



Community Land Trusts

AN OVERVIEW IN CONNECTICUT



**Centers for
Housing
Opportunity**

What is a Community Land Trust?

Many are familiar with Conservation Land Trusts, which are typically referred to simply as a Land Trust. A land trust is focused on preservation of land and open space. Most regions in Connecticut have multiple land trusts.

In contrast, a Community Land Trust (CLT) is focused on providing affordable housing for multiple generations with each unit of housing that is produced. This is accomplished by separating the land from the improvements (i.e. buildings), with the CLT retaining ownership of the land through a long-term ground lease and selling only the buildings, or land improvements. By removing the cost of land in a transaction, the housing occupying that land now becomes affordable.

Maintaining affordability of the housing unit through resale is accomplished through the ground lease or deed stipulating the required ongoing affordability of said unit through resale formulas. The formulas allow the current homeowner to acquire wealth through earned equity (e.g. paying down the mortgage) and market appreciation of the home, while at the same time keeping the sale price affordable for the next buyer.

The needs of a community inform and guide the services that are provided by the CLT. While affordable housing is a central focus, a Community Land Trust may also acquire land for affordable farming, community gardens, green space, and community facilities. Roots within the community are important to CLTs, providing support, input, and resources.¹

¹ Martinez, Mirna. Interview Conducted by Lynn Haig, 25 March 2024.

How They Work

The traditional CLT is a community-based membership-based organization that serves a defined geographic area, which may range from a neighborhood to an entire city or region. The board of directors is divided into three equal groups of representatives (tripartite): leaseholders, people living on or using CLT land; community members; technical experts, funders or other stakeholders.²

Community Land Trusts own land in perpetuity. Because of this they also focus on stewardship to ensure the land will provide lasting affordability. Stewardship of the structures and homes on the land is achieved through requirements of proper insurance and CLT approval of all substantial renovations and additions. Education of homeowners about preventative maintenance and assistance throughout renovation may also be provided. Stewardship of homeowners occurs through homebuyer and post-purchase counseling, as well as foreclosure counseling when needed.³

Land is purchased by the Community Land Trust and developed with affordable housing, both homeownership and rental units. The units, not the land, are sold to an income-qualified family, who then enters into a long-term (usually 99-year) renewable lease of the land. The ground lease contains conditions for the eventual sale of the home, typically requiring sale to another low-income household for an affordable price that is determined by a stated formula. This arrangement allows the seller to build wealth through the increased home value, but also keeps the sales price low for the next low-income buyer.⁴ This model creates affordability for the long-term, while also building wealth.

² National League of Cities, *Community Land Trusts: A Guide for Local Governments* (NLC and Grounded Solutions 2021), 16.

³ National League of Cities, *Community Land Trusts: A Guide for Local Governments* (NLC and Grounded Solutions 2021), 15.

⁴ National League of Cities, *Community Land Trusts: A Guide for Local Governments* (NLC and Grounded Solutions 2021), 9.

CLTs Compared to Down Payment Assistance

Traditional homebuyer support is provided through down payment assistance. This helps one family at a single point in time. When that family sells their home it will be at market value, and if the new homebuyer also needs down payment assistance it will likely be for more than the original homebuyer because of market appreciation. This type of assistance is provided to qualified families on a case-by-case basis. The family is able to build equity in the home and capture all of that upon resale, but the affordability of that home disappears when they sell. Down payment assistance is not a long-term solution to providing lasting affordability.

In contrast, a CLT home is affordable in perpetuity, and only requires the subsidy with the first homebuyer.

The following examples come from the *National League of Cities' Community Land Trusts: A Guide for Local Governments*⁵ and demonstrate the difference in lasting affordability between a CLT home and a home purchased with down payment assistance.

Here, two homes of the same value are being purchased by low-income families. One family is utilizing down payment assistance (DPA Town), while the other is purchasing on a Community Land Trust (CLT Town).

Comparing Down Payment Assistance To A Community Land Trust: The First Homeowner

	DPA Town	CLT Town
Market Price of Home	\$200,000	\$200,000
Sales Price of Home	\$200,000	\$155,000
What Buyer Can Afford	\$155,000 (conventional loan)	\$155,000 (conventional loan)
Subsidy Needed	\$45,000 (to buyer, as DPA)	\$45,000 (to CLT)

⁵ National League of Cities, *Community Land Trusts: A Guide for Local Governments* (NLC and Grounded Solutions 2021), 11-14.

The overall financial transaction is similar between the two families: they both needed a \$45,000 subsidy and have the same mortgage loan. The difference in lasting affordability becomes apparent when both houses are sold. The following example shows both homes being sold 10 years later, after the subsidy residency requirement expires.

Comparing Down Payment Assistance To A Community Land Trust: Fostering Lasting Affordability

	DPA Town	CLT Town
Initial Purchase		
Market Price of Home	\$200,000	\$200,000
Sales Price of Home	\$200,000	\$155,000
What Buyer Can Afford	\$155,000 (conventional loan)	\$155,000 (conventional loan)
Subsidy Needed	\$45,000 (to buyer, as DPA)	\$45,000 (to CLT)
10 Years Later		
New Market Value	\$240,000	\$240,000
Sales Price	\$240,000	\$185,000
Seller Portion	\$240,000 - \$155,000 ((loan repayment) = \$85,000 (plus equity built-up from loan payments)	\$185,000 - \$155,000 ((loan repayment) = \$30,000 (plus equity built-up from loan payments)
Housing the Next Income-Eligible Family		
Market Price of Home	\$240,000	\$240,000
Sales Price of Home	\$240,000	\$185,000
What Buyer Can Afford	\$185,000 (conventional loan)	\$185,000 (conventional loan)
NEW Buyer Subsidy Needed	\$55,000	\$0

The family utilizing down payment assistance is able to accumulate more wealth at the sale of their home than the CLT family, but the house is no longer affordable. However, the CLT home remains affordable to the next family, and does not require any further subsidy.

It is this balance of wealth accumulation for the individual homeowner with ongoing affordability for the community, serving generations of homeowners without requiring additional subsidy that makes Community Land Trusts unique.⁶

⁶ National League of Cities, *Community Land Trusts: A Guide for Local Governments* (NLC and Grounded Solutions 2021), 6.

Connecticut CLTs

There are several Community Land Trusts and Housing Trusts in Connecticut. Each of these organizations is focused on providing affordable homeownership and rental housing through long-term ground leases. A total of 269 affordable units (203 ownership and 66 rental units) have been created or preserved in Connecticut through the efforts of these groups.

While their goals of affordable housing may be the same, there is a difference in how the board of directors is structured for each of these organizations. Traditional CLTs have a tripartite board structure which includes residents of their units. Three traditional CLTs are currently operating in Connecticut, overseeing 103 ownership and 19 rental units:

- Naugatuck Valley Project in the Waterbury area
- North Hartford Housing Trust in the Hartford area
- Southeast Connecticut CLT in the New London area

The remaining organizations are successfully adding affordable housing to Connecticut. These four organizations currently oversee 100 ownership and 47 rental units by utilizing long-term ground leases with resale restrictions:

- Habitat for Humanity of Eastern Connecticut
- Litchfield Housing Trust in the Litchfield area
- Salisbury Housing Trust in Salisbury area
- Sharon Housing Trust in the Sharon area
- Stamford Community Trust in the Stamford area
- Washington Community Trust in the Washington area

As demonstrated in Connecticut, long-term housing affordability is vitally important. The organization leading the way in each community may differ in how they are structured, but they all separate the land from the improvements and utilize a long-term ground lease to maintain affordability over generations.

Connecticut CLT and Housing Trust Resources

www.nvpct.org

www.northhartfordpartnership.org

sectclt.org

habitatect.org

litchfieldhousingtrust.com

www.salisburycthousing.org/about-salisbury-housing-trust

shtct.org

hdfconnects.org

www.washingtonhousingtrust.org