

# Community Land Trust Housing

An Important Solution for Affordable Single-Family Homeownership



Dane County communities and employers have expressed the need and interest in creating affordable homeownership opportunities for their residents, workforce and family members. However, the bottom rung on the ladder into homeownership has all but disappeared in Dane County. Building affordable single-family housing has many obstacles, but land trust homes can offer an important solution.

## What is a Community Land Trust (CLT)?

The Madison Area Community Land Trust (MACLT), our local land trust in Dane County, is a nonprofit organization that provides affordable homeownership opportunities for low- to moderate-income individuals and families. MACLT creates and preserves permanently affordable single-family homes and condominiums through new housing development, the acquisition and rehabilitation of older housing stock, and the resale of homes.



## How Do They Make It Affordable?

When you buy a conventional single-family home, you purchase both the house and the land underneath it. With a Community Land Trust (CLT) home, the homeowner purchases only the house itself while the land remains owned by the CLT. Because the value of the house is separated from the value of the land, the home is available for purchase at a lower cost than a typical home. The initial purchase price is made affordable to lower-income buyers with help from public subsidies, grants, and down-payment assistance.

## Benefits and Comparisons to CLT Homes



### Rental Housing

No need to worry about fixing the roof, buying appliances, clearing snow or mowing grass. You pay rent, that increases over time, with no ability to gain equity, and less ability to save.

### CLT Home

Because CLT homes are only available to low- to moderate-income households, they qualify for down payment assistance in Dane County. CLT homeowners have consistent monthly payments over the life of their mortgage, as well as housing they can pass onto their children. CLT homes provide economic mobility and wealth building for low- to moderate-income households that would not be able to access homeownership otherwise, though they do not gain the full equity of the home upon sale. They have to maintain their home and yard, like a conventional homeowner.



### Conventional Home

The median sale price of a single-family home in Dane County is approximately \$450,000, which is out of reach for almost all first-time homebuyers. If you are able to become a homeowner, you can enjoy all the benefits and burdens of this important asset.

# What Happens When You Sell Your CLT Home?



When a homeowner is ready to sell their home, they agree to sell the home at an affordable price to the next homeowner based on a pre-arranged resale formula. By placing resale limits on the value of the home, the land trust ensures that the home remains affordable for future generations, even as property values in the surrounding area may rise at a higher rate.

## How Does the Process Work?

- Community Land Trust acquires land for new housing, or acquires existing housing units for rehabilitation.
- The family or individual receives housing counseling and goes through the mortgage approval process and purchase of the home. CLT leases their land for a minimal price using a long-term ground lease (typically a 99-year lease) as part of that process.
- Municipalities interested in having affordable single-family CLT homes in their communities assist with the acquisition of land, or with existing home to be rehabbed, where possible.



## Interested in Bringing Community Land Trust Homes to Your Community?

- Invite Mason Cavell, [mason@maclt.org](mailto:mason@maclt.org), Executive Director, [Madison Area Community Land Trust](https://www.maclt.org/), to present to your planning commission, village board, city council, or church group, etc.
- Share this Fact Sheet with your village board, city council, or housing committee and have a discussion about land trust homeownership opportunities. Questions to explore:
  - What housing problems do you seek to address with a CLT?
  - How could your community benefit from CLT homes?
  - Who will the CLT serve? Possible locations for CLT homes?
- Use land banking, TIF or TIF Extension Funds to help support and partner with MACLT
- Include community land trust housing as a priority in your comp plan housing chapter update
- Arrange a tour for your residents or planning commission and tour some examples of community land trust homes or communities around Dane County
- Encourage local private sector developers to include CLT housing in their development plans to create affordable housing opportunities within your community
- Connect those looking to donate or sell homes or land at a discounted price to the Land Trust.



## Want to Learn More?

Email your questions to [regionalhousing@danecounty.gov](mailto:regionalhousing@danecounty.gov) or visit [rhs.danecounty.gov](https://rhs.danecounty.gov) to sign up for the monthly RHS housing newsletter.

