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


New Resources Online: Glossary, Multifamily Guide and more

New CLT Real Estate Technical Assistance Program
# Guide to Multifamily Housing On CLTs

## 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

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<th>1. Rental Housing on CLT Land</th>
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<th>4. Limited-Equity Housing Cooperative Owning Building(s) and Leasing Land from CLT</th>
<th>5. Condominiums Owned by Individual Households and Leasing Land from CLT</th>
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<tr>
<td>Who owns what?</td>
<td>CLT owns the entire property. OR property management company owning improvements and CLT owns land with lease to property manager. Residents rent their unit.</td>
<td>CLT owns the entire property and RON leases it all from CLT. Each resident is a tenant who rents their unit from the RON.</td>
<td>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.</td>
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<tr>
<td>Move-in Cost</td>
<td>Security deposit + first month’s rent</td>
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<td>Membership share (typically $3k–$40k) + first month’s rent or maintenance dues</td>
<td>Purchase of condominium plus first month (or quarter, or...) of HOA dues</td>
</tr>
<tr>
<td>What happens upon move-out?</td>
<td>Security deposit returned, as appropriate.</td>
<td>Security deposit returned, as appropriate.</td>
<td>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.</td>
<td>Condo association or CLT or next resident purchases the unit based on a formula set by CLT/condo policy.</td>
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California Land Trust Network
Multi Unit Housing Ownership Coalition
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

- Shared Equity Condo
- LEHC
- RON
- Rental
- Rental w/ Resident Council

Resident Financial Stake:
- More Wealth Building
- Less Wealth Building

Residents Role in Governance & Management:
- Less Role
- More Role
Homeownership Conversions

- Rental
- Limited Equity Cooperative: Stays a Rental
- Condos
- Resident Operated Nonprofit

What do tenants want?
What financing is available?
What can the CLT support?
Rental with Resident Council
Different Pathways (part 1)

- Rental
- Rental with Resident Council
- Limited Equity Cooperative
- Resident Operated Nonprofit
- Condos
Different Pathways (part 2)

Rental

Rental with Resident Council

Resident Operated Nonprofit

Limited Equity Cooperative

Condos