Community land trusts (CLTs) are nonprofit organizations that acquire, own and steward land permanently for the common good. The most common land use is housing, but retail, office and a variety of other land uses are possible. CLTs extend formal decision-making voice and power to local community residents in determining land uses.

How CLTs Make Housing Affordable
First, CLTs build or buy homes using one-time public or private investments. Next, the CLT sells just the home to a low- or moderate-income buyer who qualifies for a mortgage, and the CLT keeps the land, holding it in trust for future generations of homebuyers. In return for being able to buy a home at a discounted price, the homeowners agree to pay it forward and sell to another income-qualified family at a price they can afford. The CLT manages the homebuying process, ensuring that each homebuyer builds some wealth from a predetermined, limited amount of the sales proceeds.

CLTs typically use a ground lease to detail the homeowner and CLTs rights and responsibilities, balancing the individual, community and public policy interests at play. A national model ground lease provides important best practices and ensures that homeowners can access conventional financing products, and a national model deed restriction provides a model when a land lease is not possible (for example, in some condominium developments).

A CLT’s Impacts
In the CLT model, a one-time investment in a home makes lasting affordability a reality.

CLTs can advance racial equity and stabilize communities by preserving and protecting housing for long-term residents; helping to build stronger, safer and higher quality diverse neighborhoods; and, contributing to greater educational attainment, employment opportunities and health outcomes.

For more information, visit www.GroundedSolutions.org. If your CLT provides homeownership units, you may be able to increase your buyers’ access to conventional financing if your program meets the Duty to Serve definition of shared equity homeownership through our partnership with Fannie Mae, find out more at www.GroundedSolutions.org/dts-opportunity.

Fannie Mae works with stakeholders and partners to drive positive change in the mortgage financing system and fulfill their affordable housing mission. They’re investing in affordable, sustainable homeownership, including initiatives supporting shared equity programs.