

# Key Features of the “Classic” Community Land Trust

*For over thirty years, the Institute for Community Economics (ICE) in Springfield, Massachusetts has promoted a model of community development and affordable housing known as the Community Land Trust (CLT). Since 1992, the main features of this “classic” model have been enshrined in federal law in a definition drafted by ICE and approved by Congress. Although there is considerable variation among the 130 organizations in the United States that call themselves a Community Land Trust, **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 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 property owners allow their buildings to 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 that place their home. Any adult who resides on the CLT's land and any adult who resides within the geographic area deemed by the CLT to be its "community" can become a voting member of the CLT.

## **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 that no interest is predominant.

## **Expansionist Acquisition**

CLTs are not focused on a single project. They are committed to an active acquisition and development program, aimed at expanding their holdings of land and increasing the supply of affordable housing (and other types of buildings) under their stewardship. Most CLTs do their own development with their own staff. Others leave development to nonprofit or governmental partners, focusing their own efforts on as-

sembling parcels of land and preserving the affordability of the structures upon it.

## **Flexible Development**

The CLT is a community development tool of uncommon flexibility, easily accommodating a variety of land uses, a range of income groups, and a diversity of building tenures and types, either scattered throughout a CLT's holdings or integrated within the same mixed-use, mixed income projects. CLTs around the country construct (or acquire, rehabilitate, and resell) housing of many kinds: single-family homes, duplexes, condos, co-ops, SROs, multi-unit apartment buildings, and mobile home parks. CLTs create facilities for neighborhood businesses, nonprofit organizations, and social service agencies. CLTs provide 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.