

Key Features of the “Classic” Community Land Trust	Organizational or Operational Variations	Why is the “Classic” CLT Structured this Way?
<p><b>Dual Ownership:</b> The CLT acquires multiple parcels of land throughout its service 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.</p>	<ul style="list-style-type: none"> <li>As CLTs have expanded into new types and tenures of housing and moved into non-residential applications of the model, CLTs have occasionally found themselves owning <b>both</b> the land and the building(s). This is especially common among CLTs that are developing and managing rental housing.</li> <li>On occasion, as when CLTs acquire (and resell) condominiums in a larger condominium complex, the CLT may own <b>neither</b> the land nor the buildings -- holding, instead, an affordability covenant for each of the condominiums under its control. These cases are becoming more common as municipal governments look to a CLT to act as the long-term steward of affordability for low-cost homes created through governmental subsidies or regulatory mandates like inclusionary zoning.</li> </ul>	<p><b>Value-based rationale:</b> A moral distinction must be made between land and any structural improvements built upon the land. Land is part of the common heritage of all humanity. It should be held in trust, capturing value for the community; preventing speculation and enrichment of a fortunate few. Buildings are another matter. They should be treated as property, owned by those individuals who are willing to invest their labor and capital in constructing, improving, and maintaining them.</p> <p><b>Practice-based rationale:</b> Dual ownership brings multiple parties to the deal, sharing the rights, responsibilities, and risks of developing housing and other facilities for people and communities of limited means. This arrangement removes all (or most) of the cost of the land from the selling price of a home. Marketing an unfamiliar model can be made easier, moreover, by the fact that a first-time homeowner gains title to real property – i.e., the house or condominium located upon the CLT’s land.</p>
<p><b>Leased Land:</b> Although CLTs intend never to resell their land, they provide for the exclusive <b>use</b> 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.</p>	<ul style="list-style-type: none"> <li>In some condominium projects, CLTs own the underlying land and use a master lease to enforce the CLT’s interests. In condominium projects where the CLT does <b>not</b> own the underlying land, however, the CLT’s commitment to preserving the appropriate use, structural integrity, and continuing affordability of condominiums is typically enforced through a deed covenant, not through a ground lease.</li> <li>In a couple of states (Ohio and North Carolina) there is a gray area in state law, suggesting that the separation of title between land and residential buildings and the leasing of land may not be permitted. CLTs in these states have either persisted in using a ground lease or have modified the model, leasing out <b>both</b> the land and the building(s) to households. These leaseholders are granted the same rights and responsibilities as any other CLT homeowner, but they do not receive separate title to their home.</li> </ul>	<p><b>Value-based rationale:</b> Land should not be left idle, even when removed from the marketplace and held in trust for future generations. It should be productively used. The community has an on-going stake in <b>how</b> that land is used, however. Individuals using the community’s land have legitimate interests that should be protected, but so does the community. “A satisfactory property arrangement must not advance the interests of one individual or group at the expense of another. Any effectively balanced arrangement requires that there be agreement not only on what the legitimate interests are but on how they are limited by each other.”</p> <p><b>Practice-based rationale:</b> The ground lease provides a durable, legally enforceable vehicle for protecting – and balancing – the interests of both parties, the leaseholder and the landowner. The monthly lease fee provides a means of support for the CLT and, if it stops being paid, an “early warning” to the CLT that a first-time homeowner may be in distress.</p>

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<p><b>Nonprofit, Tax-exempt Corporation:</b> A community land trust is an independent, not-for-profit corporation that is legally chartered in the state in which it is located. At the heart of a CLT’s mission is stewardship: preserving access to land and housing for future generations. Most CLTs target their activities and resources toward charitable activities like providing housing for low-income people and redeveloping blighted neighborhoods, making the organization eligible to receive 501(c)(3) designation from the IRS.</p>	<ul style="list-style-type: none"> <li>• Although most CLTs are started “from scratch,” some are grafted onto pre-existing organizations, becoming internal programs or corporate subsidiaries of another nonprofit (e.g., Thistle Community Housing, SHARE, and DSNI/DNI).</li> <li>• Some CLTs are created by – and continue to be controlled by – city or county governments (e.g., CLTs in Irvine, CA, Chicago, IL, and Sarasota, FL).</li> <li>• A few CLTs have chosen <i>not</i> to seek a 501(c)(3) designation from the IRS (e.g., CLT of the Southern Berkshires), wanting to broaden their programs and appeal beyond the charitable purposes of the IRS.</li> </ul>	<p><b>Value-based rationale:</b> An organization that is beholden to neither the profit calculations of business nor the political calculations of government is more likely to remain true to a mission of helping individuals and communities that may have been poorly served in the past by the market and the state.</p> <p><b>Practice-based rationale:</b> A nonprofit, tax-exempt corporation is better able to raise funds and receive donations from a diversity of sources, including government, business, foundations, and private individuals. State rules insist on the transparency of nonprofits. IRS rules protect a nonprofit’s charitable mission.</p>
<p><b>Open, Place-based Membership:</b> The CLT operates within the physical boundaries of a particular locale that is specified in the CLT’s bylaws. Any adult who resides within this geographically defined community can become a member of the CLT.</p>	<ul style="list-style-type: none"> <li>• An increasing number of CLTs have service areas that are <b>city-wide</b> (e.g., Portland CLT, Chicago CLT, Northern Communities CLT) or <b>county-wide</b> (e.g., Madison Area CLT, Laconia Area CLT, Clackamus County CLT).</li> <li>• A few CLTs have <b>multi-county</b> service areas (e.g., Champlain Housing Trust, South Florida Smart Growth Regional Land Trust).</li> <li>• A few CLTs, especially those grafted onto a pre-existing organization or started by a municipal government, have <b>no membership</b> (e.g., Chicago CLT).</li> </ul>	<p><b>Value-based rationale:</b> Since the mission of the CLT is defined in relation to land, the community served by the CLT should be defined that way as well. No one who makes that locale their home should be denied membership in an organization committed to serving that community.</p> <p><b>Practice-based rationale:</b> By building a diverse, inclusive membership that extends beyond the people who live on its land and inhabit its housing, the CLT broadens its political and financial support.</p>
<p><b>Community Control:</b> The CLT is guided by – and accountable to – the people who call this place-based community their home. One-third of the CLT’s board of directors is nominated and elected by members who live on the CLT’s land. One third of the CLT’s board is nominated and elected by members who reside within the CLT’s targeted “community” but do not live on the CLT’s land.</p>	<ul style="list-style-type: none"> <li>• Most of the CLTs that are structured as programs or subsidiaries of another nonprofit often have governing boards (or advisory committees) appointed by the “parent” organization (e.g., Thistle Community Housing, Dudley Neighbors, Inc.).</li> <li>• Some CLTs being created by municipal governments allow the mayor, city council, or county board to appoint some or all of the CLT’s board (e.g., Chicago CLT).</li> </ul>	<p><b>Value-based rationale:</b> People whose homes and lives are directly affected by a corporation’s actions should have a voice in how the corporation is governed and operated.</p> <p><b>Practice-based rationale:</b> A voting membership forces the CLT to keep its ear to the ground, tailoring its programs to fit a community’s needs. It may also help the CLT to market its homes by assuring prospective homebuyers they will have a voice in the CLT’s governance. Finally, because the CLT’s “electorate” is split between two voting blocks, the chance of the CLT being stampeded, dissolved, or taken over by a single interest group is greatly reduced.</p>

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<p><b>Tripartite Governance:</b> The board of directors 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 (“<i>leaseholder representatives</i>”). One third represents the interests of residents from the surrounding community who do not lease CLT land (“<i>general representatives</i>”). 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 (“<i>public representatives</i>”).</p>	<ul style="list-style-type: none"> <li>• Some CLTs allocate the seats in the <u>leaseholder</u> category among homeowners, co-op members, and tenants (e.g., Champlain Housing Trust).</li> <li>• Some CLTs reserve one or more seats in the <u>public</u> category for representatives from a particular governmental or nonprofit agency. (The Orange Community Housing and Land Trust, for example, reserves one seat for a representative of the county government and one seat for each of the three towns in Orange County, North Carolina).</li> </ul>	<p><b>Value-based rationale:</b> The diversity of land-based interests existing within any community should be respected and represented. In both the ownership of property and governance of the organization, an equitable balance should be maintained between the competing interests of individuals who occupy the homes developed by a CLT and the interests of a larger community, present and future.</p> <p><b>Practice-based rationale:</b> Power is diffused and balanced so that all interest groups can be heard, but none can dominate. A premium is placed on persuasion and compromise, because more than one interest group must support a decision for the board to act. Leaseholders have less than a majority of the board’s seats to prevent the removal of affordability controls by those who may someday have an economic incentive to do so.</p>
<p><b>Expansionist Acquisition:</b> 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.</p>	<ul style="list-style-type: none"> <li>• While most CLTs are expansionist organizations, some grow at a very slow rate, doing only one or two houses a year.</li> <li>• Some CLTs reach a certain size and stop growing altogether.</li> <li>• Most CLTs scatter their holdings throughout their service area, but some are forced – or choose – to concentrate their holdings within a single corner of their community.</li> </ul>	<p><b>Value-based rationale:</b> A nonprofit organization with a charitable mission should never rest on its laurels. If it is to solve the problems and meet the needs of the individuals and community it was founded to serve, the organization should be committed to expanding its holdings and extending its services. It should always look to do more for people who have little.</p> <p><b>Practice-based rationale:</b> There are economies and efficiencies that come only from reaching a certain scale. Larger holdings may allow a CLT to have a greater impact on its community and its market.</p>
<p><b>Flexible Development:</b> There is enormous variability in the types of projects that CLTs pursue and in the roles they play in developing them. 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 and nonprofit organizations. CLTs have provided sites for community gardens and vest-pocket parks.</p>	<ul style="list-style-type: none"> <li>• While most CLTs carry out development with their own staff, some delegate development to nonprofit or for-profit partners, confining their own efforts to <b>stewardship</b>: i.e., assembling land and preserving the affordability of any structures located upon it.</li> <li>• Many CLTs focus on a single type and tenure of housing like detached, owner-occupied houses. An increasing number take full advantage of the model’s unique flexibility, however: developing housing of many types and tenures; mixing housing and non-residential projects; and revitalizing neighborhoods.</li> </ul>	<p><b>Value-based rationale:</b> If the CLT is to enhance the security and mobility of the people it would serve, while promoting development and diversity in the community it would serve, the CLT should take full advantage of the opportunities presented.</p> <p><b>Practice-based rationale:</b> The CLT can tailor its program to fit the priorities, preferences, and needs of its constituency, broadening its base of support, diversifying its sources of funding, and pursuing opportunities for expanding its holdings, whenever and wherever they arise.</p>

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<p><b>Perpetual Affordability:</b> 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.</p>	<ul style="list-style-type: none"> <li>• In some states, CLTs have had to settle for use and resale controls that last “only” 20, 30, or 50 years because of state laws or court precedents limiting the duration of such controls. (Such state limits are more commonly imposed on deed covenants than on ground leases.)</li> <li>• Some CLTs do not re-purchase homes for a formula-determined price, but require the direct transfer of these price-restricted homes from one homeowner to another.</li> <li>• While a commitment to long-term affordability is found in every organization calling itself a CLT, many different methods are used to calculate the resale price of CLT homes.</li> <li>• Some CLTs have developed mixed-income or mixed-use projects where a portion of the units are sold or rented at a market price – with no resale controls.</li> </ul>	<p><b>Value-based rationale:</b> Individuals residing on a community’s land have a legitimate interest in the <b>personally created</b> value that accrues to their property, claiming for themselves any equity produced by their own labor and investment. The community has a legitimate interest in ensuring that <b>socially created value</b> is not removed from the property: both the equity contributed by a public agency (or private donor) to subsidize the property’s purchase and equity created by the growth and development of the surrounding society. An equitable and sustainable balance should be maintained between a fair return for the present generation of homeowners and fair access for a future generation of homebuyers.</p> <p><b>Practice-based rationale:</b> Resale restrictions preserve hard-earned affordability and hard-won subsidies that are too precious to lose. Ensuring perpetual affordability and subsidy retention has made the CLT, in many places, a favored recipient of public largess. Sustainability of the CLT is enhanced, moreover, when a resale formula not only preserves affordability but allows the CLT to collect a fee whenever a home changes hands.</p>
<p><b>Perpetual Responsibility:</b> 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.</p>	<ul style="list-style-type: none"> <li>• Most CLTs closely monitor and tightly control the homeowner’s occupancy, maintenance, and improvement of buildings that are located on the CLT’s land. (They do the same for resale-restricted condominiums for which the CLT does not own the underlying land.) Other CLTs take a more hands-off approach, doing little to oversee or regulate what the homeowner wants to do with his/her own property.</li> <li>• Some CLTs establish a maintenance escrow for each CLT home, ensuring a pool of funds for future repairs.</li> <li>• Most CLTs only approve mortgages that give the CLT an opportunity to cure defaults by their homeowners and to re-purchase homes in the event of foreclosure. Some CLTs accept mortgages that do not provide such protections.</li> </ul>	<p><b>Value-based rationale:</b> The responsibilities of stewardship include not only what happens to the community’s land but what happens to the buildings and people located upon it. An equitable and sustainable balance should be maintained, however, between autonomy and mutuality – leaving people alone to enjoy the property that is theirs versus monitoring their performance and intervening when they stumble or fall.</p> <p><b>Practice-based rationale:</b> Not everyone has the physical ability, technical skills, or financial wherewithal to succeed as a first-time homeowner. Even those who possess these personal resources may experience disruptions or disasters that put their homes at risk. Ground leasing gives the CLT the opportunity and the authority to do what is necessary to “backstop” the success of people who find themselves unprepared or overwhelmed by the responsibilities of homeownership.</p>