

How it Works

New Housing Entitlement Calculation



The homes in our neighborhoods come in all different shapes, sizes and states of condition. As the community transitions from single-family homes into multifamily condominium units in the land readjustment process, one challenge is determining how to calculate how much square footage of new housing each homeowner will receive in the future development. As a guiding principle, each homeowner receives at least the same square footage of new housing as they had in their original home. However, if the new housing entitlement calculation is based on square footage alone, there would be no fair way to account for properties that have increased in value through home improvement or better maintenance, but have not increased in square footage.

Finding A Common Denominator: Using Market Value per Square Foot to Define the Multiple

To address this discrepancy, properties are first evaluated through the common denominator of market value per square foot. The lowest market value per square foot becomes the “baseline value” against which all properties are evaluated. The total square footage of each property is divided by the baseline value to calculate a multiplier, a factor that captures the proportional changes in value among all properties more accurately. Finally, this weighted factor is then multiplied by the existing square footage of each property to determine the actual square footage entitlement in the new development. In this way, additional home improvements or better maintenance will be correctly reflected as added square footages in the final new housing entitlement calculation. Most properties will receive more square footage in the new development than they had in their original home.

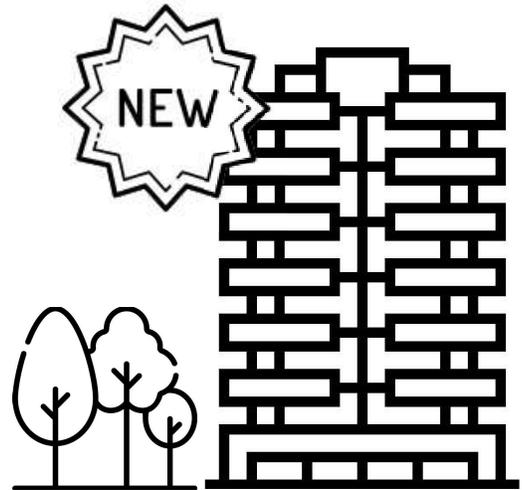
Lowest Market Value / sqft						
A	B	C	D	E	F	
						
\$75,000 1000 sqft \$75/sqft	\$275,000 3,000 sqft \$92/sqft	\$200,000 2,575 sqft \$78/sqft	\$175,000 2,500 sqft \$70/sqft	\$150,000 1,500 sqft \$100/sqft	\$125,000 1,500 sqft \$83/sqft	

Lowest Market Value / sqft = Baseline Value / sqft



$$\text{Multiplier} = \frac{\text{Market Value / sqft}}{\text{Baseline Value / sqft}}$$

PROPERTY	MARKET VALUE PER SQFT	MULTIPLIER	EXISTING SQFT	ENTITLED SQFT
D	\$70	1	2,500	2,500
A	\$75	1.07	1,000	1,070
C	\$78	1.11	2,575	2,858
F	\$83	1.19	1,500	1,785
B	\$92	1.31	3,000	3,930
E	\$100	1.43	1,500	2,145



It is good to note that most condominium square footages are smaller than single-family homes, meaning that many homeowners may be eligible for more than one condominium unit. Since condominium units are not designed to fit unique square footages, entitled square footage will either be more or less than the size of the condominium unit in the new development. In most cases, the entitlement will be more than the size of the condominium unit, and if so, the market value of the unused square footage would be awarded to the homeowner in cash. If the entitled square footage is less than the condominium unit, or if the homeowner wants to upgrade and occupy a larger unit, homeowners can pay the market value difference. All homeowners will have 100% title to their condominium units and are free to sell or use them according to any condominium association agreements. Ownership in the condominium unit is independent of ownership in the land trust.

Key Takeaways

- All property owners are entitled to at least same square footage of equal housing as they had in their original homes.
- Most property owners will receive more square footage in the new condominium than in their existing home.
- Property owners will receive cash back for any unused square footage entitlements.
- Property owners can buy extra square footages to receive a larger condominium unit.
- Homeowners have 100% title to their condominium units and homeowners can sell or use the condominium units in accordance with any condominium association agreements.
- Ownership in a condominium is kept separate from ownership in the land trust.

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