriers to a CLT's vision of antidisplacement for its population of historically and currently discriminated-against Latinx immigrants ("Urban Center," n.d.). These anti-discrimination requirements may specifically prevent Comunidades Enraizadas from prioritizing Chelsea residents and those who have contributed to the development of the CLT.

These requirements are especially restrictive for state-level financing and funding. For instance, if Comunidades Enraizadas were to create an affordable home supported by state funding, the home would have to be marketed at the state level, and Comunidades Enraizadas would be required to accept any income-eligible applicant into the applicant pool, necessarily surrendering community control of who may apply and be considered for CLT housing. Although CLTs using state-level financing and funding may be able to reserve a percentage of state-subsidized housing units for different preference groups, the allowable preference groups do not necessarily align with Comunidades Enraizadas' communities of focus (Affirmative Fair Housing, 2013; "Our Mission," 2017; "Home," 2022). By contrast, city-level financing and funding in Chelsea allows a CLT to employ local preference for up to 100% of units (City of Chelsea, personal communication, May 13, 2022). This would facilitate Comunidades Enraizadas' goal to promote homeownership opportunities for local Chelsea residents.

This chapter outlines potential financing and funding sources — most of them public and available at the municipal, state, and federal levels — for acquisition and new construction or rehabilitation. These sources were compiled with a specific focus on sources that are available in Chelsea and Massachusetts. Each source also includes an assessment of the opportunities and challenges that Comunidades Enraizadas or other CLTs might anticipate — as well as potential strategies to confront these challenges — based on our literature review and interviews. The sources compiled here do not make up an exhaustive

ACQUISITION AND DEVELOPMENT FINANCING AND FUNDING

list; instead, they begin to illustrate sources for affordable housing financing and funding that CLTs like Comunidades Enraizadas might utilize. In general, each source includes type(s) of support, description, source of support, available amount, and opportunities. Where possible, we also include challenges, strategies, and CLTs that have used a particular source.

Sources are listed for three different levels of financing and funding:

- the City of Chelsea (municipal);
- the Commonwealth of Massachusetts (state); and
- the federal government.

Note: *Some municipal financing and funding programs are funded by state or federal government support, and some state financing and funding programs are funded by federal government support. Sources are listed by the level at which they are administered. For example, the Chelsea Community Development Block Grant (CDBG) Housing Rehabilitation Program is funded through a federal grant (CDBG), whose funds are then distributed to Chelsea through DHCD. Since the program is administered at the municipal level, it is listed as a source for the City of Chelsea.*

Municipal Sources and Opportunities

Comunidades Enraizadas has expressed a preference for municipal funding as their primary source of funding for acquisition, construction, and rehabilitation — based on a consultant's assessment that the greatest amount of money potentially available to the CLT exists at the local level. The following are local sources of financing and funding. Some of these sources are specific to Chelsea or to municipalities in the Commonwealth of Massachusetts (for example, the Community Preservation Act exists only in Massachusetts). Others are available in states and cities across the country.

Loan: A lending from a creditor/lender to a debtor/borrower. Borrower pays back the principle (the amount of money initially borrowed) with additional interest. Loans are usually repaid through monthly installments and the duration of the loan is usually pre-determined, such as auto loans and home loans. (Diffen, n.d.)

- **Forgivable loan:** Second mortgages that are forgiven over a set number of years (often five, but maybe up to 15 or 20). These only need to be repaid if you move, sell, or refinance too early (Warden, 2022)
- **Deferred-payment loan:** Second mortgages with deferred payments that only have to be paid when you move, sell, or refinance (Warden, 2022)

Grant: A non-repayable monetary award given to nonprofits and government agencies to help them meet the needs of their community (What is a Grant? - Grant Professionals Association, n.d.)

- **Block grant:** A federal grant given to states and municipalities typically designated for a broad set of governmental or departmental activities (Block Grant | recovery.fema.gov, n.d.)
  - **Community Development Block Grant:** An annual federal grant given to states, regions, and municipalities; intended to primarily serve low- and moderate-income people by supporting and enhancing housing, urban livability, and economic opportunity (Community Development Block Grant Program, n.d.)

Donation: A gift from a donor to a recipient with no expectation by the donor that the recipient will reciprocate (Donation, n.d.)

Tax credit: A reduction from a taxpayer's final tax amount to be paid (as opposed to a reduction to taxable income) (What Is a Tax Credit?, n.d.)

Tax increment: The difference between a property's value before development or redevelopment, and its value following development or redevelopment (Smart Growth / Smart Energy Toolkit Modules—District Improvement Financing (DIF)/Tax Increment Financing (TIF) | Mass.gov, n.d.)

ACQUISITION AND DEVELOPMENT FINANCING AND FUNDING

CITY OF CHELSEA

Affordable Housing Trust Fund (AHTF)

The Affordable Housing Trust Fund (AHTF) supports the creation of new affordable housing and the preservation, rehabilitation, and maintenance of existing affordable housing in the City of Chelsea ("Affordable Housing Trust Fund," n.d.). Because the AHTF does not have a consistent source of significant revenue, there is no process for individuals and organizations to apply for or request resources.

Source of support: Currently no consistent source of significant revenue; some small sources of city-based revenue, which are not sufficient to sustain an impactful fund

Available amount: Approximately $1.5 million at the time of writing; currently designated for down payment assistance, but may be eligible for redesignation for other uses including development (City of Chelsea, personal communication, May 13, 2022)

Challenges:

- Fair Housing Act requirements
- Inconsistency of available funds and property
- No established process for application or request for resources
- Local competition

Opportunities:

With its charge to support the preservation and creation of affordable housing in Chelsea, the AHTF may be willing to give money or property — including vacant land for new construction — to organizations like Comunidades Enraizadas that will provide affordable housing for members of the Chelsea community.

Strategies:

- Advocacy for more resources for the AHwTF

CITY OF CHELSEA

Community Preservation Committee

Source of support: 1.5% local property tax surcharge for all properties except low-income households, low- and moderate-income senior households, and the first $100,000 of property plus contribution from the state Community Preservation Trust Fund (JM Goldson community preservation + planning, 2020, p. 9).

Available amount: Varies; $1,016,308 projected for Fiscal Year 2022, with $101,631 (10%) designated for affordable housing and $660,600 (65%) undesignated, and with the potential for some or all of this to be used for affordable housing in addition to the designated 10% (Chelsea Community Preservation Committee, 2021, p. 2).

Challenges:

- Fair Housing Act requirements
- Application process with set annual cycle
- Local competition

Strategies:

- Advocacy for a larger percentage of funding to be designated annually to affordable housing
- combined affordable housing-historic preservation project for potential to leverage both preservation and housing funds

Specific to Massachusetts, the Community Preservation Act allows municipalities to vote by ballot to add up to 3% to property taxes in order to fund projects that fall into three categories: affordable housing; open space and recreation; and historic preservation (Community Preservation Coalition, n.d.). Chelsea adopted the Community Preservation Act in 2016 with a 1.5% surcharge, and the Community Preservation Committee decides which applicants will be funded and what amounts they will be given. The following amounts are designated annually: 10% each for affordable housing, historic preservation, and open space and recreation; 5% for administration; and 70% undesignated (Community Preservation Committee | City of Chelsea MA, n.d.).

Opportunities:

Annual funding opportunity with fairly reliable source of funding

ACQUISITION AND DEVELOPMENT FINANCING AND FUNDING

CITY OF CHELSEA

Community Development Block Grant (CDBG) Housing Rehabilitation Program

Deferred-payment forgivable loans are given to property owners to bring existing residential buildings with low- and/or moderate-income households with one to four units up to code for the health and safety of their residents. Owners of one- to four-unit rental properties may also receive these loans if they rent to low- and moderate-income tenants for 15 years. For owner-occupants, loans may be forgiven 20% every three years, given the buildings continue to provide affordable housing with no change in ownership and owner residency (Housing Rehab Brochure, 2017).

Source of support: United States Department of Housing and Urban Development (HUD) via Massachusetts Department of Housing Community Development Block Grant (CDBG) program

Available amount: Up to $30,000 per household

Challenges:

- Fair Housing Act requirements
- Inconsistency of available funds and property
- no established process for application or request for resources
- local competition

Opportunities:

- Building size and income levels align with the scale and community income-level of many CLTs, including Comunidades Enraizadas
- low- to zero-interest loans
- primarily serves low- to moderate-income residents

Strategies:

None identified

CLTs that have used this source (in their own cities):

- Champlain Housing Trust
- Madison Area Community Land Trust
- Proud Ground

MUNICIPAL

Real Estate

Source of support: City-owned properties

Available amount: Varies

Challenges:

- Unreliable source of property (quantity and frequency)

Strategies:

None identified

Municipalities may sell or donate city-owned properties, which may include land or buildings (Types of Funding, 2022).

Opportunities:

Annual funding opportunity with fairly reliable source of funding

MUNICIPAL

District Improvement Financing (DIF) and Tax Increment Reinvestment Zones (TIRZ)

District Improvement Financing (DIF) — a program of the Commonwealth of Massachusetts that is instituted at the municipal level — is comparable to TIRZ, a program of the State of Texas that is instituted at the municipal level. These programs are intended to encourage development and redevelopment in areas in which developers might not typically invest. They are based on the concept of the tax increment, which is the difference between a property's value before development or redevelopment, and its value following development or redevelopment. For Massachusetts municipalities, DIF allows the investment of some or all tax increments to long-term improvement projects for the corresponding designated district. For the City of Houston, TIRZ similarly allocates the paid tax increments that result from improvements in a zone to a fund that is used for future public improvements in that zone.

Opportunities:

While a CLT would not benefit from developing a DIF or TIRZ project, it may benefit from tax increment funds that have been established.

Source of support: City; future property tax revenue that city decides to forgo or use to get financing

Available amount: Varies

Challenges:

- To benefit, CLT properties must be located within districts or zones that are TIF or TIRZ-eligible (Smart Growth / Smart Energy Toolkit Modules—District Improvement Financing (DIF)/Tax Increment Financing (TIF) | Mass.gov, n.d; Tax Increment Reinvestment Zones (TIRZ), n.d.).

Strategies:

None identified

CLTs that have used this source (in their own cities):

- Houston CLT
- Proud Ground

The previous sources are not representative of all potential local-level sources for the acquisition and development of affordable housing. For instance, private sources at the local level have not been researched for this report, such as the donation of private property to a CLT. However, this list begins to illustrate the types of support that may be available to CLTs to secure affordable housing for their members, as well as opportunities and challenges that these sources may present for promoting accessibility for Comunidades Enraizadas' communities of focus.

State Sources and Opportunities through the State of Massachusetts

Massachusetts' governmental and quasi-governmental agencies provide support that may or may not be used for affordable housing development and rehabilitation for CLTs. These entities include:

- **Massachusetts Department of Housing and Community Development:** A department of the Commonwealth of Massachusetts that provides affordable housing opportunities and financial and other support to Massachusetts residents and communities (Department of Housing and Community Development | Mass.gov, n.d.).
- **MassHousing:** A quasi-governmental organization that is Massachusetts' state housing finance agency (HFA); administers some public programs on behalf of the Commonwealth of Massachusetts, but primarily lends to low- and moderate-income homebuyers and homeowners as well as developers who produce housing for low- and mixed-income Massachusetts residents; financial assistance is supported through the sale of bonds (About MassHousing, n.d.; Massachusetts Archives, n.d.)

ACQUISITION AND DEVELOPMENT FINANCING AND FUNDING

COMMONWEALTH OF MASSACHUSETTS

Affordable Housing Trust Fund (AHTF)

MassHousing administers the AHTF on behalf of DHCD. The AHTF supports affordable housing units in projects that include rental housing, homeownership, mixed use, and housing for disabled and homeless people. Typically, it does so by providing funding for acquisition, construction, or preservation of affordable housing units. Affordable units must serve households that earn no more than 110% AMI, though preference may be given to projects whose affordable units serve households with incomes no more than 80% AMI. Financial assistance can include: loans (deferred payment, low- or no-interest amortizing); down payment and closing cost assistance; credit enhancements and mortgage insurance guarantees; matching funds for municipalities; and matching funds for employer-based housing.

Source of support: Sale of bonds and underwriting by MassHousing acting as Massachusetts' affordable housing bank (Massachusetts Affordable Housing Trust Fund Guidelines, n.d.)

Available amount: Up to $1 million per project or $50,000 per affordable unit (Department of Housing and Community Development, 2007, p. 6)

Challenges:

- Projects are evaluated for both threshold criteria and preference criteria
- Entities that receive funding for their projects must be "single-purpose entities" unless their awarded projects are in partnership with public housing authorities
- Entities that receive funding must also be up-to-date with any mortgages they have with the state (Affordable Housing Trust Fund, n.d.; Department of Housing and Community Development 2007, 8)

Opportunities:

- A variety of support available
- Funds may be used for any use as long as they support a project's financial feasibility

Strategies:

None identified

CLT that has used this source (in their own city):

- Somerville CLT

COMMONWEALTH OF MASSACHUSETTS

Low Income Housing Tax Credit (LIHTC)

Federal tax credits are made available to non-profit and for-profit developers who apply for the credit. Then, developers must seek investors, who would contribute to development costs and would receive credits for ten years. In an eligible project, the following income requirements apply:

- a minimum of 10% of total units/ households earn no more than 30% AMI
- a minimum of 20% of total units/ households earn no more than 50% AMI; or
- a minimum of 40% of total units/ households earn no more than 60% AMI.

Affordability must be maintained for a minimum of 30 years. This is a federally authorized program managed by the DHCD (Low Income Housing Tax Credit (LIHTC) | Mass.gov, n.d.)

Source of support: State tax revenue that the state decides to give back

Available amount: Up to $500,000 for new assisted living projects; up to $1 million for all other projects, except large neighborhood impact projects, which may receive up to $1.3 million

Challenges:

- Several CLTs mentioned that LIHTC is generally used for larger-scale projects, which might not always align with a small CLTs' goals
- Requires investment
- Twice-annual application cycle

Strategies:

- Advocacy for tax credits for smaller projects

Opportunities:

Attracts potential investors to invest in affordable housing; eligibility requirements ensure that projects serve a range of low-income populations for a relatively long-term period

CLT that has used this source (in their own city):

- Champlain Housing Trust

MASSDEVELOPMENT

Tax-Exempt Bonds for 501(c)(3) Nonprofit Organizations

Tax-exempt bonds (exempt from federal taxes in all cases and state taxes in some cases) are available to be sold on the market or to a financial institution related to the relevant entity or project. The money from the sales may be used for several purposes, including the acquisition of land and buildings, and the construction or renovation of buildings (MassDevelopment, n.d.).

Source of support: Tax-exempt bonds

Available amount: Unidentified

Challenges:

None identified

Strategies:

None identified

Opportunities:

None identified

MASSDEVELOPMENT

Tax-Exempt Bonds for Housing

Tax-exempt bonds (exempt from federal taxes in all cases and state taxes in some cases) are available to be sold on the market, or to a financial institution related to the relevant entity or project. The money from the sales may be used for new construction or acquisition of rental housing with an affordable component (MassDevelopment, n.d.).

Source of support: Tax-exempt bonds

Available amount: Unidentified

Challenges:

None identified

Strategies:

None identified

Opportunities:

- Typically lowest-interest financing for capital projects
- Income restrictions

ACQUISITION AND DEVELOPMENT FINANCING AND FUNDING

COMMONWEALTH OF MASSACHUSETTS + MASSHOUSING

Community-Scale Housing Initiative (CSHI)

CSHI provides funding in the form of a no-interest, deferred-payment, 50-year term loan for small-scale projects (5 to 20 units) in smaller communities (up to 200,000 residents). The projects that receive funding must produce additional housing units, with at least 20% affordable units for households at no greater than 80% AMI.

Source of support: DHCD Housing Stabilization Fund; MassHousing Opportunity Fund

Available amount: Up to $1 million per project; up to $200,000 per unit with no DHCD rental assistance

Challenges:

Application process, which includes pre-application and involves numerous project evaluation criteria (Community Scale Housing Initiative (CSHI) | Mass.gov, n.d.).

Opportunities:

- Scale of projects supported align with scale similar to some CLTs' goals

Strategies:

None identified

COMMONWEALTH OF MASSACHUSETTS

Community Investment Tax Credit (CITC)

CITC supports community development corporations (CDCs) partnering with other entities, including non-profits and public entities. CITC awards tax credits to eligible CDCs, and CDCs are in turn able to offer credits to their donors. The Massachusetts Community Investment Tax Credit (CITC) provided a 50% state tax rebate for donations of at least $1,000 to Chinatown CLT in support of their capital campaign in 2021. Donors could be individuals, corporations, or non-profits, and did not need to be Massachusetts residents. For example, a donor could contribute $5,000 and receive a CITC rebate of 50% ($2,500), making the total out-of-pocket donation $2,500.

Opportunities:

None identified

Source of support: Not applicable

Available amount: Varies

Challenges:

CITC will be available through 2025; requires status as or partnership with a CDC

Strategies:

None identified

CLT that has used this source (in their own city):

- Chinatown CLT

ACQUISITION AND DEVELOPMENT FINANCING AND FUNDING

STATE

Housing Financing Agency (HFA)

Each state has a Housing Financing Agency (HFA), which serves to maintain and increase affordable rental and homeownership opportunities, typically for low- to moderate-income residents(Products Offered by State Housing Finance Agencies, n.d.).

Opportunities:

- Provides borrowing options outside of the traditional lending institution landscape

Source of support: Tax exempt bonds; HUD HOME Investment Partnerships Program; Low-Income Housing Tax Credits

Available amount: Varies

Challenges:

HFAs vary from state to state, so offerings might be plentiful in some CLTs' states and less plentiful in other CLTs' states

Strategies:

None identified

CLT that has used this source (in their own city):

- City of Lakes CLT

As with the municipal sources, this list of state sources for the acquisition and development of affordable housing is not exhaustive. Sources that have not been researched for this report include state support for Gateway Cities, of which Chelsea is one. Additionally, there may be region- or state-focused grantmaking foundations that could be identified and researched for CLT support.

Federal Sources and Opportunities

The United States Department of Housing and Urban Development (HUD) funds a number of state and local sources that may be used for the acquisition and development of affordable housing, as evidenced above. The following is not a comprehensive list of HUD or other federal sources. Rather, it is a list that offers a selection of federal programs that may ultimately provide support at the state or municipal level.

ACQUISITION AND DEVELOPMENT FINANCING AND FUNDING

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOME Investment Partnership Program

Source of support: United States Department of Housing and Urban Development (HUD) funds, delivered through federal block grants to local and state governments

Available amount: Up to $100,000 for a single-family or owner-occupied unit

Funds are provided as loans for rehabilitation to income-eligible single-family homeowners and owner-occupied units in multifamily housing.

Opportunities:

- Supports rehabilitation and maintenance for existing residents in their existing homes

Challenges:

Income-eligibility requirements

Strategies:

None identified

CLTs that have used this source (in their own cities):

- Champlain Housing Trust
- Madison Area Community Land Trust
- Proud Ground

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Self-Help Homeownership Opportunity Program (SHOP)

Many Habitat for Humanity groups use this, because it requires sweat equity (Self-Help Homeownership Opportunity Program (SHOP), n.d.). Proud Ground gets SHOP funding through a local affiliate in Washington. Proud Ground has a "SHOP Lite" program, which only requires homeowners to do 50 hours of work on their own home once they have purchased it.

Source of support: United States Department of Housing and Urban Development (HUD) funds, delivered through grants to regional and national non-profit applicants (Self-Help Home-ownership Opportunity Program (SHOP) 2017).

Available amount: Varies

Opportunities:

Allows those contributing directly to the formation of CLT housing an additional financial benefit

Challenges:

Homeowners must be capable of contributing sweat equity

Strategies:

None identified

Sweat equity: *The creation of value or ownership interest established through actual labor or effort contributed to the development of a building project (What is sweat equity?, n.d.)*

CLT that has used this source (in their own city):

- Proud Ground

These are not representative of all sources available for the acquisition and development of affordable housing at the federal level. Sources that have not been researched for this report include the federal Low-Income Housing Tax Credit (LIHTC) and affordable housing support available through Federal Home Loan Banks (including the Federal Home Loan Bank of Boston, which serves New England).

Additional Challenges

As discussed above and in Chapter 2, financing and funding sources for CLT acquisition and development present several challenges for prioritizing Comunidades Enraizadas' communities of focus. Primarily, affirmative fair housing requirements and randomized resident selection requirements pose barriers for promoting accessibility for local residents and those who have contributed to the development of the CLT. Beyond these limitations, the sources in this chapter pose additional challenges for financing and funding affordable housing acquisition and development.

In many cases, because there is not sufficient funding to meet affordable housing needs, opportunities are competitive, sometimes within a single city.

Application processes for financing and funding also present certain limitations. Some public financing and funding is awarded on a rigid annual cycle — such as municipal Community Preservation Committee funds in Massachusetts municipalities. This may lead CLTs to miss opportunities, especially if they are operating in an opportunistic way and pursuing properties as they become available, rather than planning their acquisitions or other projects over a long-term period. If a CLT's timeline does not align with the timeline of a financing or funding opportunity, the CLT may have to wait another year to pursue the opportunity, or miss out entirely.

On the other end of the spectrum, some opportunities are the opposite of rigid and reliable. Municipal real estate donations, for example, can be an inconsistent and unpredictable source of support.

Finally, some public financing and funding opportunities like CDBG support, and DIF and TIRZ programs, are tied to particular geographic areas, which could exclude CLTs, based on their locations or communities of focus.

Chapter 4

Mortgage and Down Payment Assistance Financing and Funding

Once a CLT has acquired land or existing buildings, and constructed or rehabilitated homeownership units, it then needs to support homebuyers in purchasing those units. To obtain homeownership on a CLT, homebuyers must pay for two primary costs: mortgages and down payments. In exploring what financing and funding sources are available, Comunidades Enraizadas maintains a focus on prioritizing options that will ensure accessibility for very low-income people, immigrants regardless of documentation status, local Chelsea residents, and those who have contributed to the development of the CLT.

As detailed in Chapter 2, obtaining financing and funding for mortgages and down payments presents numerous challenges to ensuring accessibility for Comunidades Enraizadas' communities of focus. Most mortgages are inaccessible for undocumented people, who must instead turn to ITIN mortgages — which are obtained using Individual Taxpayer Identification Numbers (ITINs).

ITINs are issued by the Internal Revenue Service to people who do not have, and are not eligible for, a Social Security Number (SSN). For reasons discussed in Chapter 2, ITIN mortgages have higher interest rates and down payments than conventional mortgages. Furthermore, they often contain income and eligibility criteria that present additional accessibility challenges. Finally, ITIN mortgages provided through the government-sponsored enterprise (GSE) Fannie Mae's CLT mortgage program are not accessible to undocumented people. In turn, CLTs may be required to work with lending institutions that are not familiar with the CLT model. Further, it may be difficult for CLTs to identify a lending institution that is not only willing to offer an ITIN mortgage, but willing to offer an ITIN mortgage to a CLT. Obtaining mortgage financing presents additional barriers for very low-income people, who may have difficulty meeting debt-to-income ratio (DTI) and credit score requirements, in addition to other eligibility criteria.

Securing down payment assistance presents yet another set of challenges for pursuing homeownership opportunities for Comunidades Enraizadas' communities of focus. Public financing and funding sources are a primary source of down payment assistance, just as they are for acquisition and development costs. These programs may include citizenship requirements that prohibit undocumented people from accessing their funds. Additionally, as with mortgages, very low-income people may be prevented from accessing down payment assistance DTI and credit score requirements, in addition to other eligibility criteria.

This chapter outlines potential financing and funding sources for mortgages and down payment assistance. These sources were compiled with a specific focus on sources that are available in Chelsea and Massachusetts, and sources that may provide homeownership opportunities for very low-income homebuyers and immigrants regardless of documentation status. Each source also includes an assessment of the opportunities and challenges that Comunidades

MORTGAGE AND DOWN PAYMENT ASSISTANCE

Enraizadas or other CLTs might anticipate, based on our literature review and interviews. The sources compiled here do not make up an exhaustive list. Instead, they begin to illustrate sources for mortgage and down payment financing and funding that CLTs like Comunidades Enraizadas might utilize. Each source includes a general description, available amount (for down payment assistance), estimated down payment, estimated interest rate, eligible property types, non-citizen application eligibility, and other relevant information gathered from literature reviews and interviews.

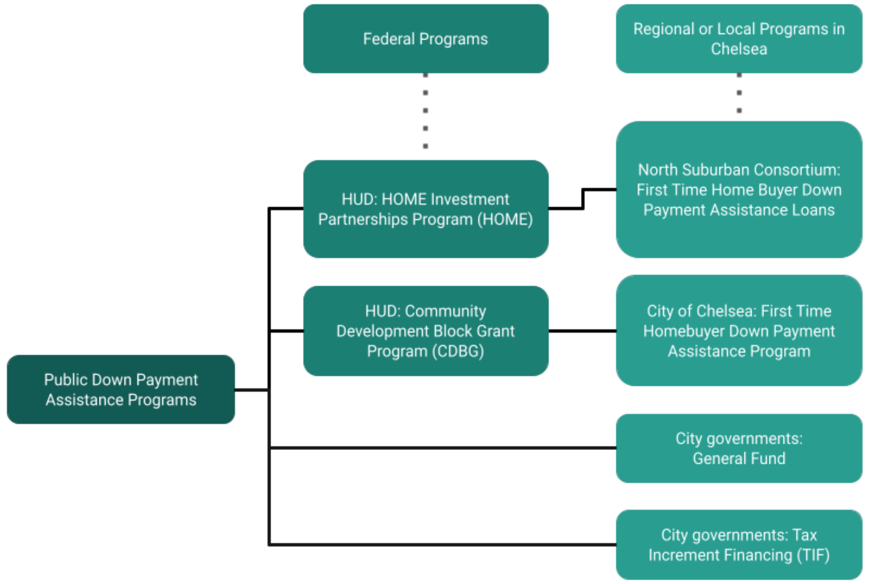

Figure 11. An overview of the Public Down Payment Assistance Program sources.

Down Payment Assistance

Two major sources of down payment assistance are the Department of Housing and Urban Development's (HUD's) HOME Investment Partnership Program (HOME) and HUD's Community Development Block Grant Program (CDBG). These two federal funding sources award funds annually to state and local governments, which then distribute the funds to local non-profit organizations in the form of grants, loans, or other types of credit enhancements to support affordable housing. The funds can be used for funding affordable housing projects including, but not limited to, buying, building, and rehabilitating projects — as well as down payment assistance. Other sources of financing and funding for down payments include the general funds and the tax increment financing programs (TIF) managed by city governments.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant (CDBG) Program

Non-citizen applicant eligibility:

No Section 214 regulatory restrictions on non-citizen eligibility; no federal requirement for non-profit to verify status (Congressional Research Service, 2021). However, state or local programs may be subject to PRWORA and restrict non-citizen eligibility.

The Community Development Block Grant Program (CDBG) provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities. It seeks to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate- income persons. CDBG funds may be used for activities including, but not limited to, acquisition of real estate property, rehabilitation of residential and non-residential structures, construction of public facilities, and property improvement (HUD.GOV, 2022b). Some states, cities, and counties utilize CDBG funds to provide down payment assistance, such as City of Chelsea's First Time Home Buyer Down Payment Assistance Program.

CLTs that have used this source (in their own cities):

- Champlain Housing Trust
- Madison Area Community Land Trust
- Proud Ground

MORTGAGE AND DOWN PAYMENT ASSISTANCE

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOME Investment Partnerships Program (HOME Program)

The federal government authorizes and funds a variety of housing programs through state, local, and quasi-governmental entities for communities to meet their housing needs. The federal HOME Investment Partnerships Program (HOME) provides formula grants to states and localities — often in partnership with local non-profit organizations — to fund building, buying, and/or rehabilitating rental or homeownership affordable housing. It also provides direct rental assistance to low-income people. HOME funds are awarded annually, and the HOME program allows state and local governments to use HOME funds for grants, direct loans, loan guarantees; other forms of credit enhancements; and rental assistance or security deposits (HUD, 2021). Many state and local governments, mostly at a city or county level, utilize HOME funds to provide down payment assistance, such as the North Suburban Consortium's First Time Home Buyer Down Payment Assistance Loans.

Non-citizen applicant eligibility:

No Section 214 regulatory restrictions on non-citizen eligibility; no federal requirement for non-profit to verify status (Congressional Research Service, 2021). However, state or local programs may be subject to PRWORA and restrict non-citizen eligibility.

Additional information:

For more information, please visit the HOME Investment Partnerships Program website.

CLTs that have used this source (in their own cities):

- Champlain Housing Trust
- Madison Area Community Land Trust
- Proud Ground

NORTH SUBURBAN CONSORTIUM

First Time Home Buyer Down Payment Assistance Loans

The North Suburban Consortium (NSC) utilizes HUD's HOME Program funds to offer the First Time Home Buyer (FTHB) Down Payment Assistance (DPA) Loans to income-eligible applicants purchasing a condominium, townhome, or single-family property in one of the eight NSC member communities: Malden, Medford, Arlington, Melrose, Chelsea, Everett, Revere and Winthrop. The NSC's program provides up to $7,500 for non-subsidized units and up to $3,000 for HOME subsidized properties in the form of a no-interest loan which will be forgiven after five years if the borrower remains in residence. If an owner refinances, sells, or no longer resides in the property before the end of the term, they are required to repay a prorated portion of the DPA.

Available amount: Up to $7,500 for non-subsidized units; up to $3,000 for HOME subsidized properties

Interest rates: 0%

Eligible property types:
- Single-family housing
- Condominiums
- Townhomes

Non-citizen applicant eligibility:

At the federal level, the HOME funds have no Section 214 regulatory restrictions on non-citizen eligibility (Congressional Research Service, 2021). However, the NSC FTHB DPA Loans require each applicant and co-applicant to comply with all applicable restrictions on citizenship and legal immigration status pursuant to PRWORA (North Suburban Consortium & Malden Redevelopment Authority, n.d.). Ineligible non-citizens under the PRWORA include DACA recipients, Freely Associated States (FAS) migrants, nonimmigrants, TPS holders, short-term parolees, Asylum applicants, and unauthorized immigrants.

Additional information:

Contact the respective NSC Member Community Representative or call 781-324-5720 x 5729 or x 5730.

Other requirements:
- **Mortgage requirement:** Applicants must obtain a primary fixed interest rate mortgage financing from a lender.
- **Purchase price limits:** The property purchased cannot exceed Purchase Price Limits for existing and new housing. In Chelsea, the Purchase Price Limit for a one-unit housing is $513,000.
- **Education workshop:** Applicants must attend and complete a FTHB counseling workshop.
- **Income limit:** Applicant's combined household income (gross income) must be equal to or less than HUD's 80% Median Family Income (MFI) limits. For instance, the 80% MFI limit of a one-person household is $70,750.
- **Asset limits:** Applicants must not have more than $75,000 in their liquid assets.
- **Credit score:** Applicants must have a minimum or average credit score of 620 for a condominium, townhome, or single-family purchase.
- **Debt-to-Income Ratio (DTI):** Applicants can have a maximum total DTI of 50% for a condominium, townhome, or single-family purchase.
- **Housing-to-Income Ratio (HTI):** Applicants can have a maximum HTI of 35% for a condominium, townhome, or single-family purchase.

MUNICIPAL

General Funds

A city's general funds are used to support community development, parks and recreation, police, fire, public works, and other direct services to the community. The major revenue sources for this fund are taxes, fees, interest earnings, etc. (The City of Ukiah, 2022). Proud Ground CLT has received down payment assistance from its city's general fund.

CLT that has used this source (in their own city):

- Proud Ground

MUNICIPAL

Tax Increment Financing

CLT that has used this source (in their own city):

- Proud Ground
- Houston CLT

Additional information:

For more information, please visit the Massachusetts - Urban Center Housing Tax Increment Financing (UCH-TIF) website.

Tax increment financing is a public financing method. Through the TIF method, cities provide subsidies for community improvement projects, such as redevelopment and infrastructure. Cities anticipate that the subsidy will be repaid with incremental tax receipts as development activity increases (Local Housing Solutions, n.d.). However, it's also understood that housing costs in TIF districts will increase over time and, thus, make housing less affordable. Recognizing the downside of TIF, some cities have created TIFs that are intended to fund affordable housing projects. For example, the Urban Center Housing Tax Increment Financing (UCH-TIF) in Massachusetts, as a statutory program, authorizes cities and towns to promote commercial and residential development in concentrated development areas with TIF that exempt property tax on all increased value, or increment, of the real estate (Urban Center Housing Tax Increment Financing (UCH-TIF) Program, 2018).

MORTGAGE AND DOWN PAYMENT ASSISTANCE

Mortgage Programs

With a focus on homeownership opportunities that are accessible for very low-income people, immigrants regardless of documentation status, and Chelsea residents, this section identifies five types of mortgages and mortgage programs: Individual Tax Identification Number (ITIN) Mortgages, Fannie Mae CLT Mortgages, Freddie Mac CLT Mortgages, FHA Loans from the Federal Housing Administration (FHA), and the ONE Mortgage Program from the Massachusetts Housing Partnership (MHP). In general, ITIN mortgages are viable options for all non-citizen immigrants with an ITIN number. The Fannie Mae CLT Mortgage, Freddie Mac CLT Mortgage, FHA Loans from FHA, and ONE Mortgage Program from MHP are potential options for low- or very low-income people with lawful immigration statuses.

Table 9. Mortgage Programs and Comunidades Enraizadas' Communities of Focus

Program	Which of Comunidades Enraizadas' communities of focus can benefit from the program?
Individual Tax Identification Number Mortgages	All non-citizen immigrants with an ITIN number
Fannie Mae CLT Mortgages	Lawful immigrants with either an SSN or ITIN number; Low-Income People
Freddie Mac CLT Mortgages	Lawful immigrants with either an SSN or ITIN number; Low-Income People
FHA Loans from The Federal Housing Administration (FHA)	Lawful immigrants; Low-Income People
ONE Mortgage Program from the Massachusetts Housing Partnership (MHP)	Lawful immigrants; Low-Income People

MORTGAGE AND DOWN PAYMENT ASSISTANCE

In general, there are seven types of mortgages, which we outline below. These mortgage types are not exclusive from each other. For example, a mortgage could be fixed-rate, unconventional, and non-conforming.

Table 10. Financing and Funding Challenges and Strategies by Community of Focus

Fixed-rate mortgages vs. Adjustable-rate mortgages (ARM)	**Fixed-rate mortgages:** Fixed-rate mortgages are mortgages that have the same interest rate and interest payment throughout the duration of the loan. Fixed-rate mortgages usually last 15, 20, or 30 years. One uncertainty of this type of mortgage is that borrowers may end up paying more in interest over time if interest rates fall (or pay less if interest rates rise). Fixed-rate mortgages are good for buyers that are purchasing or refinancing their forever homes (Kielar, 2022a; Diffen, n.d.).
	Adjustable-rate mortgages (ARM): ARMs are home loans with a fixed initial interest rate and an interest rate that then changes depending on how market rates change. ARMs usually offer a lower initial interest rate than fixed-rate mortgages, but when the interest rates rise, their monthly payments can dramatically increase. ARMs might be more beneficial for those who don't expect to live in a home for the loan's full term (Kielar, 2022a; Diffen, n.d.).
Conventional mortgages vs. Unconventional mortgages	**Conventional mortgages:** Conventional mortgages are the most common type of mortgage. The overall borrowing cost of conventional loans after fees and interest tends to be lower than other types of unconventional loans, and down payments can be as low as 3%. However, this type of mortgage has stricter regulations on credit scores and debt-to-income (DTI) ratios. It usually requires a minimum credit score of 620 and a low DTI. Borrowers also have to pay Private Mortgage Insurance (PMI) if the down payment is less than 20%. Conventional mortgages are usually most beneficial to those with a stable income and strong credit (Kielar, 2022a).
	Government-backed (unconventional) mortgages: Government-backed mortgages are insured by government agencies. When government-approved lenders talk about government-backed loans, they are referring to three-types of loans: Federal Housing Administration (FHA) Loans, Veterans Affairs (VA) Loans for those who meet service requirements in the Armed Forces or National Guard, and United States Department of Agriculture (USDA) Loans for those purchasing a home in a suburban or rural area. Government-backed loans have lower down payments, lower closing costs, and less strict qualification requirements than conventional loans. However, the size of the loan may be limited. Government-backed mortgages may be beneficial for those who do not qualify for conventional loans or who have low cash savings (Kielar, 2022a; Diffen, n.d.).
Conforming mortgages vs. non-conforming mortgages	**Conforming mortgages:** A conforming loan is another type of mortgage that refers to a conventional mortgage that can be purchased by a government-sponsored enterprise (GSE) – either Fannie Mae or Freddie Mac. While all conforming loans are conventional loans, not all conventional loans are conforming loans. Conforming loans are defined by whether they meet the Fannie Mae or Freddie Mac lending criteria. In other words, they are defined by whether they could be purchased by Fannie Mae or Freddie Mac. (By contrast, conventional mortgages are defined by who offers them. Banks, credit unions, and mortgage companies offer conventional loans). Conforming mortgages include any conventional mortgages, fixed-rate mortgages, and adjustable-rate mortgages. GSEs buy loans from lending institutions that meet their guidelines and give lending institutions a constant flow of money so lenders can continue lending. Loans that do not meet the criteria of Fannie Mae or Freddie Mac are called non-conforming loans. Conforming loans usually offer lower interest rates to borrowers with high credit scores. This type of mortgage requires the loan to be below the maximum dollar limit, not to be a federally backed loan, and to meet lender-specific criteria (Kielar, 2022a; Kielar, 2022b; Better, n.d.).
	Non-conforming mortgages: Non-conforming mortgages are mortgages that don't meet the conforming standards. Non-conforming mortgages have less strict guidelines than conforming mortgages. These mortgages usually require a lower credit score and allow borrowers to take out a larger loan or get a mortgage with no down payment. Non-conforming mortgages may even accept a negative item on a credit report. Most nonconforming loans are government-backed loans or jumbo loans (Kielar, 2022a).
Jumbo mortgages	**Jumbo mortgages:** Jumbo mortgages are usually used to buy a high-value property. Jumbo loan interest rates are usually similar to conforming interest rates and can be borrowed more for a more expensive home. However, Jumbo mortgages are difficult to qualify for, and require a large down payment. Jumbo mortgages are good options for those who need a loan larger than $548,250, and who have high credit scores and low DTI ratios (Kielar, 2022a).

Individual Tax Identification Number (ITIN) Mortgages

ITINs are issued by the Internal Revenue Service to people who do not have, and are not eligible for, a Social Security Number (SSN). ITINs are designed to allow people to file tax returns and payments, but they can also be used to obtain what are called “ITIN mortgages” (“Individual Taxpayer Identification Number,” 2022). Some ITIN mortgages are only available to permanent residents and people who have the legal right to work and live in the United States with a visa. However, some lending institutions offer ITIN mortgages that are available to undocumented immigrants. ITIN mortgages are more restrictive than conventional mortgages, with higher down payment requirements (15-20% vs. 3-20%) and interest rates (7-8% vs.4-5.5%). Furthermore, not all banks offer ITIN mortgages (Gogol, 2022; “ITIN Home Loans,” 2022).

Estimated down payment: 7%-8%, depending on the financing agency

Estimated interest rates: 0%

Non-citizen borrower eligibility:

ITIN mortgages can be issued to immigrants regardless of their immigration status, as long as individuals have an ITIN number

Lending institutions:

- Sunrise Bank in Minnesota
- First Bank in Colorado
- Habitat for Humanity of Metro Denver in Colorado
- Consolidated Community Credit Union in Oregon

CLTs that have used this source (in their own cities):

- Tierra Colectiva GES
- Proud Ground
- Here to Stay CLT

Freddie Mac CLT Mortgage

Besides Freddie Mac’s Home Possible mortgage program, Freddie Mac also works with CLTs. Through Freddie Mac’s CLT mortgages, borrowers would be able to access low down payment mortgage products allowing higher loan-to-value ratios.

Non-citizen borrower eligibility:

Any non-U.S. citizens who are lawfully in the U.S., including permanent and non-permanent resident aliens, are eligible for a mortgage on the same terms as a U.S. citizen; non-U.S. citizens who have no lawful residency status in the United States are not eligible for sale to Freddie Mac (Freddie Mac, 2016).

Eligible property types: 1-unit, primary residence that is not a manufactured home; the leasehold estate created by the CLT Ground Lease must constitute real property under applicable law

Additional information:

For more information, please visit the Massachusetts - Urban Center Housing Tax Increment Financing (UCH-TIF) website.

Other requirements:

- Eligible borrowers need to satisfy the eligibility criteria set up by the CLT in the ground lease
- **Mortgage:** Eligible loan transaction types include first mortgages secured by CLT properties that are either purchase or refinance transactions.
- **Ground lease requirements**
    - Have a term of at least 30 years
    - The resale restrictions in the ground lease must terminate automatically on foreclosure
    - Provide the CLT or its assignee the right of first refusal
    - State that the CLT must review and approve any refinances and home equity lines of credit

MORTGAGE AND DOWN PAYMENT ASSISTANCE

Fannie Mae CLT Mortgage

Besides the HomeReady mortgage program Fannie Mae offers, Fannie Mae also works with CLTs to provide affordable mortgage financing options. As stated on the Fannie Mae website, "Fannie Mae purchases or securitizes first mortgage loans secured by a leasehold estate on property owned by a community land trust and the improvements on the property as long as the property is acceptable as security for the mortgage" (Fannie Mae, 2022b).

Eligible property types: All loans secured by one- and two-unit principal residence CLT properties are eligible for purchase by Fannie Mae.

- Cooperative projects are ineligible
- Manufactured homes subject to a CLT are also ineligible unless they are located in a Fannie Mae-approved condo or PUD project. See B4-2.2-06, Project Eligibility Review Service (PERS).

Non-citizen applicant eligibility:

Fannie Mae purchases and securitizes mortgages to non-citizens who are lawful permanent or non-permanent residents of the United States under the same terms available to U.S. citizens; borrowers are considered legally present if they have a SSN or ITIN and have documentation showing their legal immigration status. Borrowers who are legally present also need to meet all other applicable underwriting and eligibility requirements (Fannie Mae, 2021).

CLTs that have used this source (in their own cities):

- Tierra Colectiva GES
- Proud Ground
- Here to Stay CLT

Other requirements:

- Eligible borrowers need to satisfy the eligibility criteria set up by the community land trust in the ground lease. Lending institutions must ensure that the CLT has approved a refinance transaction and that the refinance amount complies with the provisions of the lessee's ground lease.
- **Income limits:** HomeReady income limits apply if those are more restrictive than the ones a CLT sets up. Otherwise, the income limits set up by the CLT apply.
- **Mortgage:** Eligible loan transaction types include first mortgages secured by CLT properties that are either purchase or refinance transactions; adjustable-rate mortgages with an initial fixed period of less than five years are not eligible.
- Ground lease requirements
- The term of the ground lease must extend for at least five years beyond the maturity date of the loan.
- The resale restrictions in the ground lease must terminate automatically on foreclosure.
- The borrower must not be in default under any other provisions of the ground lease, nor may the ground lessor have claimed such a default.

The Two Government-Sponsored Enterprises (GSE): Fannie Mae & Freddie Mac
Similarities
Both are federally sponsored home mortgage companies created by the United States Congress to provide liquidity, stability, and affordability to the mortgage market. Both Fannie Mae and Freddie Mac buy mortgages from lenders and either hold these mortgages in their portfolios or package the loans into mortgage-backed securities (MBS) that may be sold. Lenders use the cash raised by selling mortgages to the enterprises to engage in further lending. By packaging mortgages into MBS and guaranteeing the timely payment of principal and interest on the underlying mortgages, Fannie Mae and Freddie Mac attract secondary mortgage market investors who might not otherwise invest in mortgages, thereby expanding the pool of funds available for housing. This makes the secondary mortgage market more liquid and helps lower the interest rates paid by homeowners and other mortgage borrowers (FHFA, n.d.).

The Two Government-Sponsored Enterprises (GSE): Fannie Mae & Freddie Mac
Differences
The key difference between Fannie Mae and Freddie Mac is where they purchase mortgages. Fannie Mae purchases mortgages from larger commercial banks, and Freddie Mac purchases mortgages from smaller banks. The two GSEs also have different histories: Fannie Mae was created in 1939 to address the lack of affordable housing during the Great Depression, and Freddie Mac was created much later in 1970 under the Emergency Home Finance Act to expand the secondary mortgage market in order to reduce interest rate risks for banks. Given that Fannie Mae and Freddie Mac were created with different purposes, the two GSEs have different approval guidelines, lending requirements, etc. (Dehan, 2022).

FEDERAL HOUSING AGENCY (FHA) AT THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

FHA Loans

The Federal Housing Administration (FHA), under the Department of Housing and Urban Development (HUD), manages FHA Loans. The FHA doesn't lend money to people; it insures mortgage loans from FHA-approved lenders against default, so it is easier for people to qualify and allows lenders to offer lower interest rates (USA.GOV, n.d.; Araj, 2022). The FHA loans also offer lower closing costs, and homebuyers with a bankruptcy or other financial issues in their history can still apply (Araj, 2022).

Non-citizen borrower eligibility:

There is no statute or regulations addressing non-citizen eligibility for FHA-insured single-family mortgages. However, the FHA's Single-Family Housing Policy Handbook states that only lawful permanent resident aliens ("green-card" holders) and "non-permanent resident aliens" are eligible to receive FHA-insured single-family mortgages. According to the Congressional Research Service (2021), "non-U.S. Citizens without lawful residency in the U.S. are not eligible."

Estimated down payment:
- Around 3.5% with a credit score above 580, or
- Around 10% with a credit score between 500 -579 (Araj, 2022)

Estimated interest rates:
- 30-year fixed: 5.25%
- 15-year fixed: 5.125% (U.S. Bank, 2022)

Eligible property types: Single-family homes

Other requirements:

- **Home loan limit:** The price of the home must be within the FHA home loan limit. In Chelsea, the loan limits are: One-Family: $770,500; Two-Family: $986,400; Three-Family: $1,192,300; and Four-Family: $1,481,750 (HUD, 2022).
- **Lender requirement:** FTHBs must qualify with an FHA-approved lender, and Metro Credit Union is the only FHA-approved lender for mortgage programs in Chelsea.
- **First time home buyer (FTHB) requirement:** Borrowers must be first time homebuyers (FTHBs).
- **Credit score:** Minimum credit score of 500
- **Debt-to-Income Ratio (DTI):** Borrowers must have a debt-to-income ratio (DTI) of no more than 50% (Araj, 2022)
- **Employment history:** Borrowers must have a steady employment history (Araj, 2022)

MORTGAGE AND DOWN PAYMENT ASSISTANCE

MASSACHUSETTS HOUSING PARTNERSHIP (MHP)

ONE Mortgage Program

This One Mortgage Program offers a below-market interest rate and a low down payment without requiring private mortgage insurance (Cambridge CDD 344 Broadway, n.d.). A portion of the interest costs for eligible borrowers and loan loss reserve payments are paid by public funds, to which the Commonwealth of Massachusetts, acting through the Department of Housing and Community Development (DHCD) and the Massachusetts Housing Partnership (MHP),

Non-citizen borrower eligibility:

Information is not available online; need to contact MHP

Other requirements:

- **Lender requirement:** Borrowers must meet ONE Lender's credit and requirements.
- **First time home buyer (FTHB) requirement:** Borrowers must be FTHBs.
- **Household income limit:** Borrowers must meet the household income limits, which vary by community and the number of people in the household. For borrowers in the Greater Boston Area, income must be equal to or less than 100% AMI.
- **Credit score:** Borrowers must have a minimum credit score of at least 640 to buy a single family home or condo, and at least 660 to buy a two- or three- family home.
- Pre-purchase counseling workshop: Borrowers must take approved pre- and post- purchase homebuyer classes.
- Assets limits: Borrowers must have less than $75,000 in household liquid assets, excluding retirement accounts.

Estimated down payment:
- 3% for a condominium, single-family home, and two-family home
- 5% for a three-family home

Estimated interest rates:
- 30-year fixed-rate
- need to contact MHP for exact rate

Eligible property types:
- single-family homes
- condominiums
- two- and three- family homes

Chapter 5

Recommendations

After compiling our research findings, we would like to highlight some of the strategies that excited us most as possibilities for achieving Comunidades Enraizadas' financing and funding goals. Our recommendations fall into four overarching categories: (1) general, (2) acquisition and development financing and funding, (3) mortgage and down payment financing and funding, and (4) possible future projects. We see many worthwhile directions future action and research could take, to build upon the platform we have established in this report.

General

Comunidades Enraizadas could foster relationships with CLTs facing similar challenges and pursuing relevant strategies to address them. We have highlighted a number of these CLTs in this report who have valuable insight about how to leverage financing and funding options while ensuring accessibility for communities of focus.

- **Acquisition and Development Financing and Funding:** Chinatown CLT is currently exploring numerous strategies to address the barriers posed by the marketing and resident selection criteria required by the City of Boston's Affirmative Fair Housing Marketing program. Other CLTs have suggested that developing relationships with city and state allies can be helpful for accessing public funds while maintaining accessibility for communities of focus.

- **Mortgages and Down Payment Financing and Funding:** Proud Ground has not yet closed on an ITIN mortgage, but has done illuminating research on challenges for accessing this kind of loan. Here to Stay CLT is invested in prioritizing homeownership opportunities for undocumented immigrants, and is also pursuing an ITIN mortgage. As Here to Stay CLT moves forward, its path will probably shed light on challenges Comunidades Enraizadas might anticipate, and offer potential strategies. Tierra Colectiva has successfully addressed many of the challenges presented by ITIN mortgages — including developing relationships with lending institutions that can provide more accessible options — and can likely provide even more insight than we have presented in this report. Local CLTs in the Greater Boston Area may also be able to support advocacy and education with lending institutions, and make it easier for Comunidades Enraizadas to access ITIN mortgages.

Comunidades Enraizadas could explore private and alternative forms of financing and funding. There are many compelling private and alternative financing and funding systems that could help Comunidades Enraizadas ensure accessibility for its communities of focus. These include shared funding systems across CLT networks, crowdfunding, inter-community financing, and community investment funds (See Appendix B). These sources may include fewer restrictions than those afforded by typical public and lending institutions.

Acquisition and Development Financing and Funding

These recommendations highlight possible strategies to address the challenge of navigating public financing and funding marketing and resident selection requirements, while prioritizing local residents and those who have contributed to the development of the CLT.

Use 'local preference' provisions for state financing and funding and municipal financing and funding. Marketing and resident selection requirements are especially restrictive for state-level financing and funding in Massachusetts. However, Comunidades Enraizadas may be able to leverage the state's 'local preference' provision, which would allow it to reserve a percentage of state-subsidized housing units for different preference groups. It is worth noting, however, that the allowable preference groups do not necessarily align with Comunidades Enraizadas' communities of focus (Affirmative Fair Housing, 2013; "Our Mission," 2017; "Home," 2022). By contrast, municipal-level financing and funding in Chelsea could allow Comunidades Enraizadas to employ more flexible local preference for up to 100% of units (City of Chelsea, personal communication, May 13, 2022). In turn, municipal-level financing and funding is well positioned to facilitate Comunidades Enraizadas' goals.

Work with marketing and resident selection requirements. The CLTs we spoke with highlighted some strategies for supporting accessibility for communities of focus if marketing and resident selection requirements are in place. Where permissible by law, Comunidades Enraizadas could make an effort to advertise available units to its communities of focus, so that its homeowner applicant pool better reflects the groups it is interested in serving. During marketing and resident selection processes, Comunidades Enraizadas could also conduct education and advocacy to ensure communities of focus check their emails and receive available opportunities.

Explore pathways that do not trigger marketing and resident selection requirements. Projects with particular criteria, for instance, may be exempt from these requirements. One CLT we spoke with is looking into whether a limited equity cooperative (LEC) — a cooperative housing model in which multiple households collectively own multiple dwelling units — might be exempt from local-level marketing and resident selection requirements (Ehlenz, 2014). In one city, homes financed through local financing and funding sources are subject to marketing and resident selection requirements when they are sold for the first time. Upon the home's resale, however, they are not subject to the same restrictions. A Community Benefits Agreement (CBA) — a contract between a developer and community-based organizations — may also provide CLT financing and funding without restrictions ("Community Benefits," 2022). In either case, this could mean that Comunidades Enraizadas could more easily ensure accessibility for its communities of focus. Additionally, some CLTs suggest that relationships with city and state allies can support accessibility for communities of focus.

Advocate for local and state policies. It may be valuable for Comunidades Enraizadas to advocate for policies that allow public financing and funding to be used for projects that offer preference to existing neighborhood residents, or other communities of focus. The City of Boston's "Diversity Preference Policy (aka Pilot Displacement Preference)" is one example. However, this policy still involves some restrictions that prevent open access for communities of focus (City

of Boston, n.d.). East Harlem/El Barrio CLT and Sacramento CLT also point to the potential of a state or local CLT acquisition fund that could be accessed for CLTs like Comunidades Enraizadas.

Foster relationships with lending institutions and city allies. Some CLTs suggest that relationships with city and state allies can support their pursuit of ensuring accessibility for communities of focus. Such relationships allow CLTs to explain their models and missions, and highlight how they differ from regular affordable housing non-profits. Houston CLT and East Harlem/El Barrio CLT both make sure they have strong relationships with city workers and officials; and both get a sizable portion of their budget from public sources.

Mortgage and Down Payment Financing and Funding

These recommendations highlight possible strategies to address the challenge of financing mortgages for immigrants regardless of documentation status.

Foster relationships with lending institutions. Developing strong relationships with lending institutions, and the people who work there, has helped CLTs address many of the challenges associated with ITIN mortgages discussed in this report. Relationships have opened up opportunities to obtain ITIN loans for undocumented homebuyers, reduced down payment and interest rate costs, and made it possible to count informal income when a lending institution evaluates mortgage eligibility. Winter Hill Bank, which already has a relationship with Somerville CLT, may be a local lending institution worth contacting.

- For lending institutions that are not familiar with the CLT model, the Fannie Mae ground lease rider may be a useful example of what a CLT-lending institution relationship could look like. However, while this rider makes mortgage loans seem safer for the lending institution, it may threaten the CLT's goal to maintain permanent affordability (Stein, 2010).

Explore the possibility of accessing ITIN mortgages through Habitat for Humanity and other CDFIs. Habitat for Humanity of Metro Denver (Habitat) has been an invaluable partner for Tierra Colectiva. Habitat, as a Community Development Financial Institutions (CDFI), is able to offer Tierra Colectiva ITIN mortgages with more accessible down payment and interest rate requirements. It can also work with homebuyer applicants who do not meet traditional lending institutions' eligibility criteria, including those who have no credit. Other chapters of Habitat, and other kinds of Community Development Financial Institutions (CDFIs), may be valuable lending partners for CLTs seeking ITIN mortgages. As specialized organizations that provide financial services and loans to low-income communities, CDFIs could be especially well positioned for this task ("CDFI Certification," n.d.). Credit unions may also be promising entities from which Comunidades Enraizadas could access ITIN mortgages.

Share ITIN mortgage eligibility information to prepare prospective homebuyers. While eligibility criteria may vary depending on the lending institution, we know that some lending institutions require homebuyer applicants to have an ITIN that has been actively used for at least two years. Additionally, our research has suggested that having proof of income, in whatever way possible, can make a significant difference for homebuyer applicants who are on the fringes of mortgage eligibility.

Possible Future Projects

Furthering research. Developing this report elicited several new questions, which we offer as a starting point for future researchers of this subject.

This report focuses particularly on two challenges Comunidades Enraizadas might anticipate encountering while ensuring accessibility for its communities of focus: (1) the challenge of navigating public financing and funding marketing and resident selection requirements while prioritizing local residents and those who have contributed to the development of the CLT; and (2) the challenge of financing mortgages for immigrants regardless of documentation status. We hope this report has offered a survey of these challenges, and potential strategies to confront them. We recommend deepening understanding of this landscape, especially the areas that are most relevant for Comunidades Enraizadas.

For future research, we recommend looking into the following research question: What additional challenges do financing and funding sources for acquisition, development, mortgages, and down payment assistance present for ensuring accessibility for very low-income people, immigrants regardless of documentation status, local residents, and those who have contributed to the development of a CLT? See Tables 4 through 7 for an outline of the challenges we have and have not yet identified, indexed by types of funding and Comunidades Enraizadas' specific communities of focus.

Challenges we have not yet identified include ensuring accesibility for:

- Very-low income people while using public financing/funding sources for acquisition and development
- Immigrants regardless of documentation status while using public financing/funding sources for acquisition and development
- Local residents while using public financing and funding sources for down payment assistance
- Local residents while using mortgage financing sources
- People who have contributed to the CLT's development while using public financing and funding sources for down payment assistance
- People who have contributed to the CLT's development while using mortgage financing sources

Create educational materials for prospective homebuyers, lending institutions, and public officials. Many of the CLTs we spoke with emphasized how important it is to educate CLT homebuyers, lending institutions, and public officials on how a CLT works, what value it brings, and what financing and funding challenges it faces. These resources can be indispensable for developing relationships across stakeholders, which can facilitate and open up strategies for addressing the many financing and funding challenges we detail in this report.

Chapter 6

Conclusion

This report outlines opportunities, challenges, and strategies to financing and funding Comunidades Enraizadas Community Land Trust as it seeks to provide homeownership opportunities that promote accessibility for very low-income people, immigrants regardless of documentation status, local Chelsea residents, and those who have contributed to the development of the CLT. We offer particular attention to the challenge of financing mortgages for immigrants regardless of documentation status, and the challenge of navigating public financing and funding resident selection processes while prioritizing local residents and people who have contributed to the development of the CLT. Throughout, we provide insight from 13 interviews with CLT practitioners, which allow us to specify the scope of these challenges and illustrate potential strategies to address them.

These findings offer an illuminating portrait of the ways existing financing and funding infrastructures limit the ability of CLTs to foster community control of housing and land. In the name of anti-discrimination interests, existing public financing and funding structures can actually threaten Comunidades Enraizadas' vision of antidisplacement for its population of historically and currently discriminated-against Latinx immigrants. Further, the current mortgage financing landscape offers inadequate opportunities for undocumented homebuyers, and presents even more challenges to CLTs seeking to support homeownership for undocumented people.

And yet, amidst these barriers, CLTs across the country are employing numerous strategies to advance their missions and ensure accessibility for their communities of focus. CLTs are developing relationships with lending institutions, city and state decision makers, and organizational partners; working with prospective homebuyers to strategically navigate public funding and mortgage requirements; advocating for state and local policies; learning about public financing and funding pathways that provide more accessible options; and pursuing private and alternative sources of money.

Perhaps most importantly, CLTs are accumulating knowledge on financing and funding challenges and strategies to confront them. As this landscape becomes clearer, it will be easier for CLT practitioners and advocates to collaborate, share strategies, and advocate to change these significant financing and funding barriers to community control. We envision a future where financing and funding for affordable housing can support the CLT mission to steward housing and land for the purpose of meeting community needs; rather than standing in its way. We hope this report can contribute.

Glossary

Closing Costs: Closing costs are paid at the close of a real estate transaction and may include the home inspection, realtor and attorney fees, title search, pest inspection, appraisal, home warranty, and loan origination fees (MassHousing, n.d.).

Credit Union: A credit union is a financial institution that can provide mortgages but operates like a non-profit organization (Sharkey, 2022).

Debt-to-Income Ratio (DTI): The Debt-to-Income Ratio can be calculated by dividing monthly debt payments (such as credit card and car payments) by monthly income before taxes (Araj, 2022).

Deferred Loans: Deferred loans are second mortgages with deferred payments that only have to be paid when a person moves, sells their property, or refinances their property (Warden, 2022).

First Time Homebuyer (FTHB): A first time homebuyer is an individual who, with his or her spouse if married, has not owned any other principal residence for three years prior to the date of purchase of the new principal residence for which credit is being claimed (IRS, 2010).

Forgivable Loans: Forgivable loans are second mortgages that are forgiven over a set number of years (often five, but maybe up to 15 or 20). These only need to be repaid if a person moves, sells their property, or refinances their property too early (Warden, 2022).

Grants: Grants are gifted funds that never have to be repaid (Warden, 2022).

Home Equity: Home equity is the difference between a home's current market value and the remaining mortgage payments the homebuyer owes (Kagan, 2021).

Loan: A loan is provided from a creditor/lender to a debtor/borrower. The borrower pays back the principal (the amount of money initially borrowed/loaned) with additional interest. Loans are usually repaid through monthly installments, and the duration of a loan is usually pre-determined (Diffen, n.d.).

Loan-to-Value (LTV) Ratio: The Loan-to-Value Ratio can be estimated by dividing the current loan balance by the current appraised value (Bank of America, n.d.).

Mortgage Underwriting: Mortgage underwriting is the process by which a lending institution evaluates how risky it would be for it to lend a mortgage to a homebuyer applicant. The underwriting process includes an evaluation of the mortgage amount, the market value of the home, as well as applicant assets, credit history, employment history, income, credit, etc. In general, a lending institution uses underwriting to understand the likelihood that an applicant will be able to pay back their loan (Beginner's Guide, 2022).

(First) Mortgage: Mortgages are secured loans that are used for purchasing or maintaining a home, land, or another form of real estate. Secured loans are loans that are backed by collateral (financial assets a person owns, like a home). This arrangement protects the creditors/mortgagees, such that in an event when a debtor repeatedly misses mortgage payments, their home may be foreclosed upon (Diffen, n.d.).

Private Mortgage Insurance (PMI): Borrowers who provide a down payment of less than 20% are required to purchase PMI to protect their ability to keep making mortgage payments. PMI is usually bundled with monthly mortgage payments (Diffen, n.d.).

Second Mortgage: A second mortgage is a loan that is taken out against home equity — which is the difference between the home's current market value and the remaining mortgage payments a homebuyer owes. Second mortgages must be repaid over a specified term and must be paid off before a homebuyer can take on another mortgage against their home equity (Kagan, 2021).

Appendix A. Interview Questions

Measure	Measure Operationalized	Source of Data
Affordable Housing CLT Strategies	• What financing and funding sources does your CLT use? • How did your CLT decide to use those financing and funding sources? • What challenges and limitations are presented by these financing and funding sources? • What challenges and limitations do these financing and funding sources pose for providing housing for undocumented residents, very low-income residents, local residents, and/or people who have devoted time to the development of the CLT? • What workthroughs have you employed? • What local policies have facilitated accessing financing and funding sources for your CLT? • What local policies would help your CLT to access financing and funding sources? • Are you aware of any other CLTs that work with undocumented residents — especially those with a focus on homeownership?	• CLT Practitioners (especially those working with undocumented residents)
Traditional (Local, State, and Federal) Financing and Funding Sources	• What local, state, and federal financing and funding sources are available for CLTs in Chelsea/Massachusetts? • What are common limitations and constraints CLTs face accessing local, state and federal financing and funding? • What limitations do local, state, and federal financing and funding sources pose for providing housing for undocumented residents, very low-income residents, Chelsea residents, and/or people who have devoted time to the development of the CLT? • What are potential workthroughs to these challenges?	• CLT/Affordable Housing Practitioners • Immigration/Housing Policy Experts
Homeownership Financing and Funding Sources	• What mortgage financing sources are available for CLT residents in Chelsea/Massachusetts? • What are common limitations and constraints CLT residents face accessing mortgages? • What limitations might undocumented residents, very low-income residents, Chelsea residents, and/or people who have devoted time to the development of the CLT face in accessing mortgages? • What are potential workthroughs to these challenges?	• CLT/Affordable Housing Practitioners • Immigration/Housing Policy Experts
Private Financing and Funding Sources	• What private sources of financing and funding are available for CLTs in Chelsea/Massachusetts? • What are common limitations and constraints CLTs face accessing private financing and funding? • What limitations do private financing and funding sources pose for providing housing for undocumented residents, very low-income residents, Chelsea residents and/or people who have devoted time to the development of the CLT? • What are potential workthroughs to these challenges? • Are you aware of immigrant- and/or low-income friendly lending institutions or funding sources for the Boston area?	• CLT/Affordable Housing Practitioners • Immigration/Housing Policy Experts
Creative or Alternative Financing and Funding	• What creative or alternative sources of financing and funding are available for CLTs in Chelsea/Massachusetts? • What are common limitations and constraints CLTs face accessing alternative sources of financing and funding? • How might these be used in place of or as supplements to traditional public/private financing and funding strategies? • What kinds of partnerships have CLTs developed to access financing and funding sources, including partnerships with private developers? • How have these partnerships enabled CLTs to access financing and funding sources? • How would partnerships support or present challenges to Comunidades Enraizadas as it aspires to provide housing for undocumented residents, very low-income residents, Chelsea residents, and/or people who have devoted time to the development of the CLT? • What limitations do alternative financing and funding sources pose for providing housing for undocumented residents, very low-income residents, Chelsea residents, and/or people who have devoted time to the development of the CLT?	• CLT/Affordable Housing Practitioners • Immigration/Housing Policy Experts

Appendix B.

Alternative Strategies and Municipal Policies

Alternative Strategies

Diversify Income Sources: East Harlem/El Barrio's Cooper Sq. property has about 20 storefronts being rented out at market rate or slightly lower which helps subsidize their housing units into even deeper affordability.

Shared fundraising across CLT networks: In Sacramento, the Sacramento CLT mentioned utilizing the California CLT Network to connect with developers, financers, legislators, and other resources. Other CLT experts (including those from East Harlem/El Barrio CLT and Somerville CLT) mention that it would be helpful for different CLT networks to do underwriting for financing — the process in which a lender evaluates a homebuyer applicant's eligibility for a loan, based on their financial history, income, credit, etc.

State or city-level CLT acquisition fund: East Harlem/El Barrio CLT and Sacramento CLT suggested that CLTs would strongly benefit from using money pooled together in a state or city-level CLT acquisition fund that would focus specifically on bringing new properties into the CLTs.

Intercommunity financing: City of Lakes and MACLT mentioned inter-community financing methods (informal or formal like the African Development Center) working for interest-adverse communities. This specifically includes Islamic communities. They have shown trust in these systems working among community members as an alternative option of getting loans rather than through other forms.

Crowdfunding: Houston CLT and Somerville CLT shared successful stories of homes bought through crowdfunding, such as the Freedman's Town Conservancy or 1463 Dorchester Avenue property in Dorchester. In this way, there are no strings attached to who in a community may benefit from the money or property.

Organizational Dues: An annual contribution of membership dues can help an organization raise a bit of money. Sacramento CLT has a membership of 100-120 members who give dues and donations.

Community Investment Funds: Somerville CLT presented the value of Community Investment Funds. The basic idea of this is that the local residents where a housing CLT is located put small change money into a fund and receive a 1-2% dividend on their small investment. This puts emphasis on the idea of slow/patient capital that prioritizes community need and getting some cash while at it.

Land Donations: Some CLTs spoke about receiving donations of peoples' homes. Somerville CLT has identified three people who want to donate their homes to the CLT in the future.

Municipal Policies

Tiered Public Land Decision-Making: East Harlem/El Barrio CLT presented the potential of a tiered public land decision-making process. This is a policy for cities to agree not to give away public lands to for-profit developers, or at least non mission-based organizations. Rather, prioritizing a tiered method in who public land should be given away to. For example, first going to CLTs in the neighborhood, next to community non-profits or co-ops, then community development organizations, next small business, and finally larger for-profit developers.

CLT Taxing: Houston CLT mentioned the value of CLT Taxing. This is policy for cities to allow CLT homes to be taxed on the purchase price. This would be whatever the buyer purchases the home for, not just for a market rate price since taxes can add to the unaffordability of a home over time.

Re-evaluation of asset eligibility requirements: Houston CLT mentioned that they found long-term asset maximum limits were restrictive on who was allowed to buy a home with them. An example of this may include seniors who have $100,000 in a 401K, but do not have enough to retire with this money and buy a home.

Right-to-return: Somerville CLT highlighted the value of right-to-return policies. This would be a policy for cities to make local jurisdiction that allows CLTs to accommodate folks who have been displaced. This policy would provide CLTs to prioritize displaced residents of an area.

Private Funding

- Foundations
- Capital Campaigns Social Investment Funds
- GoFundMe Investing
- Suing the First Luxury Developer that Came to Chinatown
- Private Financial Institutions (JP Morgan Chase, Wells Fargo, Winter Hill Bank)
- Individual donors

Appendix C.

Federal Housing Program Restrictions for Non-Citizens

Two primary laws directly address non-citizen eligibility for federal housing programs: (1) Section 214 of the Housing and Community Development Act of 1980 and (2) Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-192). Section 214 directly applies to federal rental assistance and homeownership programs administered by the Department of Housing and Urban Development (HUD) and the Department of Agriculture (USDA). The law makes most categories of non-citizens and immigrants eligible for housing assistance, while excluding undocumented immigrants and those with temporary status (e.g., tourists and students). PRWORA makes all non-citizens, except qualified aliens, eligible for housing assistance.

Non-citizen eligibility for housing assistance varies by immigration status. Thus individuals need to determine if they are eligible according to the immigration categories listed as follows (Congressional Research Service, 2021):

1. **Cuban-Haitian Entrants** and **certain abused spouses and children**
2. **Deferred Action for Childhood Arrivals (DACA):** unauthorized childhood arrivals who have been granted renewable two-year protection from removal
3. **Freely Associated States (FAS) migrants:** citizens of the Marshall Islands, Micronesia, or Palau; they are permitted to stay in the U.S. indefinitely under the terms signed between those nations and the U.S.
4. **Lawful permanent residents (LPRs):** often referred to as "green card holders," permitted to live in the U.S. permanently
5. **Nonimmigrants:** visitors; personnel admitted to stay in the U.S. on a temporary basis for a specific reason, such as tourists, students, diplomats, etc.
6. **Parolees:** aliens granted permission to remain temporarily in the U.S. for public benefit and humanitarian reasons.
7. **Refugees and asylees:** persons fleeing their countries because of persecution; they are permitted to stay in the U.S. indefinitely and may apply to become LPRs after one year in the U.S. under these statuses

8. **Temporary Protected Status (TPS):** persons who are granted temporary relief from removal because of extraordinary circumstances in their home country, such as natural disasters and armed conflict that prevent safe return

9. **Unauthorized immigrants:** often referred to as undocumented immigrants

10. **Victims of Trafficking:** victims of trafficking and their families can stay in the U.S. for up to four years under their T nonimmigrant visa; they may apply to become LPRs after three years

11. **Withholding of removal:** withholding of removal provides protection from removal

After determining which category the immigrants belong to, we need to know which housing programs have implemented Section 214 or PRWORA restrictions.

	Section 214	PRWORA
Eligible categories of non-citizens, or qualified aliens	• LPRs • Refugees and asylees • Parolees • Withholding of removal • Freely Associated States (FAS) migrants	• LPRs • Refugees and asylees • Parolees > 1 year • Withholding of removal • Cuban-Haitian entrants (P.L. 105-33) • Certain abused spouses and children (P.L. 104-208)
Ineligible categories of non-citizens	• DACA recipients • Nonimmigrants • TPS holders • Unauthorized immigrants	• DACA recipients • Freely Associated States (FAS) migrants • Nonimmigrants • TPS holders • Short-term parolees • Asylum applicants • Unauthorized immigrants
Applicable housing programs	• HUD's Public Housing program - local PHAs • HUD's Housing Choice Vouchers - local PHAs • HUD's Section 8 project-based rental assistance program • USDA's Section 521 rental assistance, Section 542 voucher, and Section 502 and Section 504 single-family direct loan and grant programs • USDA's Rural Rental Housing Programs	PRWORA does not specify further than "public or assisted housing … or any similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States;" thus, it has been left to agency guidance to determine which programs are fall under this category (Congressional Research Service, 2021).
Not-applicable housing programs (eligible to immigrants regardless of their immigration status)	• Some HUD's rental assistance programs under the Section 202 and Section 811 • HUD's Community Development Block Grant (CDBG) program • HUD's HOME Investment Partnerships program	The extent to which PRWORA restrictions on non-citizen eligibility apply to HUD programs not covered by Section 214 is unclear. However, if these programs trigger PRWORA restrictions, non-profit charitable organizations are not required to verify immigration status under PRWORA.

References

70 CMR-47:00 Non-Discrimination, Equal Opportunity, and Affirmative Furtherance of Fair Housing Regulations Governing Recipients of Department of Housing and Community Development - mass.gov. (2017). https://www.mass.gov/doc/760-cmr-47-non-discrimination-equal-opportunity-and-affirmative-furtherance-of-fair-housing/download

About the Gateway Cities. MassINC. (n.d.) https://massinc.org/our-work/policy-center/gateway-cities/about-the-gateway-cities/

About MassHousing. (n.d.). https://www.masshousing.com/en/about

About Us. MassDevelopment. (n.d.). Retrieved May 18, 2022, from https://www.massdevelopment.com/who-we-are/about-us/

Affirmative Fair Housing Marketing and Resident Selection Plan Guidelines. (2013). Department of Housing and Community Development. https://www.mass.gov/doc/ma-fair-housing-marketing-and-resident-selection-plan-guidelines-1/download

Affirmatively Furthering Fair Housing. (n.d.). U.S. Department of Housing and Urban Development. https://www.hud.gov/AFFH

Affordable Housing Trust Fund. (n.d.). City of Chelsea Massachusetts. https://www.chelseama.gov/affordable-housing-trust-fund

Araj, V. (2021). HomeReady And Home Possible Income Limits: Do You Qualify for These Loans? Rocket Mortgage. https://www.rocketmortgage.com/learn/homeready

Araj, V. (2022). FHA Loans: Requirements, Loan Limits And Rates. Rocket Mortgage. https://www.rocketmortgage.com/learn/fha-loan

Ballinger, B. (2022). Conventional loan rates and requirements for 2022. https://themortgagereports.com/21489/how-to-buy-a-home-conventional-loan-mortgage-rates-guidelines

Bank of America. (n.d.). How to calculate home equity and loan-to-value (LTV). https://www.bankofamerica.com/mortgage/learn/how-to-calculate-home-equity/

Beginner's guide to the mortgage underwriting process. (2022). Chase. https://www.chase.com/personal/mortgage/education/financing-a-home/mortgage-underwriting-process

Better. (n.d.). Is a conventional loan the same thing as a conforming loan? https://better.com/faq/conventional-loans-faqs/is-a-conventional-loan-the-same-thing-as-a-conforming-loan

Block grant. (n.d.). Retrieved May 18, 2022, from https://recovery.fema.gov/glossary/BlockGrant

Boston College. (n.d.). Chelsea. Global Boston. https://globalboston.bc.edu/index.php/home/immigrant-places/chelsea/

Building the Foundational Units for Tierra Colectiva, a Community Land Trust and Anti-Displacement Effort in the Globeville Elyria and Swansea (GES) Neighborhoods. (2022). The Colorado Health Foundation. https://coloradohealth.org/grantmaking/building-foundational-units-tierra-colectiva-community-land-trust-and-anti-displacement

Cambridge CDD. (Community Development Department) 344 Broadway (n.d.). Affordable Mortgage Products. https://www.cambridgema.gov/CDD/housing/forhomebuyers/mortgageproducts

CDFI Certification. (n.d.). U.S. Department of the Treasury Community Development Financial Institutions Fund. https://www.cdfifund.gov/programs-training/certification/cdfi

Chelsea Community Preservation Committee. (2021). *Guidance for FY 2022 - DRAFT*. https://www.chelseama.gov/sites/g/files/vyhlif396/f/pages/community_preservation_plan_-_fy22_guidelines_draft.pdf

City of Boston. (n.d.). Diversity Preservation Policy (aka Pilot Displacement Preference). http://www.bostonplans.org/getattachment/6b9d0f4d-46da-404a-9994-2c45b2e6d4b5

City of Chelsea. (n.d.). Community Preservation Committee | City of Chelsea MA. https://www.chelseama.gov/community-preservation-committee.

City of Chelsea. (n.d). First Time Homebuyer Down Payment Assistance Program. https://www.chelseama.gov/sites/g/files/vyhlif396/f/pages/application-_down_payment_assistance-first_time_home_buyer_program.pdf

City of Chelsea. (2017). Housing Rehab Brochure. https://www.chelseama.gov/sites/g/files/vyhlif396/f/uploads/housing_rehab_brochure_4-14-17.pdf.

City of Chelsea. (2017b). Comprehensive Housing Analysis and Strategic Plan. https://www.chelseama.gov/sites/g/files/vyhlif396/f/uploads/chelsea_housing_strategy_volume_1_final_final_final.pdf

City of Ukiah. (2022). Major Funds: General Funds. https://stories.opengov.com/ukiahca/published/yD_LvgbyV

Commonwealth of Massachusetts. (n.d.). Low Income Housing Tax Credit (LIHTC) | Mass.gov. https://www.mass.gov/service-details/low-income-housing-tax-credit-lihtc

Community Benefits Agreements Toolkit. (2022). Local Initiatives Support Corporation. https://www.lisc.org/our-resources/resource/community-benefits-agreements-toolkit/

Community Development Block Grant Program. HUD.gov / U.S. Department of Housing and Urban Development (HUD). (n.d.). https://www.hud.gov/program_offices/comm_planning/cdbg

Community Land Trusts. (2022). Grounded Solutions Network. https://groundedsolutions.org/strengthening-neighborhoods/community-land-trusts

Community Preservation Coalition. (n.d.). CPA: An Overview | Community Preservation Coalition. https://www.communitypreservation.org/about.

Comunidades Enraizadas Coop. (n.d.). Home [Facebook page]. Facebook. https://www.facebook.com/cooperativadechelseama/

Congressional Research Service. (2021). Non-citizen Eligibility for Federal Housing Programs. https://crsreports.congress.gov/product/pdf/R/R46462

Davis, J.E. (2008). Key Features of the "Classic" Community Land Trust. Burlington Associates in Community Development LLC. https://www.burlingtonassociates.com/files/5213/4461/1878/7-Key_Characteristics_of_CLTs_Rationale_and_Variations.pdf

Davis, J.E. (2007). Starting a Community Land Trust. Burlington Associates in Community Development LLC. https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/tool-7-funding.pdf

Dehan, A. (2022). Fannie Mae Vs Freddie Mac: What's The Difference? Rocket Mortgage. https://www.rocketmortgage.com/learn/fannie-mae-vs-freddie-mac

Del Rio, D. (2010). Mortgage Lending and Foreclosures in Immigrant Communities: Expanding Fair Housing and Fair Lending Opportunity Among Low Income and Undocumented Immigrants. New Economy Project. https://www.neweconomynyc.org/resource/immigrant-financial-justice-reports/

Department of Housing and Community Development. (2017). 760 CMR 47: Non-Discrimination, Equal Opportunity, and Affirmative Furtherance of Fair Housing Regulations Governing Recipients of Department of Housing and Community Development Financial Assistance. https://www.mass.gov/doc/760-cmr-47-non-discrimination-equal-opportunity-and-affirmative-furtherance-of-fair-housing/download

Diffen. (n.d.). Loan vs. Mortgage. https://www.diffen.com/difference/Loan_vs_Mortgage#Secured_vs_Unsecured_Loans

Down Payment Assistance-First Time Home Buyer Program. (n.d.). City of Chelsea Massachusetts. https://www.chelseama.gov/FTHB

Down Payment Fund. (2021). Own It. https://ownitbbw.com/down-payment-fund/

Duty To Serve. (2022). Grounded Solutions Network. https://groundedsolutions.org/duty-serve

EB PREC. (2018). 2018—2020 Membership at EB PREC (East Bay Permanent Real Estate Cooperative). https://www.youtube.com/watch?v=srkytTUOc7o

Ehlenz, M. M. (2014). Community Land Trusts And Limited Equity Cooperatives: A Marriage Of Affordable Homeownership Models? Lincoln Institute of Land Policy. https://www.jstor.org/stable/resrep18469.3

Fannie Mae. (2021). Non-Citizen Borrower Eligibility. https://singlefamily.fanniemae.com/media/7181/display

Fannie Mae. (2022a). Area Median Income Lookup Tool. https://ami-lookup-tool.fanniemae.com/amilookuptool/

Fannie Mae. (2022b). Selling Guide. https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B5-Unique-Eligibility-Underwriting-Considerations/Chapter-B5-5-Community-Seconds-Land-Trusts/Section-B5-5-1-Community-Seconds-and-Community-Land-Trusts/1032996701/B5-5-1-04-Community-Land-Trusts-12-16-2020.htm

Financing v. Funding: There is a difference. (2022). Vermont Bond Bank. https://www.vtbondbank.org/resource/financing-v-funding-there-difference

Freddie Mac. (2016). Permanent and nonpermanent resident aliens. https://guide.freddiemac.com/app/guide/section/5103.2

Freddie Mac. (2021). Community Land Trust (CLT) Mortgages. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/clt_fact_sheet_final_noqr.pdf

Freddie Mac. (2022a). Home Possible Income and Property Eligibility Tool. https://sf.freddiemac.com/working-with-us/affordable-lending/home-possible-eligibility-map

Freddie Mac. (2022b). Community Land Trust (CLT) Mortgages. https://sf.freddiemac.com/working-with-us/origination-underwriting/mortgage-products/community-land-trust-clt-mortgages

Federal Housing Financing Agency. (n.d.). Fannie Mae And Freddie Mac. https://www.fhfa.gov/about-fannie-mae-freddie-mac

Gogol, F. (2022). Can an Illegal Immigrant Buy a House? Stilt Blog. https://www.stilt.com/blog/2018/08/can-illegal-immigrants-buy-house/

Home. (2022). Mass Access Housing Registry. https://www.massaccesshousingregistry.org/

Housing and Community Development. Mass.gov. (n.d.). https://www.mass.gov/orgs/housing-and-community-development

Housing Rehabilitation Program (CDBG). (n.d.). City of Chelsea Massachusetts. https://www.chelseama.gov/housing-and-community-development-department/pages/housing-rehabilitation-program-cdbg

How Does Securitization Affect Mortgage Servicing? (n.d.). Urban Institute. https://www.urban.org/policy-centers/housing-finance-policy-center/projects/mortgage-servicing-collaborative/help-me-understand-mortgage-servicing/how-does-securitization-affect-mortgage-servicing

HUD.GOV. (2021). HOME Investment Partnerships Program. https://www.hud.gov/program_offices/comm_planning/home

HUD.GOV. (2022a). FHA Mortgage Limits. https://entp.hud.gov/idapp/html/hicostlook.cfm

HUD.GOV. (2022b). Community Development Block Grant Program. https://www.hud.gov/program_offices/comm_planning/cdbg

I Know I Can. (2017). Save Smart. https://iknowican.org/wp-content/uploads/2016/12/2017-Info-Sheet.pdf

Introduction. (n.d.). Ecovillagers Alliance. https://www.ecovillagers.org/intro

IRS. (2021). Tax Credits for Home Buyers. IRS Media Relations Office. https://www.irs.gov/pub/irs-news/fs-10-06.pdf

IRS. (2022). Individual Taxpayer Identification Number. https://www.irs.gov/individuals/individual-taxpayer-identification-number

ITIN Home Loans. (2022). Cardinal Mortgage Corp. https://www.cardinalconnect.com/itin-home-mortgage-loans/

JM Goldson community preservation + planning. (2020). *City of Chelsea Community Preservation Plan FY2021 - 2025.* https://www.chelseama.gov/sites/g/files/vyhlif396/f/uploads/fy_2021_chelsea_cp_plan_-_final_0.pdf

Kagan, J. (2021). Second Mortgage. Investopedia. https://www.investopedia.com/terms/s/secondmortgage.asp

Kielar, H. (2022a). 7 Types of Home Loans for All Home Buyers. Rocket Mortgage. https://www.rocketmortgage.com/learn/types-of-mortgages#x1

Kielar, H. (2022b). What is A Conforming Loan And How Does It Work? Quicken Loans. https://www.quickenloans.com/learn/what-is-a-conforming-loan

Legal Information Institute. (n.d.). Donation. Legal Information Institute. https://www.law.cornell.edu/wex/donation

Local Housing Solutions. (n.d.). Tax increment financing. https://localhousingsolutions.org/housing-policy-library/tax-increment-financing/

Massachusetts Affordable Housing Trust Fund Guidelines. (n.d.). https://www.mass.gov/files/documents/2016/07/wm/ahtfguide.pdf

Massachusetts Archives. NCSHA. (n.d.). https://www.ncsha.org/states/massachusetts/

MassHousing. (n.d.) Is a MassHousing Mortgage right for you? https://www.masshousing.com/en/home-ownership/homebuyers/income-limits

MassHousing. (2019). Bond Financing. https://www.massdevelopment.com/assets/what-we-offer/brochures/bondfinancing_brochure.pdf

Massachusetts Housing Partnership. (2021). 2021 Income Limits. https://www.mhp.net/writable/resources/documents/one__income_limits.pdf

Metropolitan Council. (June 24, 2019). Community Land Trust 101 [Video]. YouTube. https://youtu.be/mxE4tjFK0PI

McConnell, E. D., & Marcelli, E. A. (2007). Buying into the American Dream? Mexican Immigrants, Legal Status, and Homeownership in Los Angeles County. Social Science Quarterly, 88(1), 199–221.

MHP. (2020). ONE Mortgage Program Guidelines. https://www.mhp.net/writable/resources/documents/one_mortgage_program_guidelines.pdf

North Suburban Consortium. North Suburban Consortium | Malden Redevelopment Authority. (n.d.). https://www.maldenredevelopment.com/content/north-suburban-consortium

North Suburban Consortium & Malden Redevelopment Authority. (n.d.). First Time Homebuyer Down Payment Assistance Loan Program: Application Checklist. https://www.maldenredevelopment.com/sites/default/files/dpa_fact_sheet_checklist_and_application_income_limits_20210601.pdf

Our Mission. (2017). Mass Affordable Housing. https://mahahome.org/Our-Mission

Pfeiffer, D., Wong, K., Ong, P., & De La Cruz-Viesca, M. (2017). Ethnically bounded homeownership: Qualitative insights on Los Angeles immigrant homeowners' experiences during the U.S. Great Recession. Housing Studies, 32(3), 319–335. https://doi.org/10.1080/02673037.2016.1208159

RKG Associates, Inc., Goldson, J., Ambrosino, T. G., & Barrett Planning Group LLC. (2017). City of Chelsea Comprehensive Housing Analysis and Strategic Plan. City of Chelsea.

Sharkey, S. (2022). Primary Mortgage Market: Defined And Explained. Rocket Mortgage. https://www.rocketmortgage.com/learn/primary-mortgage-market

Shatan, N. & Williams, O. R. (2020). A Guide to Transformative Land Strategies: Lessons from the Field. MIT (Massachusetts Institute of Technology) Community Innovators Lab.

Stein, S. (2010). Wake Up Fannie, I Think I Got Something to Say to You: Financing Community Land Trust Homebuyers Without Stripping Affordability Provisions. Emory Law Journal, 60(1), 209.

Tax Foundation. (n.d.). What is a tax credit? Tax Foundation. https://taxfoundation.org/tax-basics/tax-credit/

The cost of affordable housing: Does it pencil out? (n.d.). Urban Institute. https://apps.urban.org/features/cost-of-affordable-housing/

The LISC Institute. (n.d.). New Communities and Community Land Trusts in Movements for Black Lives, Land and Liberation. https://www.lisc.org/our-resources/resource/new-communities-and-community-land-trusts-movements-black-lives-land-and-liberation/

Types of Funding. (2022). Housing Toolbox for Massachusetts Communities. https://www.housingtoolbox.org/financing-and-funding/basics

United States Census Bureau. (2020). U.S. Census Bureau Quickfacts: Chelsea City, Massachusetts. United States Census Bureau. https://www.census.gov/quickfacts/chelseacitymassachusetts

Urban Center Housing Tax Increment Financing (UCH-TIF) Program, 760 CMR 58.00 M.G.L. c. 40, § 60 (2018). https://www.mass.gov/doc/760-cmr-58-urban-center-housing-tax-increment-financing-uch-tif-program/download

U.S. Bank. (2022). Competitive FHA loan rates. https://www.usbank.com/home-loans/mortgage/fha-mortgages.html

USA.GOV. (2022). Help Buying a New Home. https://www.usa.gov/buying-home#item-212877

U.S. Department of Housing and Urban Development. (n.d.) Loans. https://www.hud.gov/buying/loans

Warden, P. (2022). Down payment assistance programs in every state for 2022. The Mortgage Report. https://themortgagereports.com/33553/complete-guide-to-down-payment-assistance-in-the-usa

Wells Fargo. (n.d.). What is a Good Debt-to-Income Ratio? https://www.wellsfargo.com/goals-credit/smarter-credit/credit-101/debt-to-income-ratio/understanding-dti/

What is a Grant? - Grant Professionals Association. (n.d.). https://grantprofessionals.org/page/what-is-a-grant

What is sweat equity? Habitat for Humanity. (n.d.). https://www.habitat.org/stories/what-is-sweat-equity

White, K. (Ed.). (2011). Community Land Trust Technical Manual. Grounded Solutions. https://groundedsolutions.org/tools-for-success/resource-library/community-land-trust-technical-manual

Williams, O. (2019). Are We Diluting the Mission of Community Land Trusts? Shelterforce. https://shelterforce.org/2019/08/30/are-we-diluting-the-mission-of-community-land-trusts/