

Providing permanently affordable housing in Northwestern Vermont

SHARED EQUITY HOMEOWNERSHIP



CHAMPLAIN
HOUSING TRUST



CHT FAST FACTS

- Serving Northwest Vermont
- From Homelessness to Homeownership
- 100 employees, 98.7 FTE
- \$13 million budget manages about \$100M in partnerships, loans and capital activity
- \$316M Assets under management
- 5,000 residents
- 6,000 members
- 2,850 affordable homes:
 - 2,350 affordable rentals
 - 606 shared equity homes
- 160,000 sq. ft. of commercial and non-profit facilities



CHT offers long-term land leases to single family homeowners or establishes covenants for condominium owners, and controls the resale of the home or condo through terms to assure continued and permanent affordability.

Key Features

- Price is restricted at resale
- CHT has the first option to purchase at resale
- Limited to low and moderate income households
- House must be owner occupied
- At resale the home is offered to another income eligible household
- Affordability is preserved through a ground lease for single family homes and through a deed restriction covenant for condos

Benefits to Homeowner

- Housing Security
- Increased Affordability
- Can be inherited
- Ongoing support and stewardship
- Stepping stone to market
- No PMI payments, no realtor commission, and typical tax benefits.



Tradeoffs for Homeowner

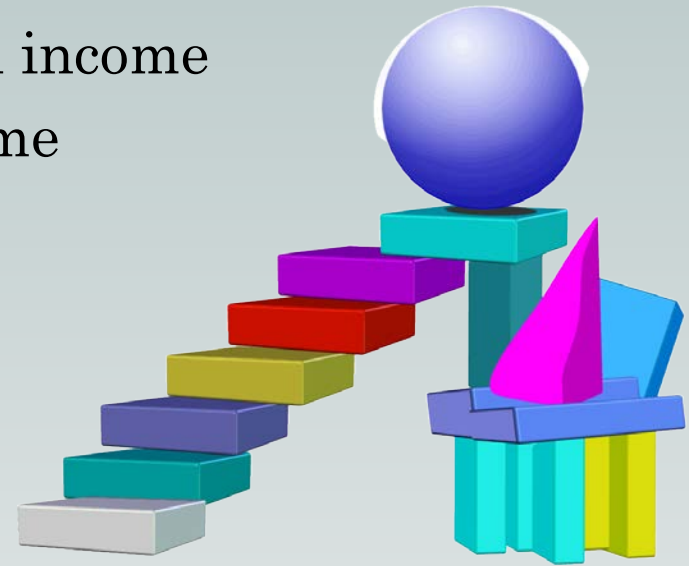
- CHT has exclusive option to purchase
- Seller receives 25% of the market appreciation in home
- Home must be sold to an income-eligible household
- Must live in the property

Homeowner Still Builds Equity

- Market Appreciation – SEP program limits to 25%
- Paying Down Mortgage – SEP owners get 100%
- Improvements to the Property – SEP owners get 100%

Over CHT's 35+ year history, for all 1,000+ households:

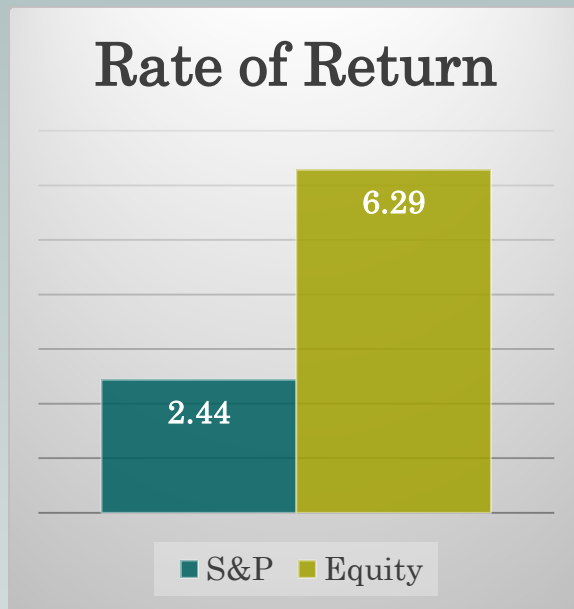
- 75% earned less than 80% of median income
- 28% earned less than 60% of median income
- Average Income 69% of median income



Some More Numbers

- Average household size – 2.33
 - ▣ 39% 1 Person; 25% 2 Person; 36% 3+ people
- 11% of owners are non-Caucasian
- 54% are younger than 40 years; 39% are younger than 35
- 27% of Households were led by a single parent
- Most Common Professions:
 - ▣ Teacher/Daycare Provider
 - ▣ Healthcare worker
 - ▣ Office Administration

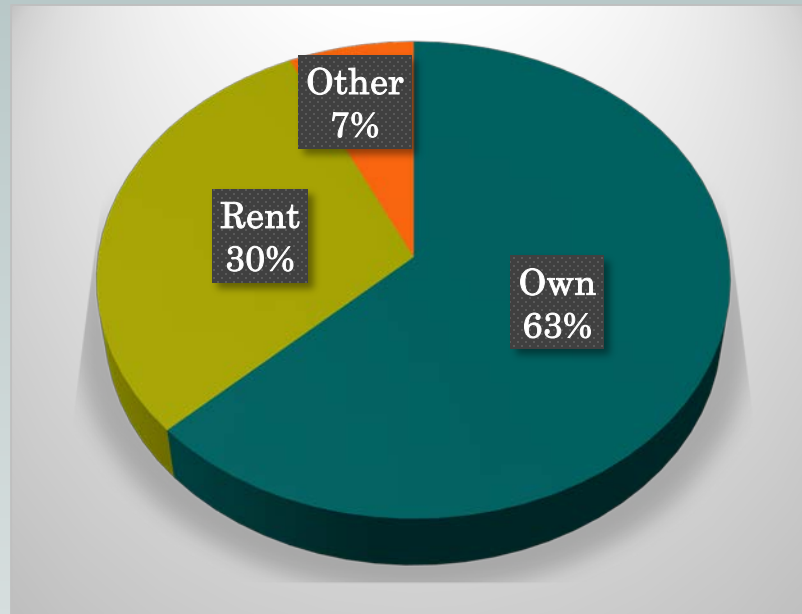
Build Wealth for CHT Homeowners



- When reselling, the average CHT homeowner got back his/her initial investment and walked away with a wealth gain of **\$6,763**
- Homeowners got a 2.5 times bigger return than if they had invested in the S&P for the same timeframe.
- Also save on monthly housing costs

Mobility for CHT Homeowners

When homeowners sell where do they go?



Shared Equity Program – Pricing at Resale

Step 1 – Determine Seller's Price

Calculate Amount of Appreciation

Current Value	\$228,000
Original Value	<u>\$200,000</u>
Appreciation	\$ 28,000

Calculate Seller's Share of Appreciation

Total Appreciation	\$ 28,000
Seller's Share	<u>25%</u>
Appreciation	\$ 7,000

Calculate Seller's Price

Seller's Original Net Price	\$160,000
Seller's Share of Appreciation	<u>\$ 7,000</u>
Seller's Price	\$167,000

Shared Equity Program – Pricing at Resale

Step 2 – Determine CHT Resale Development Fee

CHT Aim is to take fee equal to 6% of Appraised Value

Current Value	\$228,000
CHT “Commission”	<u>6%</u>
CHT Fee	\$ 13,000

Step 3 – Determine Buyer’s Net Price

Seller’s Price	\$167,000
CHT Fee	<u>\$ 13,000</u>
Buyer’s Net Price	\$180,000

Step 4 – Calculate New CHT Investment

Buyer’s Gross (Equals Current Value)	\$228,000
Buyer’s Net Price	<u>\$180,000</u>
CHT Investment	\$ 48,000

	Shared Equity Program	Open Market
Annual Income	\$48,000	\$48,000
Available for Housing (35%)	1,400	1,400
Non Mortgage Expenses		
Property Taxes	245	350
Home Insurance	50	50
CHT Monthly Fee	35	0
Private Mortgage Insurance	0	75
Amount Available for Mortgage	1,070	925
Amount of Mortgage at 4.5%	211,176	182,559
Investment from CHT	44,000	0
Down Payment Needed	0	9,608
Purchase Price of Home	255,176	192,167
Closing Costs	6,000	4,800
Cash Needed to Buy (Closing costs + DP)	6,000	14,408

Comparison of Equity and Savings

	Shared Equity Program	Open Market
Monthly Payment	\$ 1,141	\$ 1,488
Total Savings after 7 years	\$ 29,148	\$ 0
Sales Price	\$ 167,000	\$ 228,000
Mortgage Balance at Sale	<u>\$ 139,240</u>	<u>\$ 174,000</u>
Total Equity In Home	\$ 27,760	\$ 54,000
Real Estate Commission	\$ 0	\$ 13,680
Equity + Savings – Commission	\$ 56,908	\$ 40,320

History and Services

If I buy with the CHT, what can I sell my home for?

Shared Equity Program Informational Meeting

Date: _____

Contact Information:

Champlain Housing Trust
David Ellsworth-Keller
Jaclyn Marcotte
Evan Girard

Main Line: 862-6244
Direct Line: 861-7337
Direct Line: 861-7338
Direct Line: 861-7341

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david@getahome.org
jmarcotte@getahome.org
egirard@getahome.org

Frequently Asked Questions

Eligibility Criteria

Shared Equity Homeownership through CHT

Attend the Shared Equity Program Informational Meeting ☒

Complete the Shared Equity Program Application ☐

Meet income and asset eligibility requirements ☐

Attend the Homebuyer Education Workshop ☐

Attend one-on-one counseling with a CHT counselor ☐

Not have ownership in another primary residence ☐

Shared Equity Program Homeownership Application

Application Instructions

Homebuyer Education

2015 WORKSHOP DATES: (Pre-registration required)

This application is required in order to thank you for taking the time to fill out order to have a fair and consistent pricing funding sources. **Incomplete applications** submitted.

On page 3 is a list of required supporting documents for your review.

Please use another sheet of paper for your review.

If you need help filling out this application or jmarcotte@getahome.org.

Return Application to:

The processing of your application and application has been submitted. Consider eligible or you will successfully purchase.

Once your application has been reviewed, you are eligible for a CHT purchase and.

DATE	TIME	DAY	LOCATION*
September 10th	9:00am - 4:30pm	Saturday	Burlington
October 10th	9:00am - 4:30pm	Saturday	St. Albans
November 7th	9:00am - 4:30pm	Saturday	Burlington
December 5th	9:00am - 4:30pm	Saturday	St. Albans

*Unless otherwise indicated, workshops are NOT held at Champlain Housing Trust offices in either Burlington or St. Albans. You will receive the exact location of the workshop in your registration confirmation email or letter.

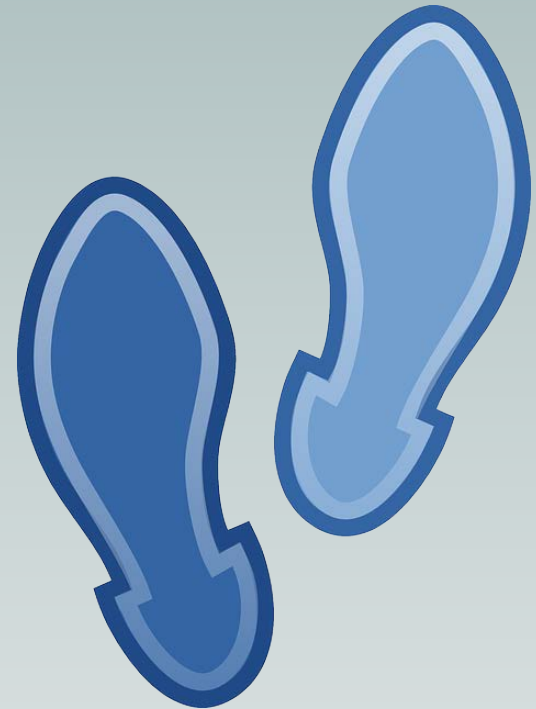
For additional information or to download a workshop registration application visit www.getahome.org or to have a registration form mailed to you contact: Nate by email at nabover@getahome.org or by calling TOLL FREE 877.274.7431.

How Does it Work from a Buyer's Perspective:

- Fill out an application
- Take homebuyer education class
- Get a pre-approval from lender
- Shop for a home!

Where do I shop?

- Resales
- Conversions
- New Construction
- Buyer Driven



Revenues

Grants	\$	173,000
Gain on Sale	\$	125,000
Development Fees	\$	282,000
Fees	\$	222,000
	\$	802,000

Expenses

Personnel	\$	351,000
Overhead/Admin	\$	163,000
Consultants	\$	60,000
Other	\$	50,000
	\$	624,000

Net Income \$ 178,000

Gain on Sale

Sale of property	\$	4,400,000
Total Cost of Property Sold	\$	3,405,800
Additional Grant	\$	869,200
	\$	125,000

Shared Equity Fees

Lease Fees	\$	102,000
Condo Membership Fee	\$	72,000
Refinance Processing Fee	\$	1,350
Transaction Fee	\$	46,000
	\$	221,350

- We charge a \$5,900 development fee for each new property that we bring into the portfolio.
- For resales we aim to earn an **average of 6%** of the appraised value of the homes across all of the sales.
 - ▣ We take small or no fee when properties haven't appreciated and much larger ones when they go up significantly
- Every year we set a goal for Gain on Sale. If we do better than that all of the overage goes to a Stewardship Fund.
- We charge a \$10,000 construction management fee if we supervise significant rehab
- We charge all buyers a one-time \$1,200 transaction fee and \$225 to process a refinance with the owner also paying CHT's attorney's fees.

- There are 4.8 Staff.
- A director who leads development and supervises two other programs; two sales people; a data, reporting and compliance manager; and a homeowner liaison.
- The liaison works 80% time and the majority of her responsibility is acting as the point person for current owner questions. She takes the lead on refinances, delinquencies, collections of lease fees, and answering all the questions/concerns that our owners have around things like income or property taxes, boundary disputes, or issues with homeowners' associations

Production and Sources

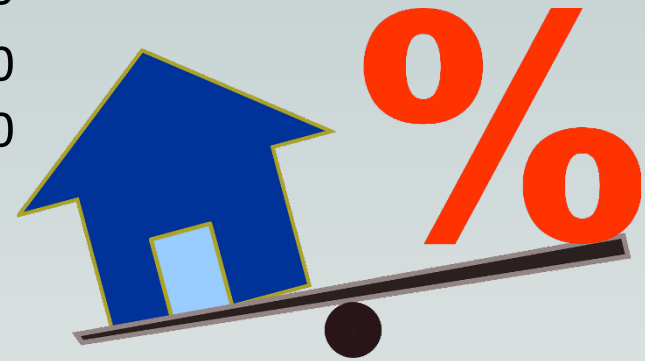
- Resales
- Conversions
- New Construction
- Buyer Driven
- Inclusionary Zoning
- Donations- Discounted Sale
- Foreclosures
- City and State Trust funds
- State Tax Credits
- Competitive capital grants



Leverage: Residential Finance

Total Value First Mortgages	\$116,144,627
Number First Mortgages	1,172
Unique Lenders	41
Refinance Loans (more than)	\$15,043,858

Total Value of Real Estate:	\$104,000,000
Total Value of CHT Investment:	\$29,000,000
Land Value	\$10,616,680



Benefits & Trade-offs

- Provides housing security
- Preserving affordability and community wealth
- Increasing affordability
- Usually no PMI payments
- Do not have to pay a realtor commission when selling
- Receive tax benefits of owning
- CHT has first option to purchase
- Must owner-occupy the property
- Home sold to income-eligible household
- Retain 25% of appreciation in property
- Sales price is determined by appraisal and resale formula

