

# Ferncliff Village: A Community Land Trust Project

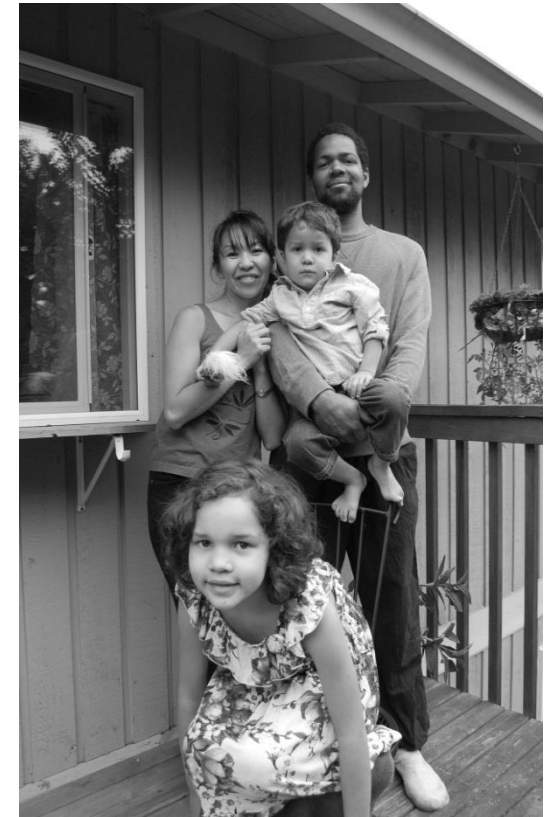


# HRB: History and Programs

- ° Since 1989, HRB's mission is to preserve the diversity and vitality of Bainbridge Island by providing and maintaining affordable housing opportunities in the community.

What we do:

- Affordable Rental Housing
- HomeOwnership Housing & Programs
- HomeShare Program
- Independent Living Program
- Rental Assistance Programs



# Housing on Bainbridge Island

- It's expensive!!

- ❖ Bainbridge is a beautiful, desirable place to live.
- ❖ Wages have not kept up with the cost of housing.
- ❖ This makes it hard for working families or retirees to buy a home.



HRB helps to bridge that gap and can help to make owning a home affordable on Bainbridge Island.



# How Do We Do That?

- We separate the ownership of the land from the ownership of the house.
  - ❖ The homebuyer buys only the house, but leases the land under it from HRB for \$50 per month.
  - ❖ Leases are 99 year renewable ground leases (so forever or for as long as the owner wants to own the home).

This type of homeownership is called Community Land Trust.

Ferncliff Village is a Community Land Trust neighborhood.

# Ferncliff Village

## Overview

- ❖ Located on 6.2 acres on Curtis Loop NE (off of Ferncliff Ave about ¼ mile north of ferry)
- ❖ Phase 1 – 24 single family homes (completed in Fall 2013)
- ❖ Phase 2 – 16 townhomes (completed in Fall 2016)
- ❖ 2 and 3 bedroom floor plans
- ❖ All homes meet WA State Evergreen Standards





# Ferncliff Village

## Benefits of ownership

- ❖ Stable monthly mortgage payments that are affordable to you
- ❖ Opportunity to build equity in your home.
- ❖ Tax benefits
- ❖ Long term security
- ❖ Support from HRB after closing
- ❖ A home to call your own



# Owning at Ferncliff Village vs. Conventional Homeownership

- ❖ Homes must be owner occupied and cannot be rented for profit.
- ❖ Price upon selling is based on the resale formula, not the market rate
- ❖ Home must be sold to another owner based on income and other requirements of the HRB



# Ferncliff Village:

## Eligibility - Factors

### ➤ Income

Your household income must be less than\*:

1 Person	\$43,200
2 Persons	\$49,400
3 Persons	\$55,550
4 Persons	\$61,700
5 Persons	\$66,650
6 Persons	\$71,600

We have some homes available for those with higher incomes. Please see eligibility requirements for more details.

\*Based on 2017 Area Median Income for Kitsap County. Changes yearly

### ➤ Employment (or other income)

You must have proof of steady employment or income for at least 2 years in order to secure a mortgage loan. This includes wages, social security, pension, disability.



# Ferncliff Village:

## Eligibility - Factors

### ➤ Debt

Monthly Housing Costs can be no more than 35% of your monthly income.

Housing Costs are:

- Monthly Principle and Interest on your mortgage loan (P&I)
- Monthly property taxes and insurance (T&I)
- Ground Lease Fee (\$50 per month)
- Repair Reserves (\$50 per month –estimated)
- Ferncliff Village Association fees (\$25 per month - currently)

Total Debt can be no more than 40% of your monthly income.

- This is your housing costs, plus
- Other debt (car payments, student loans, credit cards, etc..)

### ➤ Assets

Net Assets after home purchase cannot exceed \$300,000. Assets include savings, savings in retirement plans, land, mobile homes, recreational vehicles, boats, art collections, or similar items.



# Ferncliff Village:

## Ground Lease Overview

- The Ground Lease is a legal document that you and HRB will sign at Closing.

It is recorded along with the deed and promissory note and defines the ongoing relationship between you and HRB.

- The Lease is a 99 year renewable ground lease.
- It allows you to leave your home to your heirs.
- It defines the ground lease and repair reserve payments.
- It defines the resale formula.
- It defines the process to follow if/when you decide to sell your home in the future.
- It defines who is a qualified buyer for your home.
- The owner agrees to pay property taxes, insurance, and to maintain the home to protect the community's investment

# Ferncliff Village:

## Repair Reserves Overview

- Repair Reserves is money that you save each month that will go toward large home maintenance items needed in the future.

Repair Reserves for Ferncliff Village are approx \$50 per month. This will help to offset the cost of:

- Repair and Replacement of the Roof (approx every 30 years)
- Painting and Maintenance of Siding (approx every 7-10 years)
- Replacement of Windows and Doors (approx every 20+ years)

Repair Reserves stay with the home when the owner sells it, allowing each owner to “pay for what they used” and not burdening a new owner with full replacement of these big ticket items.

Repairs Reserves are paid to HRB each month and held for your home.

Other home maintenance is the responsibility of the owner.

# Ferncliff Village:

## Resale Formula

Sales price is based on the initial sales price plus 1.5% compounded annually.



Example: Ferncliff home is sold after 10 years.

Initial purchase of home - \$200,000

Resale Price (assuming 1.5% compounded annually) - \$232,000

Estimated profit to owner (after all loans and closing costs paid) - \$30,000

\*appreciation is not guaranteed



# Ferncliff Village: Governance

The Ferncliff Village Association (FVA):

- Is the homeowner's association that enforces the CC&R's for Ferncliff Village.
- maintains the common areas in the Ferncliff Village neighborhood.
- FVA consists of a board of directors and committees that are made up of homeowners and supported by HRB.
- CC&Rs are available for review.



## More about HRB:

### Governance

- ° HRB is governed by a Board of Directors, made of 2 parts:

**Owner and Renter Representatives** –  
*nominated by other owners or renters*

**Community Representatives** - *folks in the community who are appointed by others on the board. These members come from a wide variety of backgrounds.*

This structure gives everyone in the community, including owners and renters, a voice and an active role in the work of the HRB.





# Ferncliff Village: Stewardship

CLT homes are affordable forever:

- ✓ If the house is sold – it goes to another low or moderate income person.
- ✓ The CLT owner has agreed to limit the profit they will make on the sale of the home to insure that it is affordable to the next buyer
- ✓ CLTs do not need additional subsidies each time the house resells; the affordability is built into the 99 year renewable ground lease.

*This is what CLT means: you agree to pass on the same benefits you received to the next buyer.*

*HRB's role is to steward the land in the CLT for the Bainbridge Island Community.*

# Ferncliff Village: Stewardship

The homeowner has an ongoing role too:

- Participation in the Homeowner's association
- Serve on the HBR board or board committees
- Volunteer at Ferncliff Village (landscaping, etc..)
- Maintain the home inside and out for themselves and for the future



# Community Land Trusts (CLT): Is a CLT House Right for You?

A CLT builds a community, as well as housing.

The CLT requires you to work with your neighbors and HRB in many areas. For example:

- Neighborhood Governance
- Caring for Common Spaces

Does this appeal to you?



# Community Land Trusts (CLT):

Just a thought..

“The first man who, having fenced in a piece of land, said “This is mine,” and found people naïve enough to believe him, that man was the true founder of civil society.

From how many crimes, wars, and murders, from how many horrors and misfortunes might not any one have saved mankind, by pulling up the stakes, or filling up the ditch and crying to his fellows:

Beware of listening to this impostor; you are undone if you once forget that the fruits of the earth belong to us all, and the earth itself to nobody.”



Jean-Jacques Rousseau, Discourse on Inequality, 1754