

Post Purchase Stewardship Of Land Trust Homes

How to ensure homes sell in good condition

Webinar

May 14, 2 – 3:30 | Julie Brunner





Agenda

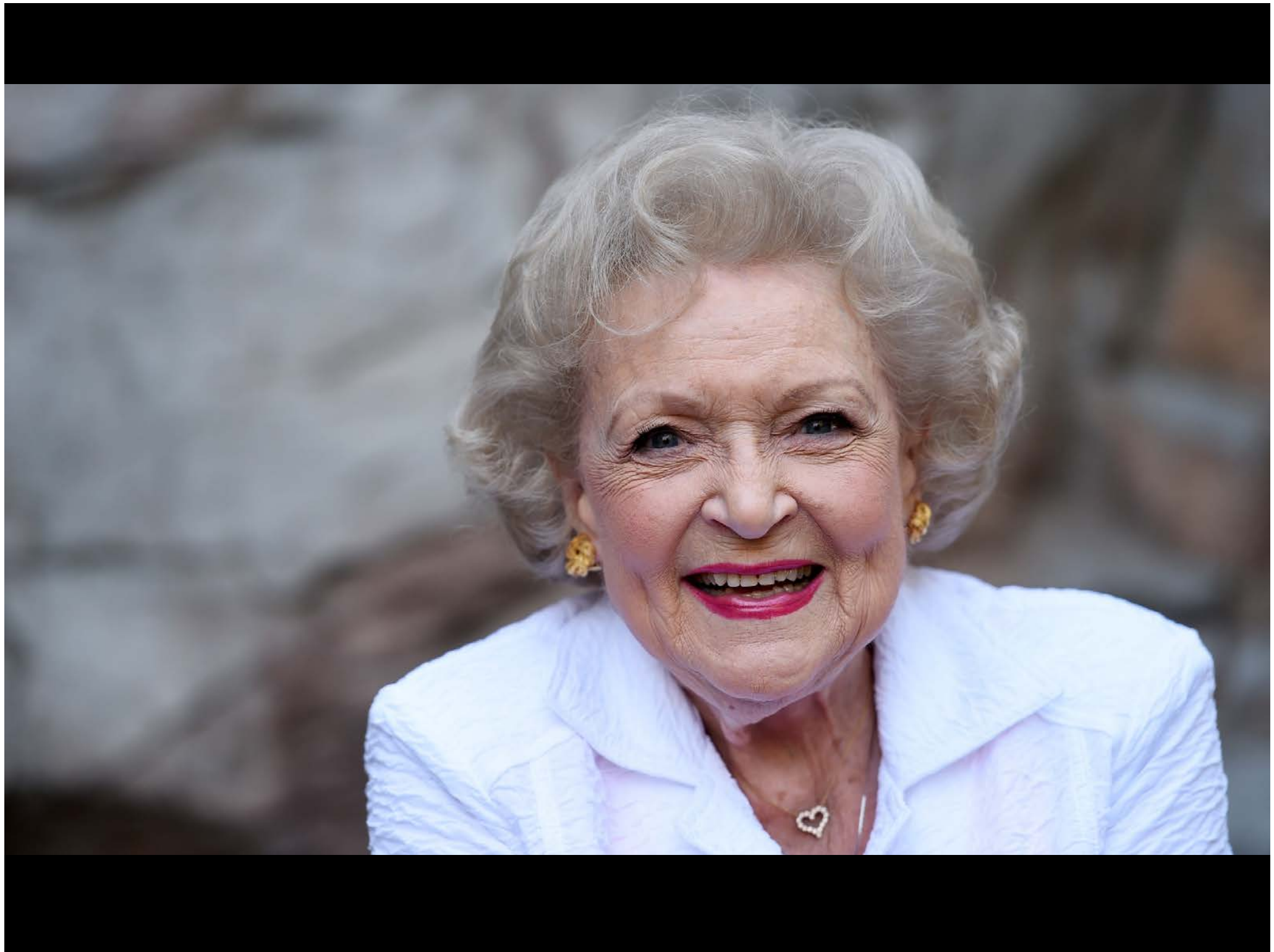
- Introductions
- Quality vs Affordability
- Resale Formulas + Capital Improvements
- Stewardship Funds
- Repairs at Resale
- Putting it All Together

Permanent Affordability



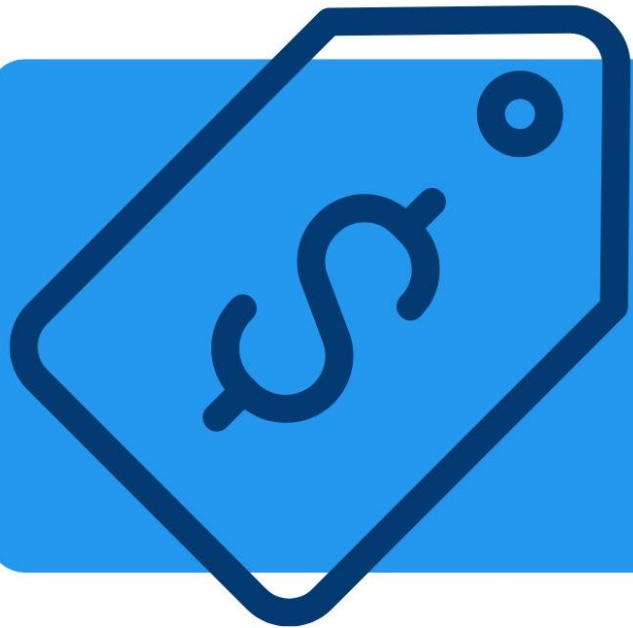
Permanent Responsibility





GET IT RIGHT

How do we design our
programs so we get both?

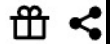


**Affordability and
quality**





REAL ESTATE



In San Francisco Bay Area, million-dollar homes are torn down to start fresh

Imagine paying \$1 million or more for a home — and then destroying it.

ADVERTISEMENT



Matthew Bergeron, 9, helps crews demolish his home in Menlo Park, Calif., by throwing a rock through a window, Feb. 27, 2014. The family found it more cost-effective to build a new h ... [Read more](#)





3 Primary Strategies

Resale Formula +
Credits

Stewardship
Funds

Repairs at Resale



Resale Formula + Credits

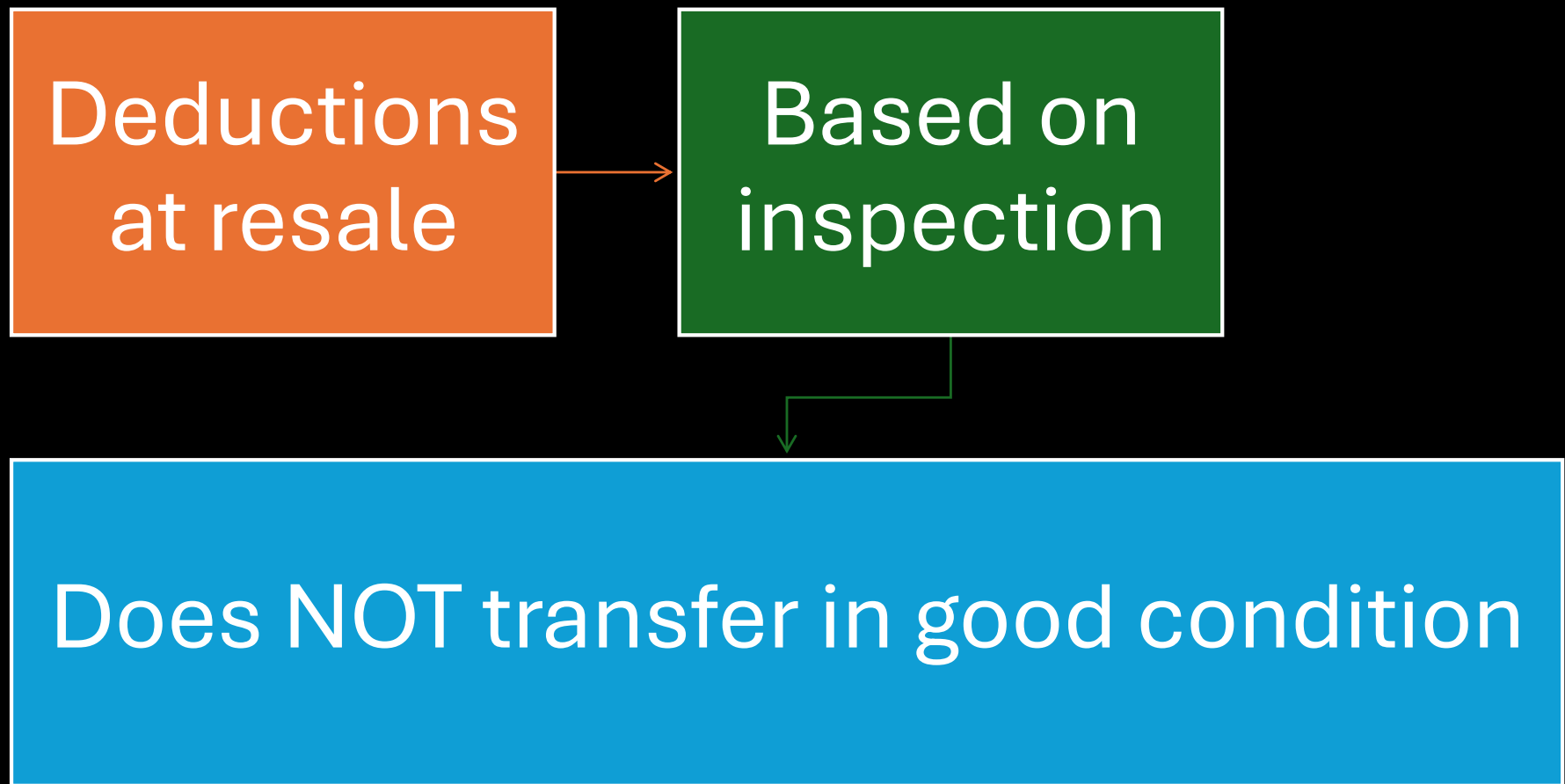
Resale Formula + Credits

Deductions for
poor condition

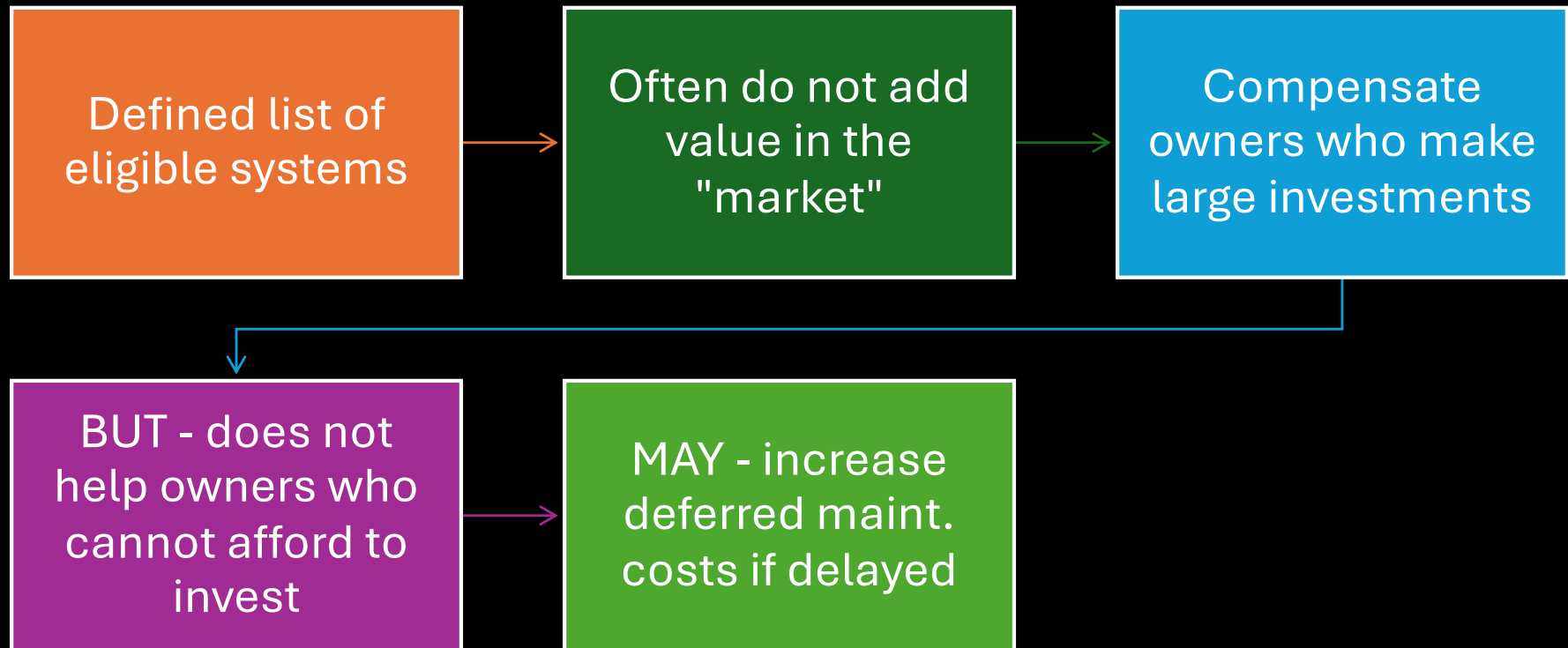
Capital systems
replacement
credits

Capital
improvement
credits

Deductions for Condition



Capital Systems Credits



Capital Systems Credits

A black and white photograph of two construction workers on a residential roof. The worker on the left is wearing a wide-brimmed hat and a tool belt, using a power tool on the shingles. The worker on the right is using a hammer. A bucket of shingles sits on the roof between them. The background shows a line of trees and a cloudy sky.

Roof
replacement

Boilers or
HVAC

Electrical
upgrades

Septic
replacement

Capital
Systems
Credits –

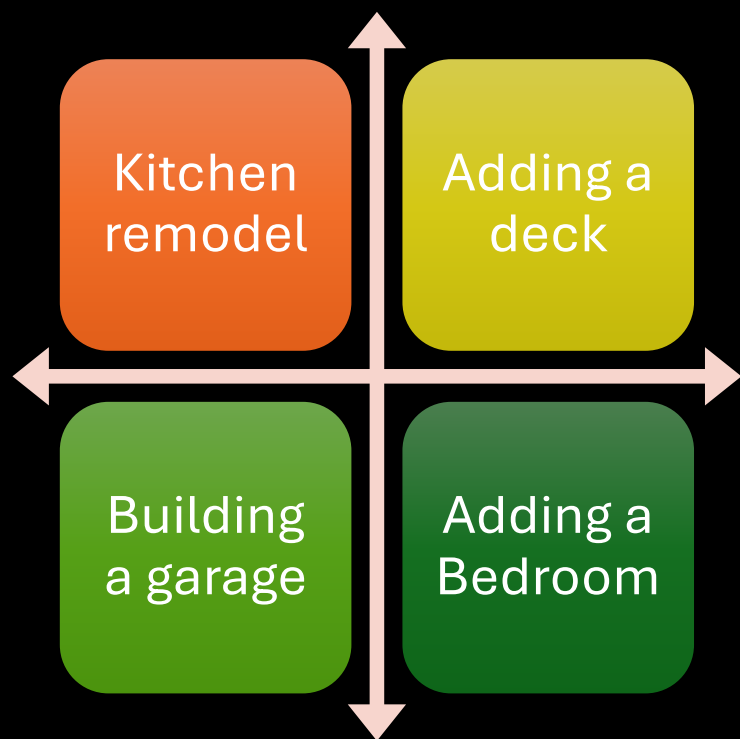
What can
they do?

Compensate
sellers

New price reflects
the investment

Encourage owners
to make the repairs

Capital Improvement Credits



A DIY KITCHEN RENOVATION



Capital
Improvement
Credits

What can they
do?

Compensate
sellers

New price reflects
the investment

A hand is shown from the top right, placing a coin into the slot of a white piggy bank. To the left of the piggy bank are several stacks of coins. Further left is a small, white, stylized house with a dark door and windows. The background is a soft-focus green, suggesting foliage. The entire scene is set against a dark surface.

Stewardship Funds



Stewardship Funds

Considerations

Types of Funds

Paying for it

THINGS TO CONSIDER



Age of housing stock

Condition of housing stock

Quality of materials

Condos w reserves

THINGS TO CONSIDER



Homeowner Directed

Program Directed

Individual

Pooled

Types of
Stewardship
Funds –

Individual
House
Reserves





Paid along
w Lease
Fee

Like Social
Security

HO
responsible

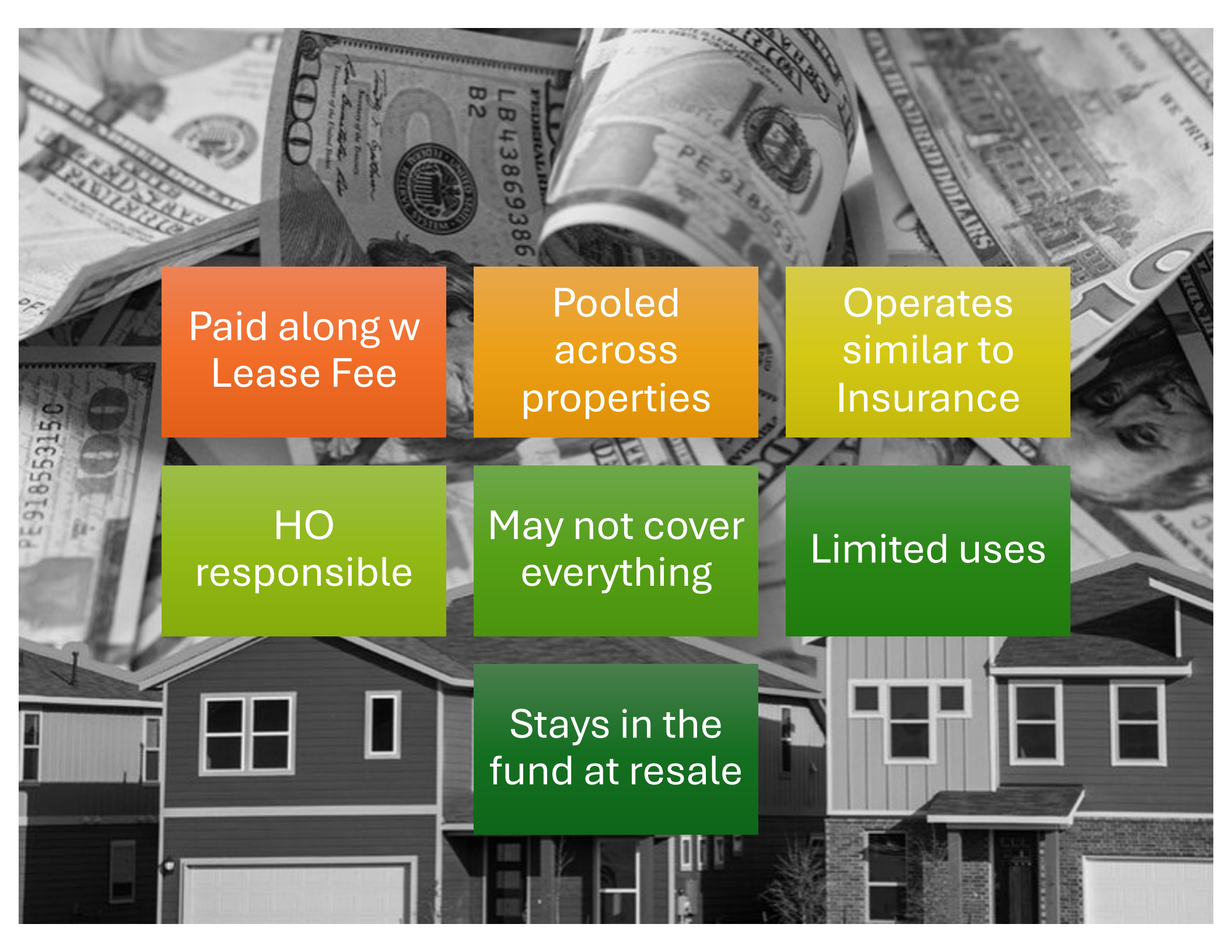
May not
cover
everything

Limited
uses

Stays w
the house
at resale



Types of Stewardship Funds – Pooled Reserves



Paid along w
Lease Fee

Pooled
across
properties

Operates
similar to
Insurance

HO
responsible

May not cover
everything

Limited uses

Stays in the
fund at resale

INVISIBLE MONEY



Types of Stewardship Funds –

Program Directed Stewardship Funds

INVISIBLE MONEY

Not ID as
reserves

Resale Fee

OR part of
lease fee

Available at
Program
discretion

Granted or
loaned

Not widely
available

THINGS TO CONSIDER



Higher monthly fee = More subsidy needed

Up front funding vs. ongoing

HO responsibility vs Program

Philosophical difference between HO directed and Program directed



WHAT TO FIX BEFORE SELLING YOUR HOUSE

Repairs at Resale

A close-up photograph of a wooden desk. On the desk lies a white document titled 'LEASE AGREEMENT' in large, bold, black serif capital letters. The title is angled diagonally across the page. Below the title, there are lines for 'Landlord's Name' and 'City of'. To the left of the document, a portion of a silver pen and a set of keys with a circular, serrated metal head are visible. The lighting is soft, creating a professional and clean aesthetic.

LEASE AGREEMENT

Article 10.3 – Seller required repairs at resale

Based on buyer's inspection

May be omitted from Appraisal Based Formula leases

Be sure there is clear criteria

IT'S *Complicated*

Condition at initial purchase

Variable inspections

Not always black and white

THINGS TO CONSIDER



What if the seller doesn't have the money?

Pre-existing conditions

Changing code requirements

May require give/take

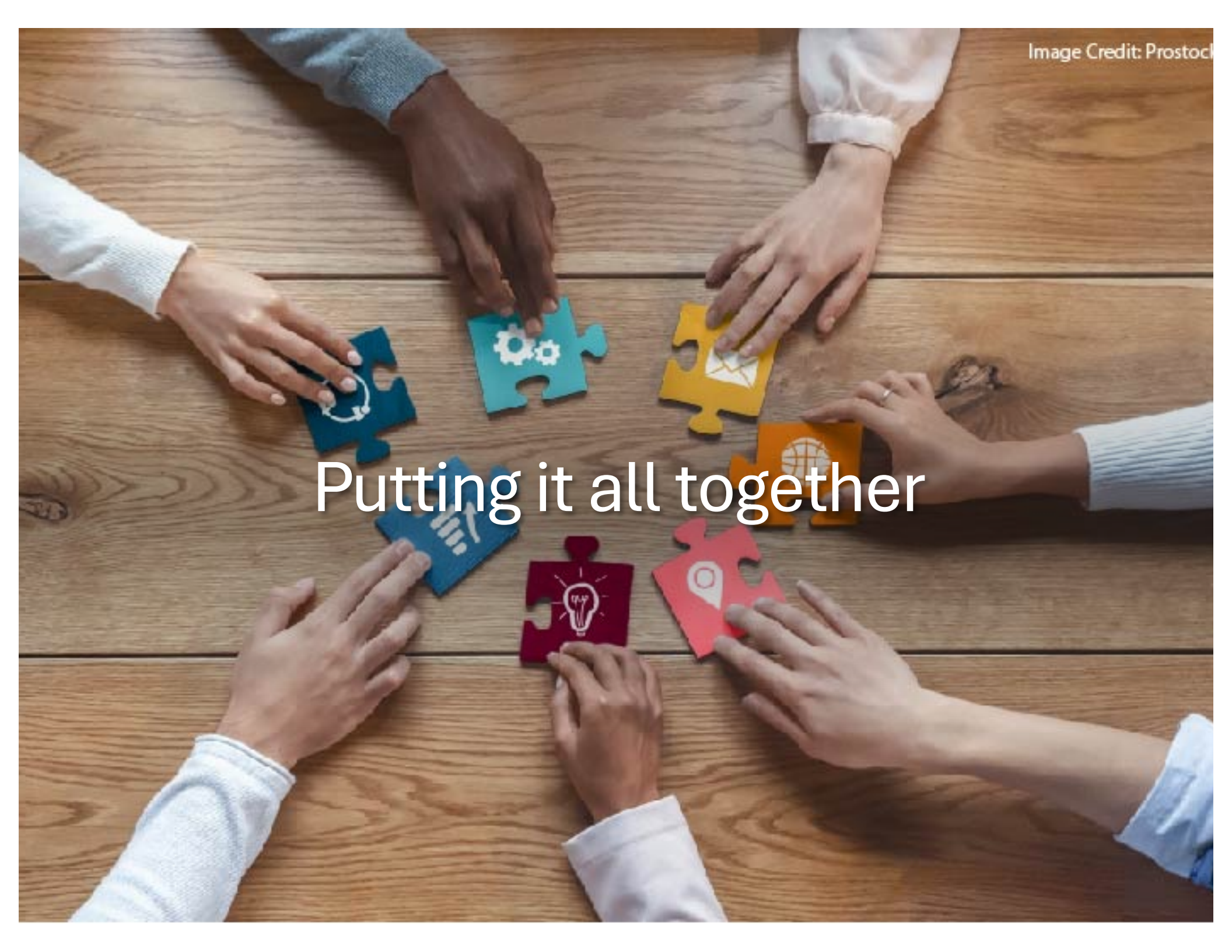
THINGS TO CONSIDER



Seller holdbacks at closing

Increase price to buyer to pay for some issues

Some combination of seller/buyer/program investments



Putting it all together

Image

Not one right
answer

Consider several
approaches

Other uses of
Reserves while they
are not in demand

OPAL's Approach

Image

Individual
House
Reserves

Paid alongside
lease fees

Required seller
repairs at resale

Reserves fund
loans for other
uses.



Questions?