

Multifamily Housing Teach-In

CA Community Land Trust Network 8/23/22



Announcements



Next Teach-In: *September 20, 12-1pm.* Introducing the CA CLT Model
Ground Lease for Housing Cooperatives

CLT Conference: Oct. 13-14 in Los Angeles. Register Now!


www.cacltnetwork.org/2022-conference/

New Resources Online: Glossary, Multifamily Guide and more

New CLT Real Estate Technical Assistance Program

Guide to Multifamily Housing On CLTs

SUMMARY TABLE



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:

- 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?
- How important is ownership and equity building to the residents of a building?
- 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)?
- What is the capacity of the CLT to provide hands-on support for a resident association or a cooperative board?
- What are the potential upsides and downsides of each model – to both the CLT and to the residents?

	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.

Factors Informing Multifamily Ownership and Management Decisions

Wishes of the residents

Coordination and cohesion of the residents

Capacity of the residents

Capacity of the CLT

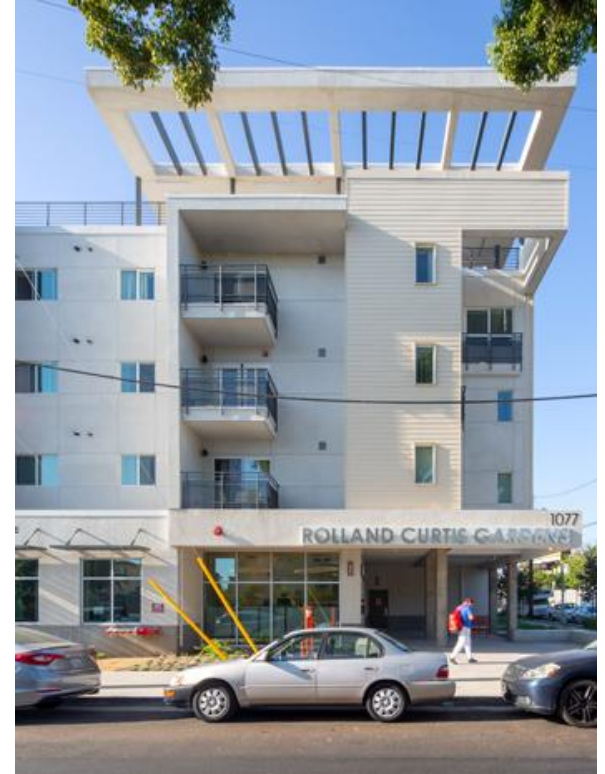
Availability of financing

Tax implications of ownership type

Rental Housing on CLT Land



Roland Curtis Gardens, Los Angeles
- T.R.U.S.T South LA



Rental Housing on CLT Land W/Resident Council



Fairmount House,
Oakland

- Bay Area CLT

Resident Owned Nonprofit (RON)

leases land and building(s) from CLT



Purple House, San Francisco
- San Francisco CLT

Limited-Equity Housing Cooperative (LEHC) Owning Buildings and Leasing Land from CLT



Addison Court, Berkeley
- Northern California Land Trust

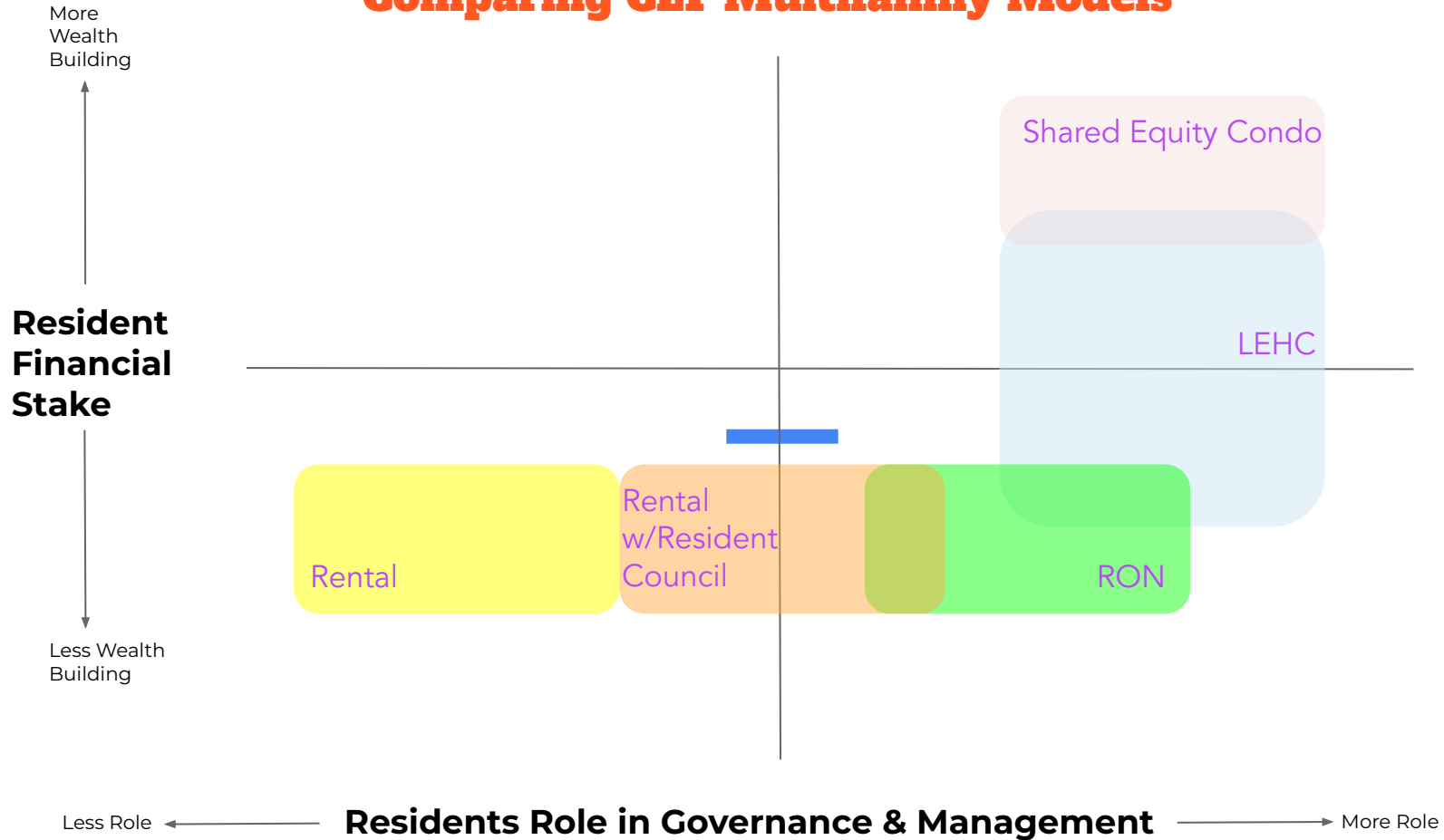
Condominium

Owned by Individual Households &
Leasing Land from CLT

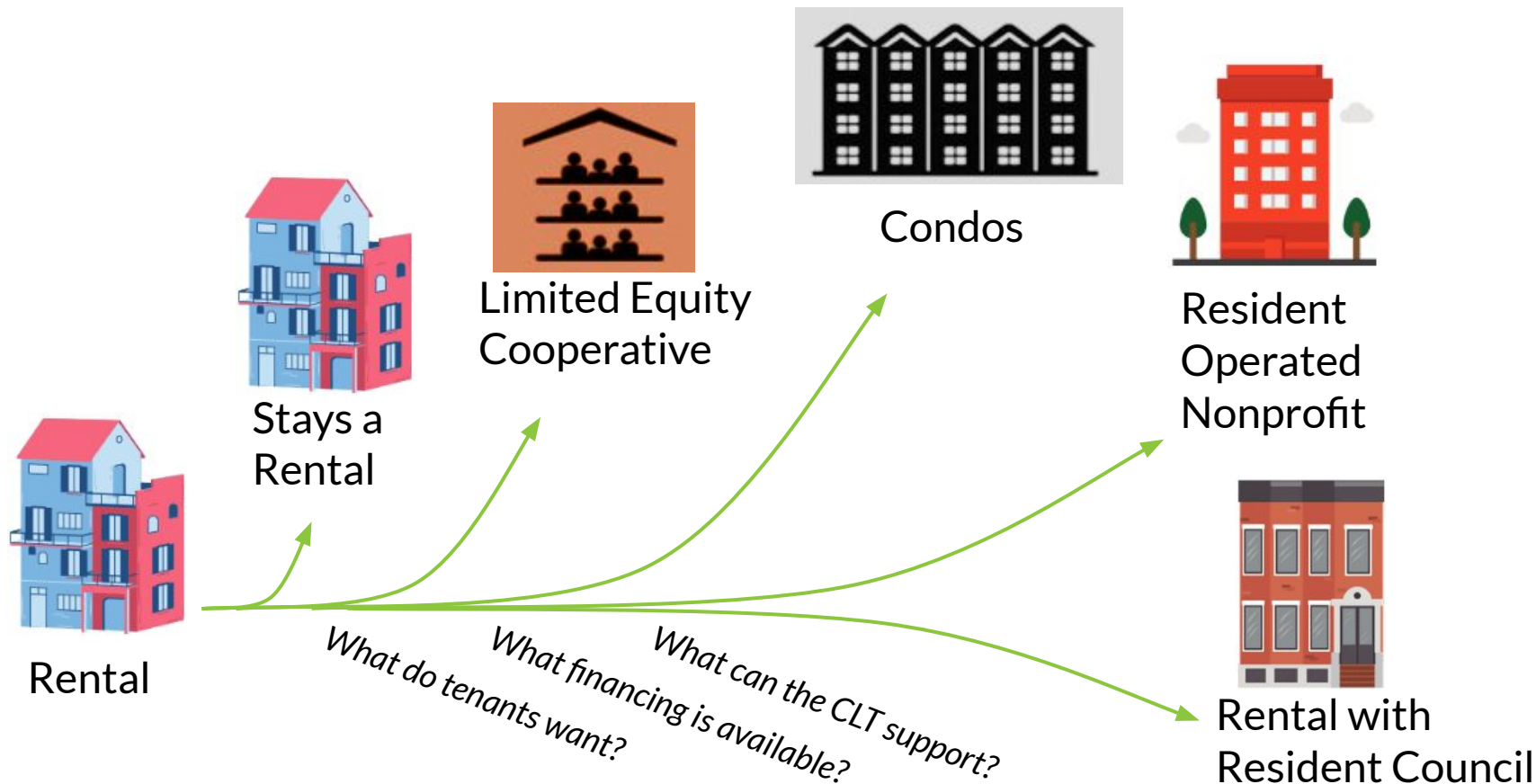


Sage Park, Irvine
- Irvine CLT

Comparing CLT Multifamily Models



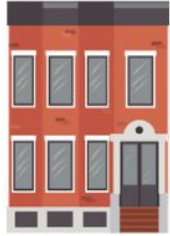
Homeownership Conversions



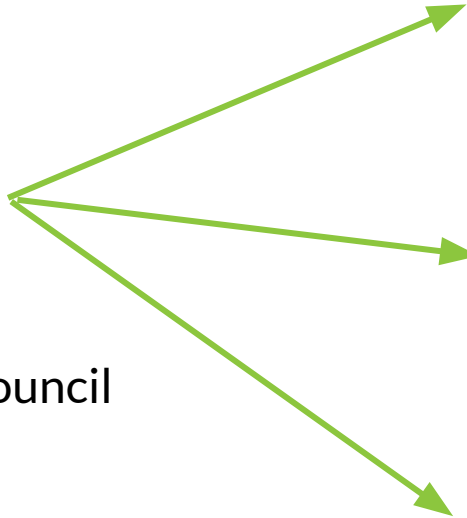
Different Pathways (part 1)



Rental



Rental with
Resident Council



Condos



Limited Equity
Cooperative



Resident
Operated
Nonprofit

Different Pathways (part 2)

