

# Community Land Trust Conference



*October 13-14*  
*2022*  
***Los Angeles***

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# Ownership

## Transition within the CLT

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# LES RESIDENTES CONTROLAN LAS ESTRUCTURAS RESIDENT CONTROL OF BUILDINGS

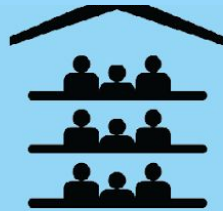
HOGAR  
UNIFAMILIAR

HOME



LIMITED EQUITY

HOUSING COOPERATIVE  
COOPERATIVA DE VIVIENDA DE  
CAPITAL LIMITADO (LEHC)



CONDOMINIUM

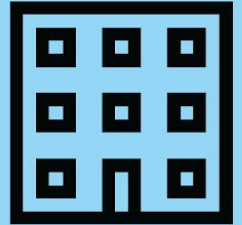


CONDOMINIO

ALQUILER MULTIFAMILIAR

MULTIFAMILY

RENTAL



99 Year Ground Lease / ALQUILER DEL TERRENO POR 99 AÑOS

## COMMUNITY OWNERSHIP OF LAND

## LA COMUNIDAD ES DUEÑA DEL TERRENO



# Types of CLT Ownership

There are MANY types of ownership within the CLT - common are:

- Single-Family Homeownership
- Single-Family Cooperative Ownership
- Multi-Unit Cooperative/LEHC
- Multi-Unit Condominiums

Other types of ownership can include:

- Resident-Operated Nonprofit where resident-formed nonprofit owns building and rents to the residents
- Tenancy in Common (TIC) Ownership
- Ownership that is about resident control rather than legal ownership, such as zero-equity co-ops (RONs) and Master Leasing scenarios.

# ALL Types of CLT Ownership

- Center resident control and self-determination
- Require resident engagement and commitment
- Require ongoing CLT support

# Common Challenges

- financing and refinancing
- significant and unanticipated rehab needs
- resident dynamics and conflict
- financial/legal situation of residents
- long-term sustainability - social and financial

# Overview of CLT land stewardship process

Proceso de Adquisición (Compra)  
Acquisition (Purchase) Process

Alquilado / Rehabilitado  
Rented / Rehabilitated

Residentes con titularidad del edificio  
Resident Owned Building

Can take anywhere from 6 months to several years.

This is where organizing happens.

In this phase, the CLT acts as the "new landlord" and manages the building, residents continue to self-organize and participate in trainings in order to transition to collective ownership of the structure.

Residents purchase building from the CLT and become the new owners! Transitioning the ownership of the building to the residents can take anywhere from 1 to 5 years, sometimes more depending on the situation.

# Acquisition Considerations

- **Financial Feasibility:** can we find a way to pay for the property (& possible rehab) based on existing rents, available funding sources, and the sales price so we can stabilize the situation?
- **Physical Feasibility:** what is the condition of the property? If bad, can problems be fixed?
- **Social Feasibility:** do tenants want to partner with the CLT & each other to preserve their building & commit to a path to resident ownership on CLT land



# Elements of Transition to Ownership

Rehab/Seismic

Making the building safe and possible for residents to maintain

Resident  
Readiness

Multi-unit: Co-op/HOA formation, including workshops to learn the skills to be a co-op, group decision-making structures in place.  
Single-family: Financial wellness, mortgage qualification & 1st time homebuyer training

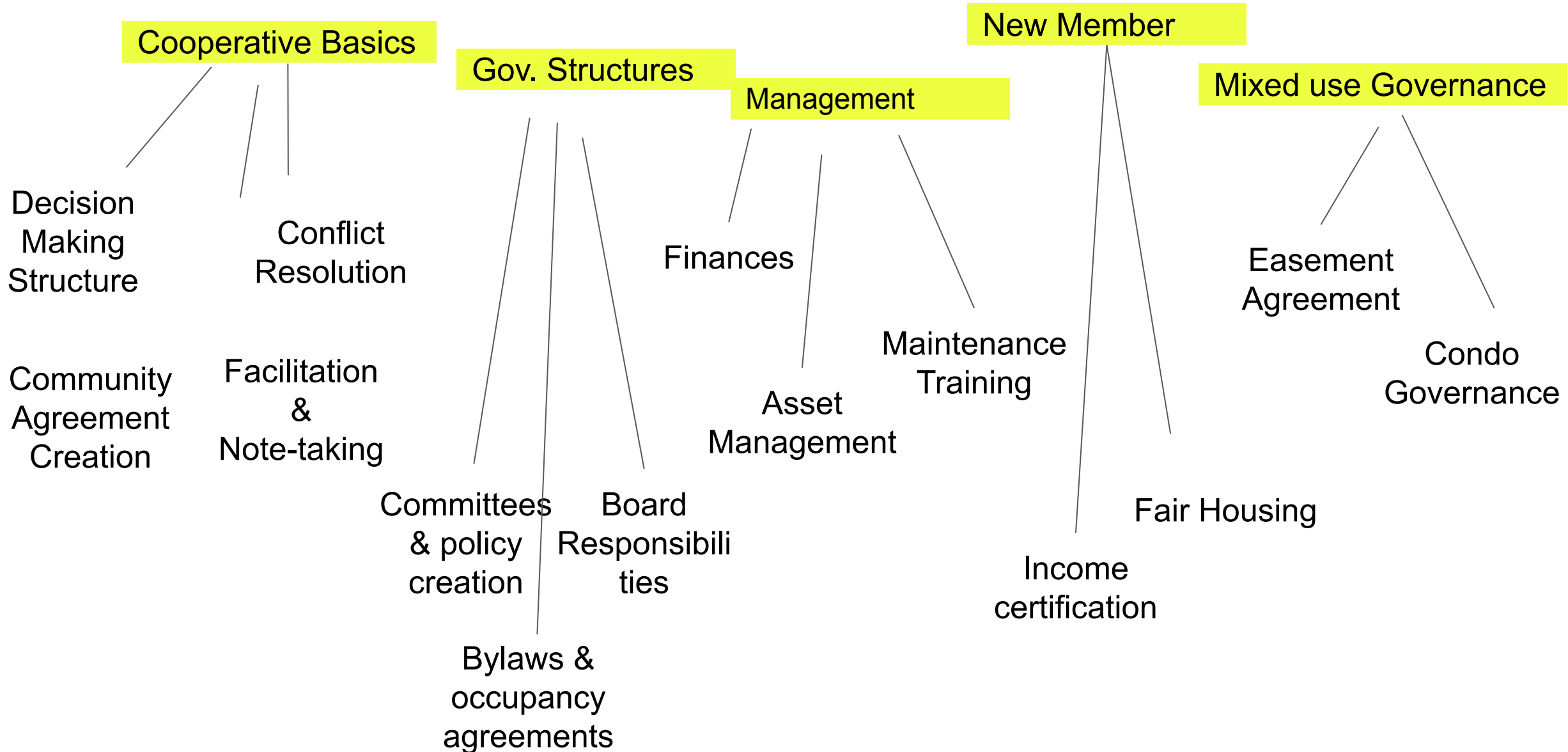
Legal  
Formation

Legal documents to incorporate the co-op or condo association; any subdivision, easements, parcel separation, etc. that will be necessary. Usually needs research!

Financing

Process of seeking & securing finances to replace the existing loans when the units transfer to resident ownership and governance: Blanket mortgage and share financing for LEHC; Mortgages for single family and condo homebuyers.

# ***What resident trainings are involved in each of these areas?***



# Decision Making During Transition

Until the residents and commercial tenants collectively come into ownership of the building, **the CLT has a legal and fiduciary duty to make all final decisions.**

However, the CLT's goal is to use the time before the Limited Equity Housing Cooperative + undetermined commercial entity purchase to involve residents & commercial tenants in these decision making processes, and support in transferring responsibility over to them.

Until the legal transition , the CLT legally will be the final decision maker on all decisions related to building management. *And it is in the CLT's interest to have the **resident entity involved and engaged in the management of the building as early on and as much as possible.***

# Resident Decisions ≠ Individual Resident Preferences

In any decision that impacts the whole building or multiple residents & commercial tenants, **the CLT cannot respond to the individual desires and opinions of each person.** Instead, the CLT is ready to respond to the collective decisions and desires of the residents and commercial tenants as a collective.

As a group, you all **need to operate as a collective decision-making body,** even before you have a legal form, in order to communicate collective community decisions to the CLT.

# **First step: Formalizing a Decision Making Process**

That means that any resident involvement in decisions about the building first requires the residents to have a process for coming to agreement amongst yourselves & communicating those decisions with OakCLT.

# **After Transfer of Ownership: as the CLT a supportive partner**

Once the Resident Co-Op comes into ownership of the building, the CLT has a legal and fiduciary duty to transfer support the resident governing body in the management of the building. The CLT's goal is to transfer responsibilities over to the residents on a timeline that allows the residents to get trained & aims at giving residents the power as early as is reasonable & secure.

This means that even after the legal transition , the CLT will be there with residents to support while residents build their capacity to hold this work without the CLT. Some areas of work (like compliance with regulatory agreement) will always remain with The CLT to ensure the sustainability of the project.