

# Key Features of the “Classic” Community Land Trust

*The community land trust (CLT) is an equitable and sustainable model of affordable housing and community development that has slowly spread throughout the United States during the past 30 years. Since 1992, the defining features of this model have been enshrined in federal law. There is considerable variation among the 200 organizations that call themselves a community land trust, but **ten** key features are to be found in most of them.*

## **Nonprofit, Tax-exempt Corporation**

A community land trust is an independent, not-for-profit corporation that is legally chartered in the state in which it is located. Most CLTs are started from scratch, but some are grafted onto existing nonprofit corporations. Most CLTs target their activities and resources toward charitable activities like providing housing for low-income people and redeveloping blighted neighborhoods, making them eligible to receive 501(c)(3) designation from the IRS.

## **Dual Ownership**

A nonprofit corporation (the CLT) acquires multiple parcels of land throughout a targeted geographic area with the intention of retaining ownership of these parcels forever. Any building already located on the land or later constructed on the land is sold off to an individual homeowner, a cooperative housing corporation, a nonprofit developer of rental housing, or some other nonprofit, governmental, or for-profit entity.

## **Leased Land**

Although CLTs intend never to resell their land, they provide for the exclusive *use* of their land by the owners of any buildings located thereon. Parcels of land are conveyed to individual homeowners (or to the owners of other types of residential or commercial structures) through long-term ground leases. This two-party contract between the landowner (the CLT) and a building's owner protects the latter's interests in security, privacy, legacy, and equity, while enforcing the CLT's interests in preserving the appropriate use, the structural integrity, and the continuing affordability of any buildings located upon its land.

## **Perpetual Affordability**

The CLT retains an option to repurchase any residential (or commercial) structures located upon its land, should their owners ever choose to sell. The resale price is set by a formula contained in the ground lease that is designed to give present homeowners a fair return on their investment, while giving future homebuyers fair access to housing at an affordable price. By design and by intent, the CLT is committed to preserving the affordability of housing (and other structures) – one owner after another, one generation after another, in perpetuity.

## **Perpetual Responsibility**

The CLT does not disappear once a building is sold. As owner of the underlying land and as owner of an option to re-purchase any buildings located on its land, the CLT has an abiding interest in what happens to these structures and to the people who occupy them. The ground lease requires owner-occupancy and responsible use of the premises. Should buildings become a hazard, the ground lease gives the CLT the right to step in and force repairs. Should property owners default on their mortgages, the ground lease gives the CLT the right to step in and cure the default, forestalling foreclosure. The CLT remains a party to the deal, safeguarding the structural integrity of the buildings and the residential security of the occupants.

## **Community Base**

The CLT operates within the physical boundaries of a targeted locality. It is guided by – and accountable to – the people who call this locale their home. Any adult who resides on the CLT's land and any adult who resides within the area deemed by the CLT to be its "community" can become a voting member of the CLT. This "community" may encompass a single neighborhood, multiple neighborhoods, or, in some cases, an entire town, city, or county.

## **Resident Control**

Two-thirds of a CLT's board of directors are nominated by, elected by, and composed of people who either live on the CLT's land or people who reside within the CLT's targeted "community" but do not live on the CLT's land.

## **Tripartite Governance**

The board of directors of the "classic" CLT is composed of three parts, each containing an equal number of seats. One third of the board represents the interests of people who lease land from the CLT ("*leaseholder representatives*"). One third represents the interests of residents from the surrounding "community" who do not lease CLT land ("*general representatives*"). One third is made up of public officials, local funders, nonprofit providers of housing or social services, and other individuals presumed to speak for the public interest ("*public representatives*"). Control of the CLT's board is diffused and balanced to ensure that all interests are heard but no interest is predominant.

## **Expansionist Acquisition**

CLTs are not focused on a single project located on a single parcel of land. They are committed to an active acquisition and development program, aimed at expanding the CLT's holdings of land and increasing the supply of affordable housing (and other types of buildings) under the CLT's stewardship. A CLT's holdings are seldom concentrated in one corner of a community. They tend, instead, to be scattered throughout the CLT's service area, indistinguishable from other owner-occupied housing in the same neighborhood.

## **Flexible Development**

There is enormous variability in the types of projects that CLTs pursue and in the roles they play in developing them. Many CLTs do development with their own staff. Others delegate development to nonprofit or for-profit partners, confining their own efforts to assembling land and preserving the affordability of any structures located upon it. Some CLTs focus on a single type and tenure of housing, like detached, owner-occupied houses. Other CLTs take full advantage of the model's unique flexibility. They develop housing of many types and tenures or they focus more broadly on comprehensive community development, undertaking a diverse array of residential and commercial projects. CLTs around the country have constructed (or acquired, rehabilitated, and resold) single-family homes, duplexes, condos, co-ops, SROs, multi-unit apartment buildings, and mobile home parks. CLTs have created facilities for neighborhood businesses, nonprofit organizations, and social service agencies. CLTs have provided sites for community gardens and vest-pocket parks. Land is the common ingredient, linking them all. The CLT is the social thread, connecting them all.