

CA CLT Network Tenancy in Common Workshop

Feb. 28, 2023



Perpetual Home Affordability-Stewardship-Community Control

Upcoming Events

CLT Staffing Workshop - March 21

Annual members meeting - March 24

Fundraising and Planned Giving Workshop - March 28

CACLTN Lobby Day (Virtual) - April 17



Guide to Multifamily Housing on Community Land Trust Property in California

— Introduction

This guide was written for community land trusts (CLTs) to provide an overview of ownership and management structures for multi-unit properties on CLT land given that choices and practices vary widely. We hope to help CLTs navigate their options and understand the varying legal considerations, and organizational implications associated with each ownership structure. This memo summarizes five different structures and some key considerations for each. There are additional possibilities beyond those summarized here but the five structures presented in this memo are most commonly implemented by CLTs.

The following questions could help guide a discussion on which option may be best for a particular property:

- (a) Are residents interested in participating in governing the property? And if yes, what types of decisions are most important for the residents to participate in?
- (b) How important is ownership and equity building to the residents of a building?
- (c) Is it possible to obtain the financing necessary for the residents to own the building in the form of a limited-equity housing cooperative (Option 4)? Is it possible for some or all residents to obtain their own mortgage to finance purchase of their unit in a condominium (Option 5)?
- (d) What is the capacity of the CLT to provide hands-on support for a resident association or a cooperative board?
- (e) What are the potential upsides and downsides of each model – to both the CLT and to the residents?

SUMMARY TABLE

	1. Rental Housing on CLT Land	2. Rental Housing on CLT land with a Resident Council	3. Resident Operated Nonprofit (RON) Leases Land and Building(s) from CLT	4. Limited-Equity Housing Cooperative Owning Building(s) and Leasing Land from CLT	5. Condominiums Owned by Individual Households and Leasing Land from CLT
Who owns what?	CLT owns the entire property, OR property management company owns improvements and CLT owns land with lease to property manager. Residents are renters of their unit.	Same as Option 1.	CLT owns the entire property and RON leases it all from CLT. Each resident is a tenant who rents their unit from the RON.	LEHC owns the building(s). CLT owns the land and leases land to LEHC. Each resident household owns a share or membership in the LEHC corporation. Owning a share entitles one to occupy a unit. Residents also typically pay periodic maintenance or carrying charges (similar to paying rent, however, the amount might be adjusted based on the LEHC budget)	Each resident household owns their individual unit. There might be common areas owned by the residents together as a homeowners' association. The CLT owns the land. Like in a LEHC, residents may have to pay dues to the homeowners' association, the amount of which might be adjusted on what it costs to maintain the property.
Move-in Cost	Security deposit + first month's rent	Security deposit + first month's rent	Security deposit + first month's rent	Membership share (typically \$3k-\$40k) + first month's rent or maintenance dues	Purchase of condominium plus first month (or quarter, or...) of HOA dues.
What happens upon move-out?	Security deposit returned, as appropriate.	Security deposit returned, as appropriate.	Security deposit returned, as appropriate.	LEHC repurchases membership share for the price paid by the outgoing member + the value of improvements installed at the expense of member + accumulated simple interest.	Condo association or CLT or next resident purchases the unit based on a formula set by CLT/condo policy.



Urban Soil Tierra Urbana



Learning Garden



Señoras For Housing



White House Place



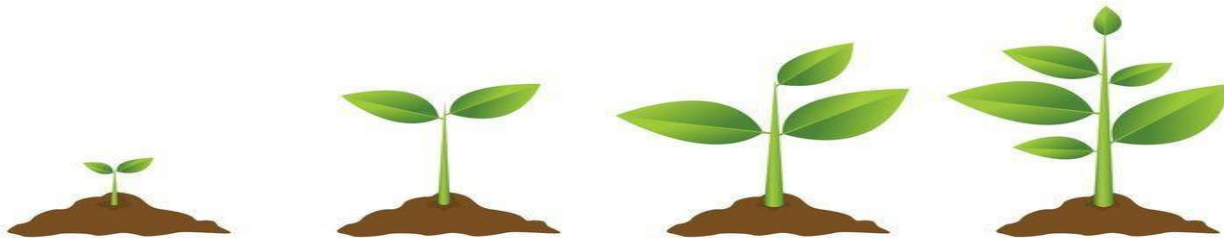
Lemp

BVCLT LE TIC Project Objectives

- Capitalize on the momentum of the current trend of Tenancies-In-Common to demonstrate a version that is rooted in community control of the land, by collaborating with community members on transitioning more homes from the speculative housing market to CLT co-ownership & stewardship
- Create a new social housing option in preparation for TOPA (particularly for tenants that prefer more financial autonomy than what housing cooperatives provide, and to harness the leverage of higher income & asset households)
- Offer members with low to moderate incomes a community-oriented alternative to the traditional home purchase route, leveraging their buying power to immediately stabilize properties at risk of speculation.

Project phases:

Pre-acquisition → Initial Acquisition → Transition from CLT Rental to LE TIC



Public Subsidy Model

- Initial purchase by BVCLT using public subsidies (FIHPP, ULA, etc)
- Vacancies are filled by pre-approved BVCLT members
- Tenants purchase improvements via TIC fractional loans or rent-to-own arrangements

Community-Member Initiated Model

- Initial purchase by BVCLT using soft loans from community members, grants, etc. Vacancies are filled by pre-approved BVCLT members.
- More subsidy funding is secured post-acquisition to buy down resale price of 120% AMI unit(s) for permanent affordability.
- Tenants purchase improvements via TIC fractional loans or rent-to-own arrangements

Potential Waiting List & Selection Process



- Active BVCLT membership required to get/stay on waiting list to fill vacancies of future acquisitions
- Credit check and proof of income (ex. tax return)
- Commitment to income based rent model prior to co-ownership transition
- Commitment to help BVCLT staff organize tenants with transition from rental to co-ownership
- Commitment to limited equity/ appreciation resale formula