

CLT Model (Resale) v. Conventional Mortgage Subsidy (Recapture)

Initial and Long-Term Affordability	CLT Model	Mortgage Subsidy	Notes
<b>Acquisition/Development Cost</b>			
Land	\$40,000	\$40,000	
Improvements	\$80,000	\$80,000	Assumption: Appraised value =
Total Development Costs	\$120,000	\$120,000	development cost
<b>Subsidy Provided</b>			
Subsidized Land Costs	\$40,000	\$0	Land Cost is permanently removed from CLT Transaction
Gap Financing Loan (Mortgage Subsidy)	\$0	\$40,000	Cost of Soft Second
<b>SALE PRICE TO HOMEBUYER #1</b>	\$80,000	\$120,000	
<b>Market Value in 10 Years</b>			Assumption: 6% increase in land & improvement value
Value of Improvements only	\$151,864		Appraised Value after 10 years
Value of Land and Improvements		\$214,902	Appraised Value after 10 years
<b>Increase in Property Value</b>	\$71,864	\$94,902	
<b>Percentage Appreciation for Buyer #1</b>	25%	100%	Every CLT develops its own resale formula This example uses 25 percent as fair return
Buyer #1 Appreciation	\$17,966	\$94,902	
Amount of Subsidy Payback	\$0	\$40,000	
<b>Buyer #1 Share of Increased Value</b>	\$17,966	\$54,902	
<b>Sale Price to Buyer #2</b>	\$97,966	\$214,902	