

# Community Land Trust Designation Policy

July 2024



# Today's conversation



- What are CLTs and how do they work?
- CLTs & Texas
- CLTs & Taxes
- San Antonio's Proposed Designation Policy



# What is a Community Land Trust?

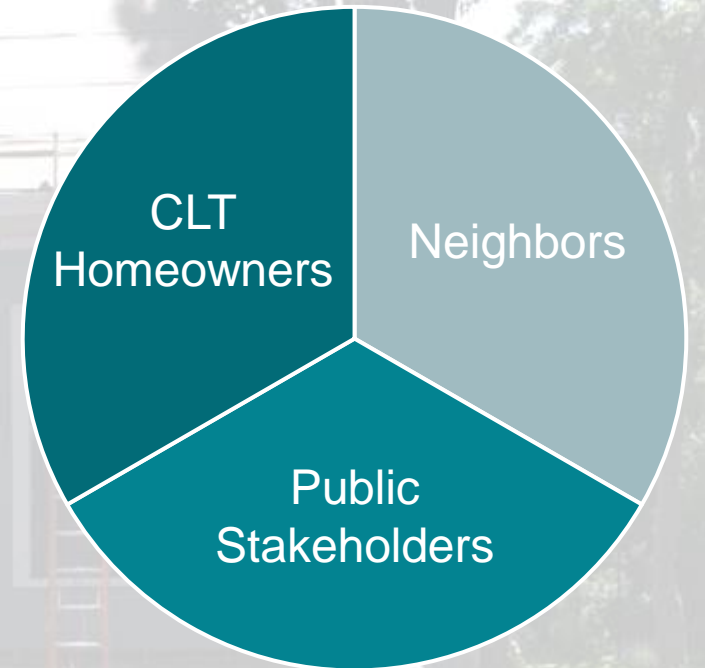
- A non-profit organization
- Owns & stewards land- *permanently*
- Creates & maintains lasting affordability



# What is a Community Land Trust?

CLTs typically have:

- A defined service area
- Corporate membership
- A tri-partite board





# How do CLTs work?

## Traditional Homeownership

Home & land are purchased and sold together

Homeowner maximizes price at resale

Homeowner pays property taxes based on estimated sale price



## CLT Homeownership

Separates the home from the land

Homeowner **owns the home** and **leases the land** from the CLT

Re-sale price is determined by the ground lease

Homeowner earns equity and pays property taxes based on the ground lease

# How do CLTs work?

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The ground lease:

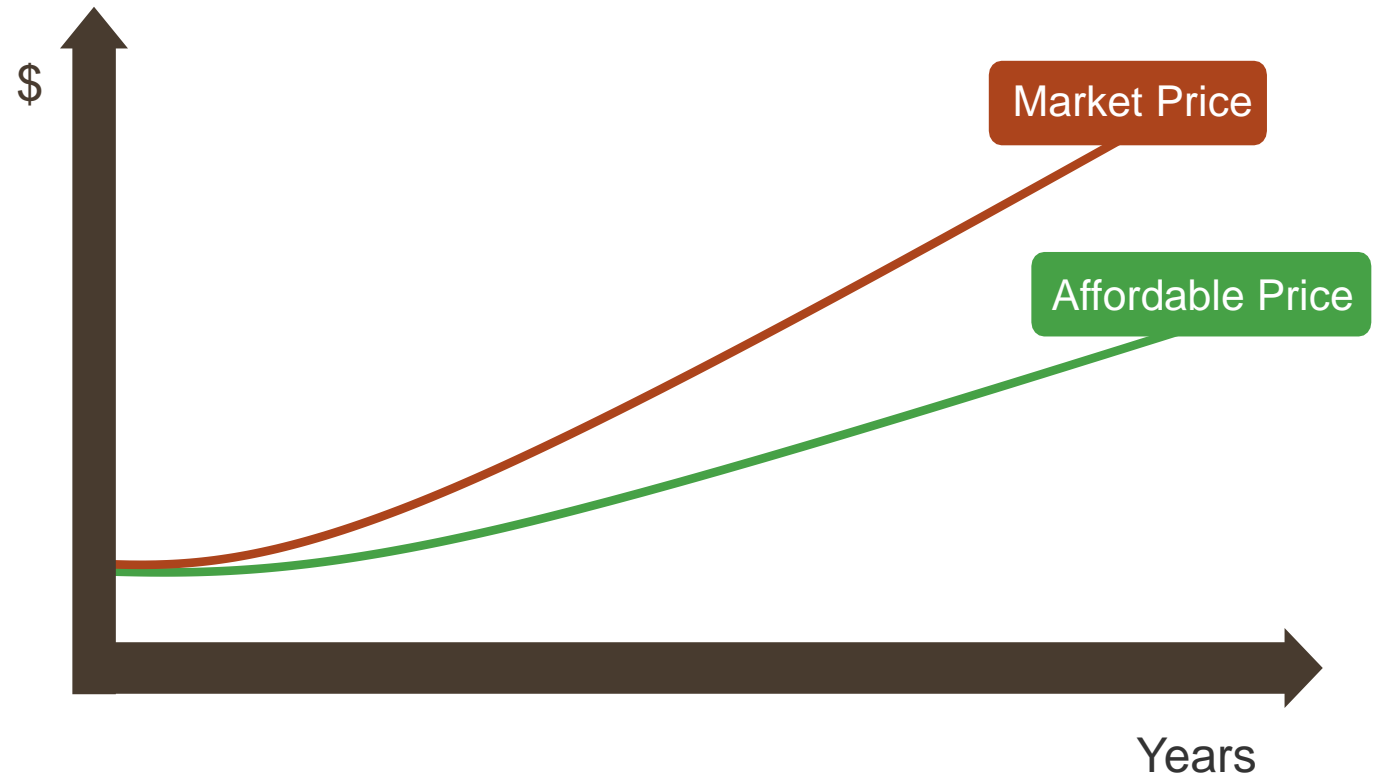
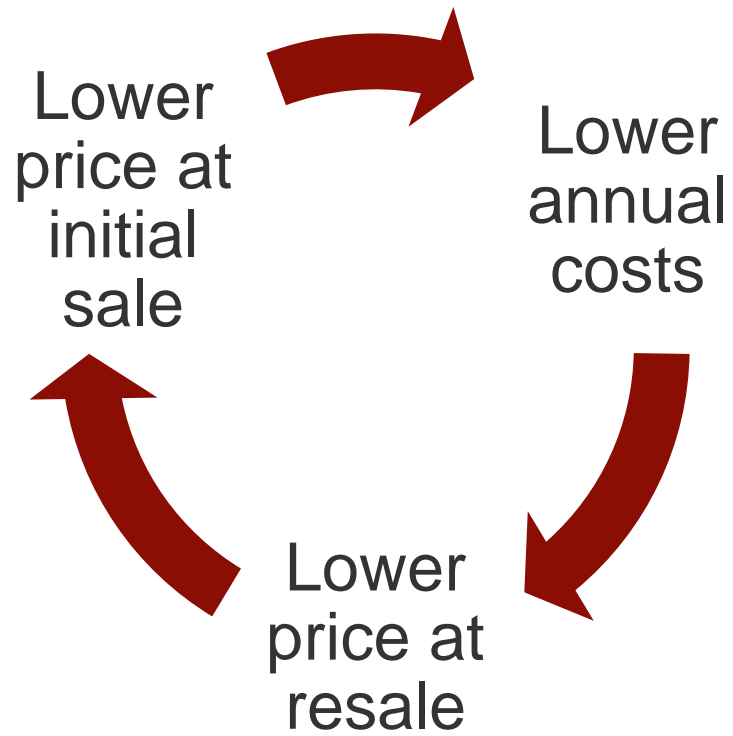
- Is typically 99 years
- Includes a capitalization rate which determines the amount of equity the homeowner earns
- Sets the monthly fee for renting the land



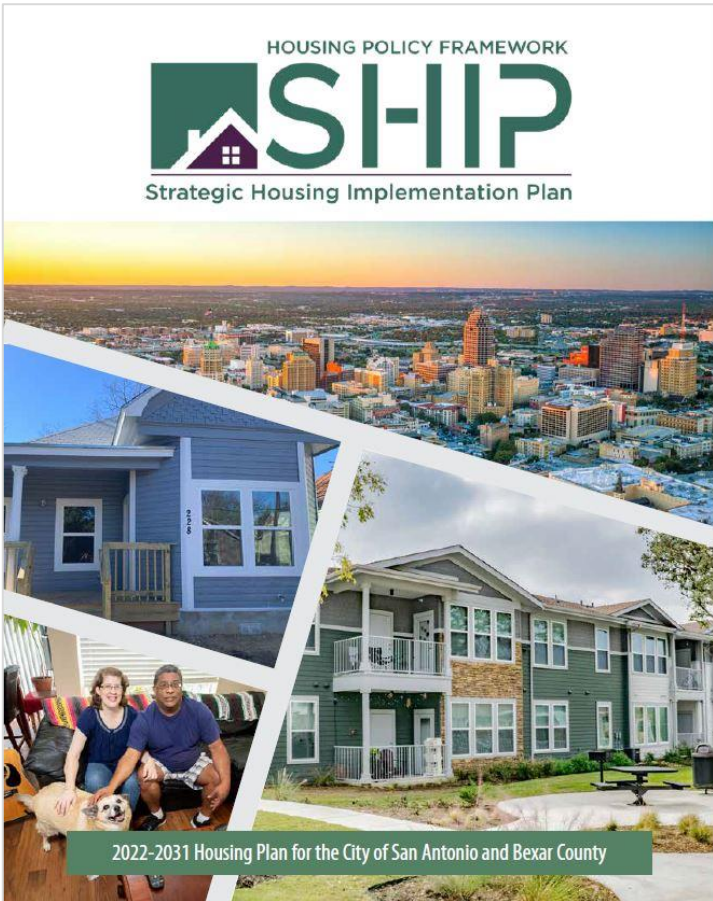
..... Ground Lease .....



# Perpetual Affordability



# CLTs & The Strategic Housing Implementation Plan



## Strategy CIH 7:

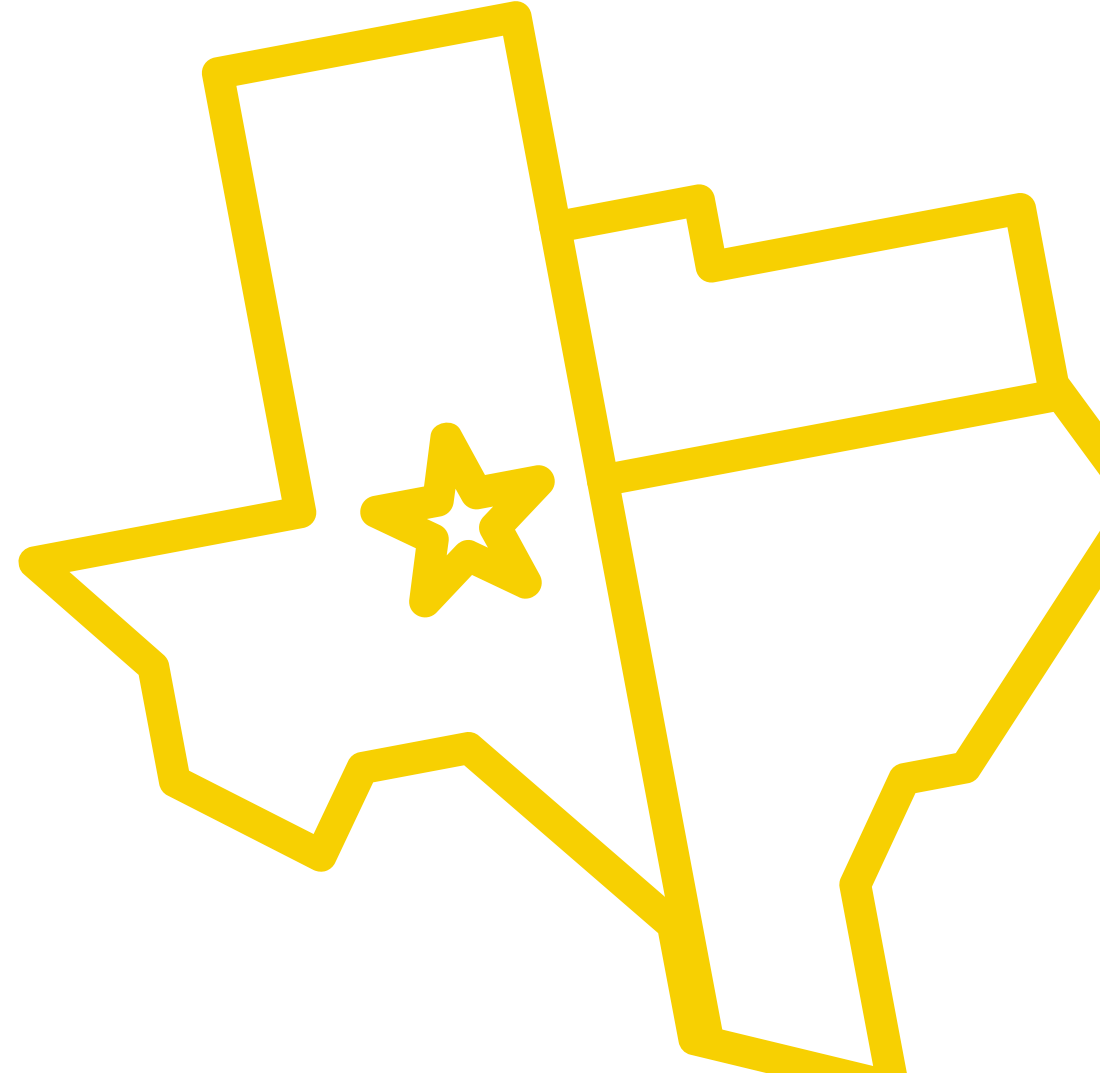
Establish a new nonprofit or empower an existing organization to launch and operate a CLT



# CLTs & Texas

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- State legislation requires designation from the City
- Designated CLTs in Austin & Houston
- Coming soon to San Antonio



# Why a designation?

The designation entitles CLT-held properties to tax-saving appraisal methodology

**Example:**

This home was purchased in 2023. It has a capitalization rate of 1% and a monthly ground lease fee of \$50

Example Appraised Value			
Year	Land	Home	Total
2023	\$600	\$150,000	\$150,600
2024	\$600	\$151,500	\$152,100
2025	\$600	\$153,015	\$153,615
...			
2053 & beyond	\$600	\$202,178	\$202,778



..... Ground Lease .....



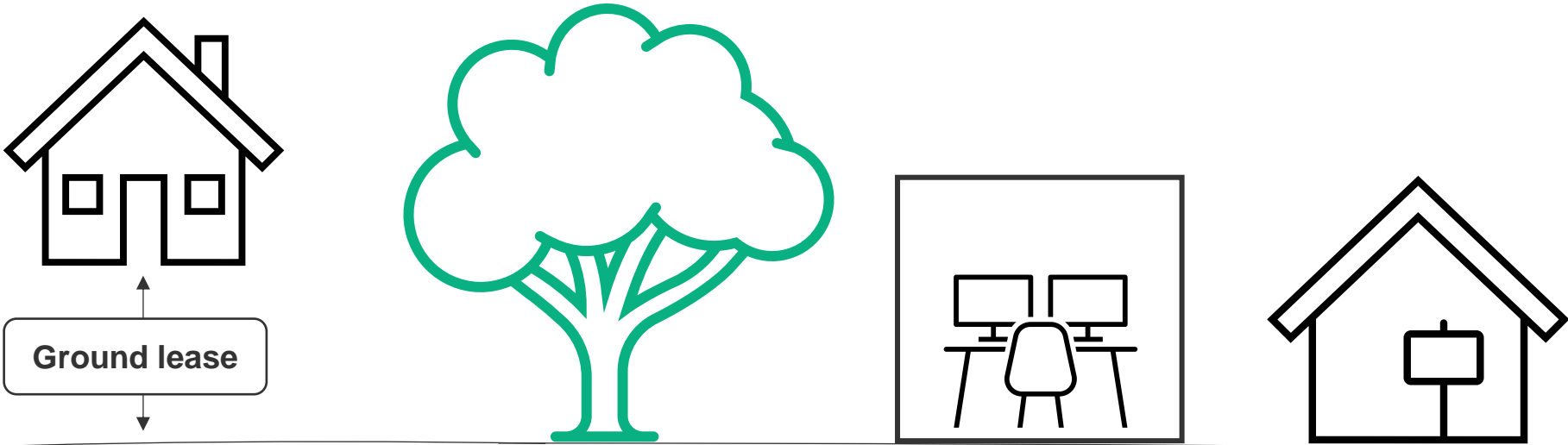
# Who pays the tax?

**Homeowners of CLT homes pay all taxes associated with their home- including the land.**

The taxes they pay are based on the appraised value, determined by the ground lease.

**The CLT pays property taxes on the land and improvements it owns, such as office space or homes that are owned by the trust.**

**Council can provide a full or partial property tax exemption to further reduce these taxes.**





# Designation Policy Goals



1

Support lasting  
affordable and  
healthy CLTs in  
San Antonio

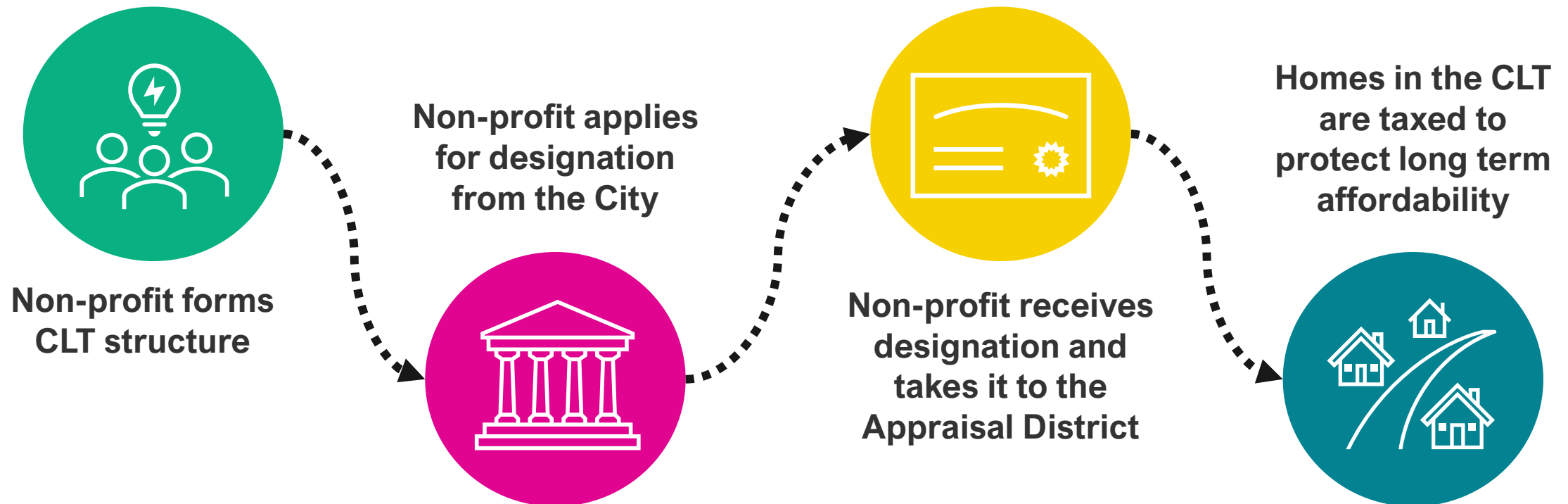
2

Make it possible  
for local CLTs to  
get the tax  
treatment state  
law provides

3

Ensure local CLTs  
that get a  
designation have  
the capacity to  
steward the  
organization and  
its assets

# Designation Process



- Initial designation requires Council action
- Designations are renewed annually administratively

# Evaluation Considerations

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## Community

How does the CLT meet community need?

How is community involved in making the CLT?



## Programming

Who is the CLT serving?

What services will the CLT provide?



## Governance & Operations

Who makes up the board and the staff?  
What experience do they bring?

How does a CLT fit within the organization's mission?



## Financials

What is the business plan for the CLT?

How will it sustain funding?



# Potential Requirements



## Affordability/ income eligibility:

- Renter-serving focus up to 60% AMI
- Homeowner-serving focus up to 80% AMI

## Long-Term Affordability

## Housing Voucher Incentive Policy Compliance

## Code Compliance

- CLTs with serious code violations must have a satisfactory plan to resolve

## No Permanent Displacement

# Timeline



Feb

Begin local  
stakeholder  
outreach

Mar-  
May

Draft policy  
development

May-  
July

Housing  
Commission,  
draft policy  
review

Aug

Housing  
Commission,  
PCDC  
briefings

Sept

Council  
Consideration

Oct

Launch

# Community Land Trust Designation Policy

June 2024

