

## Frequently Asked Questions

---

### What is a community land trust?

A community land trust (CLT) is a non-profit organization created to acquire and hold land for the benefit of a community. CLT's provide secure and affordable access to housing. **A CLT provides access to homeownership for people who cannot afford homes for sale on the real estate market and provides greater housing security than renting.**

### Who runs community land trusts?

CLT's are nonprofit organizations, governed by a board of directors. The board of directors are volunteers who are dedicated to the mission of creating and preserving affordable housing in the region. Homeowners, community members, and public officials serve on the board of directors.

### How does community land trust homeownership work?

**Homebuyers purchase only the house** and enter into a 99-year ground lease with Dakota Land Trust to lease the land. These homes cost less than market rate homes and are sold to people with limited incomes.

### What if I purchase a community land trust home and I want to sell it?

DLT homes are sold only to people with limited income. The sale price is determined by the resale formula in the ground lease. DLT will market your home and find a qualified buyer if you want to sell your home. The discount you received when you purchased your home remains with the property in the form of shared equity.

### What is the ground lease?

The ground lease is a contract **defines the roles and responsibilities of both the community land trust and the homeowner.** The ground lease allows the homeowner secure, long-term rights to use the land and full responsibility for the property. The ground lease is renewable, can be transferred to the owner's heirs and ensures full rights of privacy. Community land trust homeowners and their descendants have a right to occupy and use the leased land for as long as they wish, provided that they abide by the terms of the ground lease.

### How much is the lease payment?

\$25 per month

### Who pays the property taxes?

**The homeowner** pays all the taxes associated with the property. As with all homeowners, property taxes and mortgage interest are tax deductible.

## Will banks and other financial institutions make loans for homes on leased land?

**Yes.** There are dozens of banks, housing finance agencies and other mortgage lenders who lend to community land trusts.

## What kind of support does a community land trust provide for its homeowners?

A community land trust makes a long-term commitment to its homeowners. Types of support offered by Dakota Land Trust to homeowners after they purchase their homes include education, resources and community events. Community land trusts have helped homeowners with foreclosure prevention and re-financing options.

Community land trusts can also provide a connection to the greater CLT community – DLT will provide Board positions to offer opportunities for homeowners to be involved in the decision-making process for the organization.

## How does community land trust homeownership compare to conventional homeownership?

### SIMILARITIES:

- The homeowner has a mortgage with a bank
- The homeowner accumulates equity
- The homeowner pays property taxes
- The homeowner can make alterations and improvements
- The homeowner receives federal tax deductions for mortgage interest and property taxes

### DIFFERENCES:

- The purchase price is lower, because the land is not purchased by the homeowner
- Dakota Land Trust owns the land, the homeowner leases the land from the Dakota Land Trust for a nominal fee
- If a family chooses to sell their home, the selling price will be lower – selling a CLT home helps limited income families the same way as buying a CLT home.