

ABOUT COMMUNITY LAND TRUSTS

Saratoga Community Housing is based on a traditional Community Land Trust model. A Community Land Trust (CLT) is an organization created to hold land for the benefit of a community and those individuals within the community. It is a democratically structured nonprofit corporation, with an open membership and a board of trustees elected by the membership. The board typically includes residents of trust owned lands, other community residents and public-interest representatives. Board members are elected for limited terms, so that the community retains ultimate control of the organization and of the land it owns.

The CLT acquires land through purchase or donation with an intention to retain title in perpetuity, thus removing the land from the speculative market. The land then may be used to provide housing opportunities for individuals and families who would otherwise be squeezed out of the housing market due to their income level.

One of the greatest benefits that set CLTs apart from most other forms of subsidized or self-help housing is that CLTs provide long-term affordable housing solutions. The homes remain below market price generation after generation. The land that the home sits on is not owned by the homeowner it is held in a trust by the CLT and leased to the homeowner through a 99-year renewable and inheritable land lease. The value of the land is removed from the homeownership equation; therefore the home's price is substantially less than the prevailing market prices.

The home-buyer agrees to a predetermined resale formula so that in the event of a resale, the first homeowner will capture a fair amount of return on their investment, while the resale price of the home is kept at an affordable price for the next qualified homebuyer. This keeps the home affordable forever. No other housing model offers this type of long term affordability. This is a proven model that is highly successful across the nation.

Frequently asked questions about Community Land Trusts (CLTs):

What is a Community Land Trust?

A CLT is a nonprofit organization that acquires and holds land for the purpose of providing housing at affordable prices. What makes the CLT model unique is that the housing remains affordable forever giving future homebuyers an opportunity to purchase a home at a reasonable price rather than the prevailing market price.

Why do we need Community Land Trusts?

Over the last decade, housing costs on Whidbey Island have skyrocketed. Unfortunately, incomes have not kept pace. Everyday people, from hardworking families to seniors living on fixed incomes, cannot afford to own a home in the community in which they work and live. CLTs make home ownership possible for the limited income residents.

How do Community Land Trusts work?

CLTs sell homes to people who are creditworthy but whose incomes are so limited they are closed out of the traditional real estate market. While buyers own the home, the land beneath their home belongs to the CLT and is leased to them for a nominal fee through a long-term, renewable and inheritable lease.

How does the Community Land Trust keep the housing affordable forever?

CLTs create opportunities for home ownership based on a shared appreciation model. Community investment in partnership with the homebuyers allows the buyer to purchase the home on CLT land at a price well below the market value. In exchange, homebuyers agree to a resale formula that enables them to recapture a fair share of the homes appreciation rather than profiting from the current market value. In practice, the resale formula allows for a one-time investment from the community that is maintained over the life of the home, benefiting homebuyers many times over and eliminating the need for future investments.

What happens if the homeowner wants to sell their home?

When homeowners sell their homes, the resale price is based on a predetermined formula designed to provide a fair and reasonable rate of return on the investment, while at the same time keeping the home's price within reach for future homebuyers of modest means.