

Item #44

Community Land Trust Designation Policy

October 31, 2024

Veronica Garcia, Director

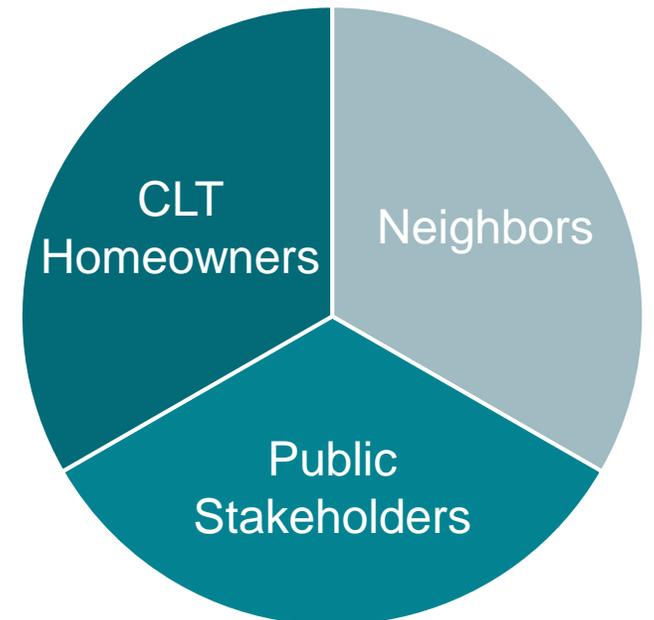


What is a Community Land Trust?

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

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?

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



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

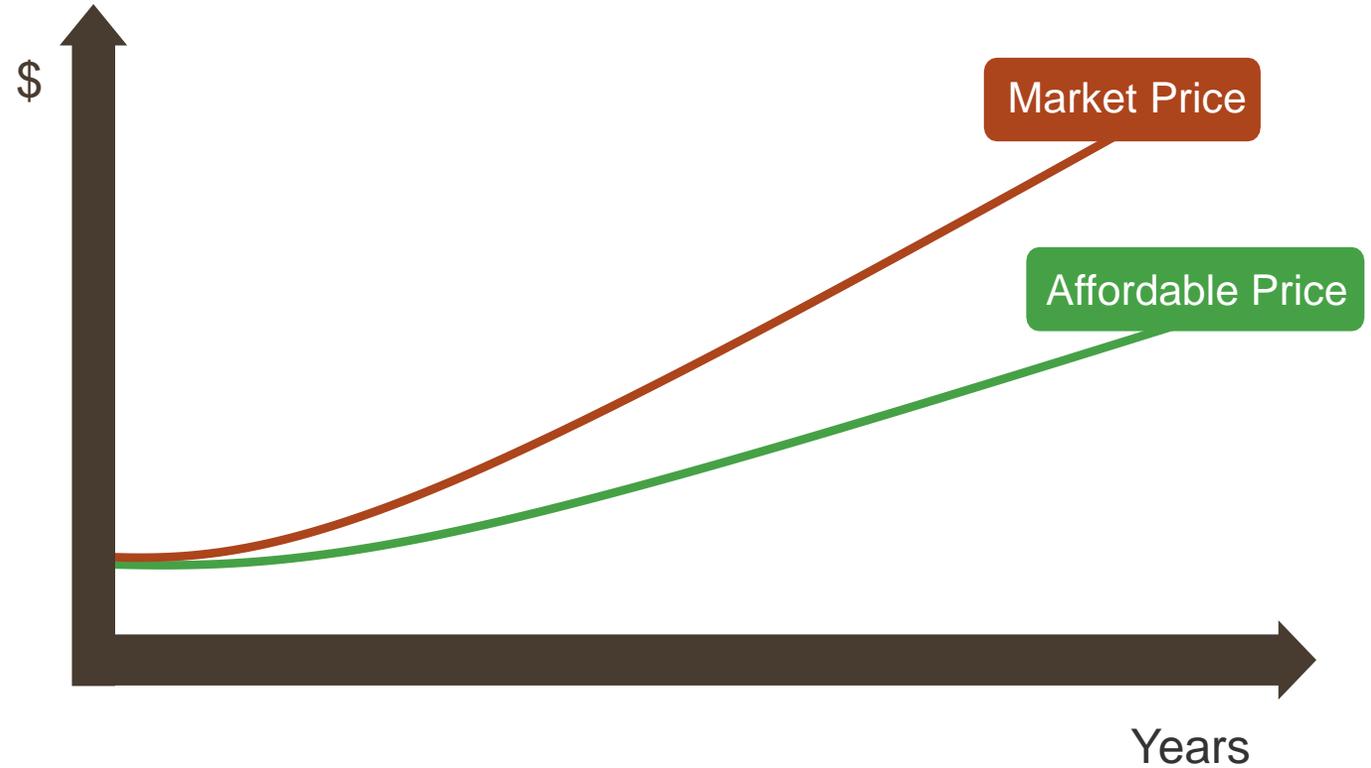
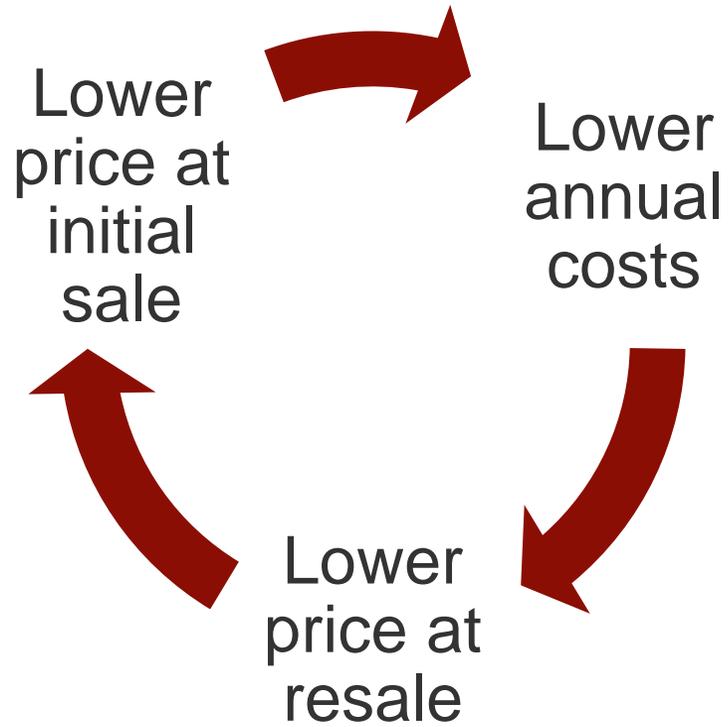
Example Appraised Value			
Year	Land	Home	Total
2023	\$600	\$150,000	\$150,600
2024	\$600	\$151,500	\$152,100
2025	\$600	\$153,015	\$153,615
...			
2053 & beyond	\$600	\$202,178	\$202,778



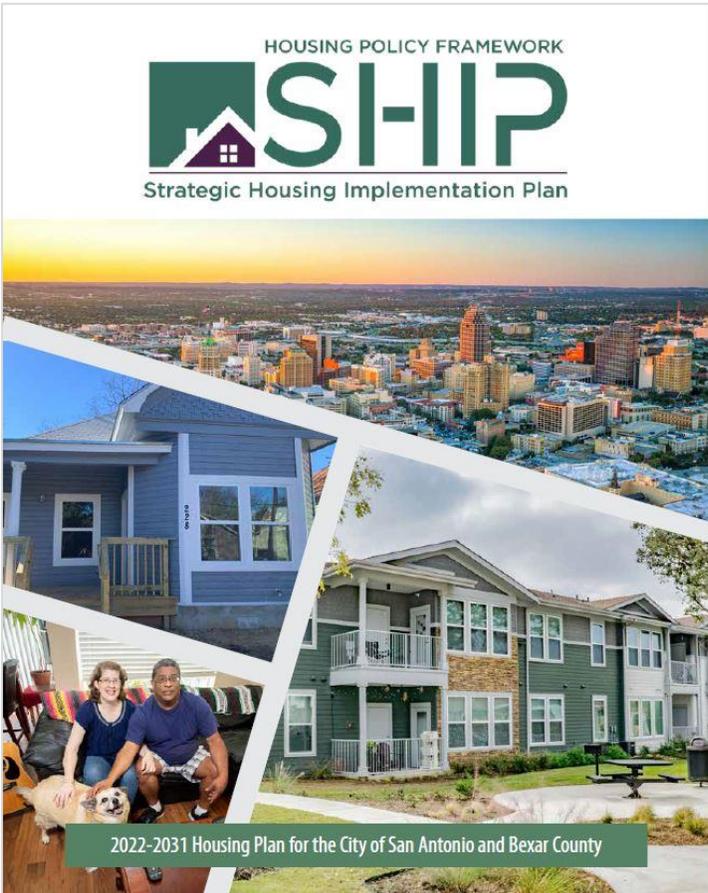
..... Ground Lease



Perpetual Affordability



CLTs & The Strategic Housing Implementation Plan

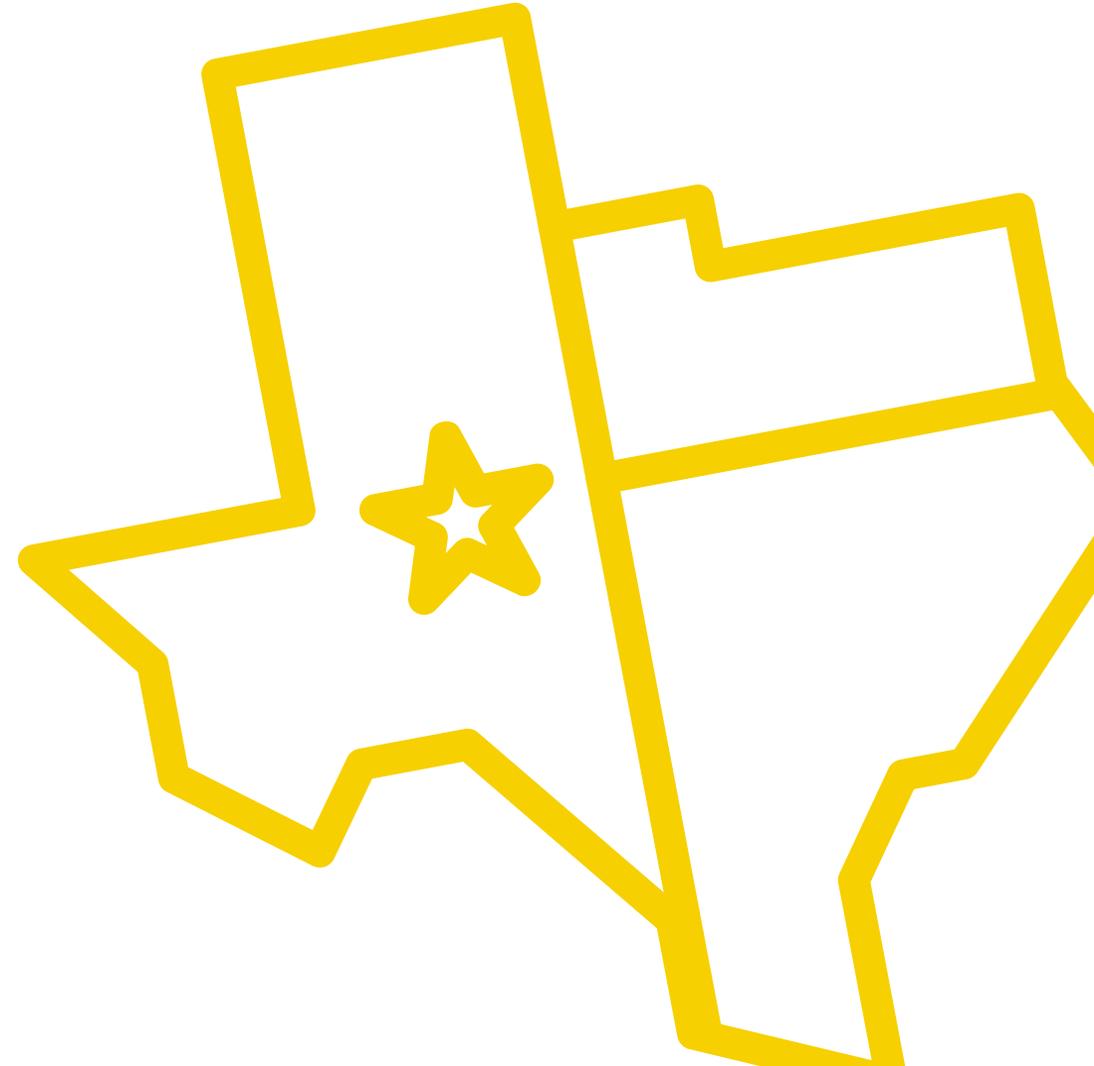


Strategy CIH 7:

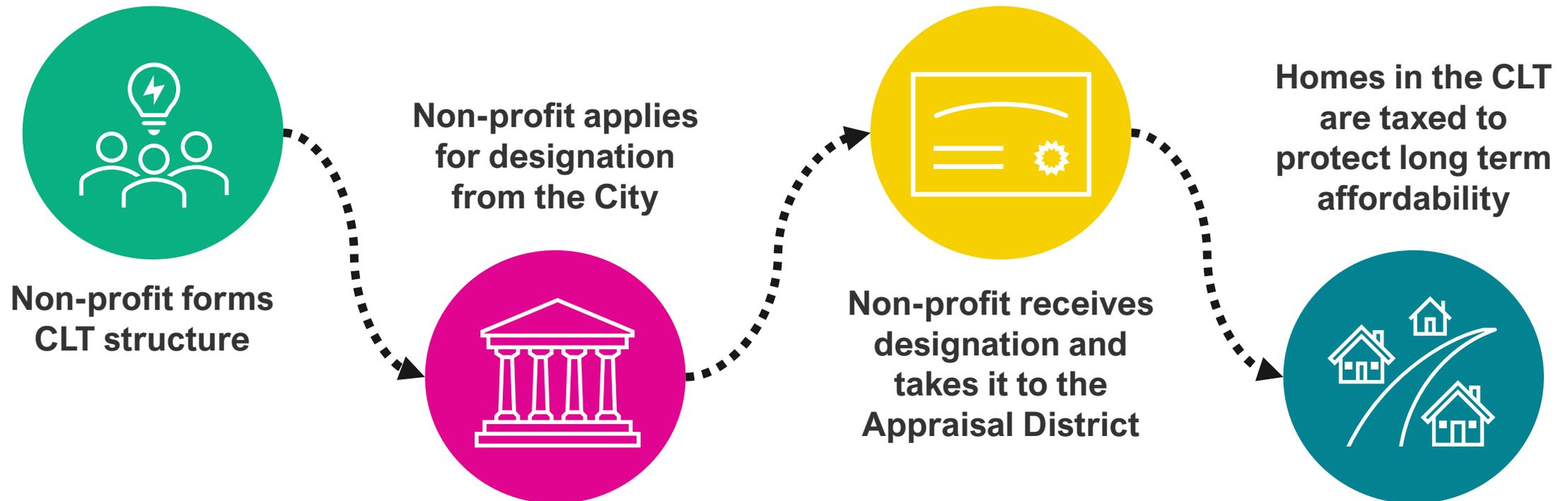
Establish a new nonprofit or empower an existing organization to launch and operate a CLT

CLTs & Texas

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



Designation Process



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

Designation Policy Goals



1

Support lasting
affordable and
healthy CLTs in
San Antonio

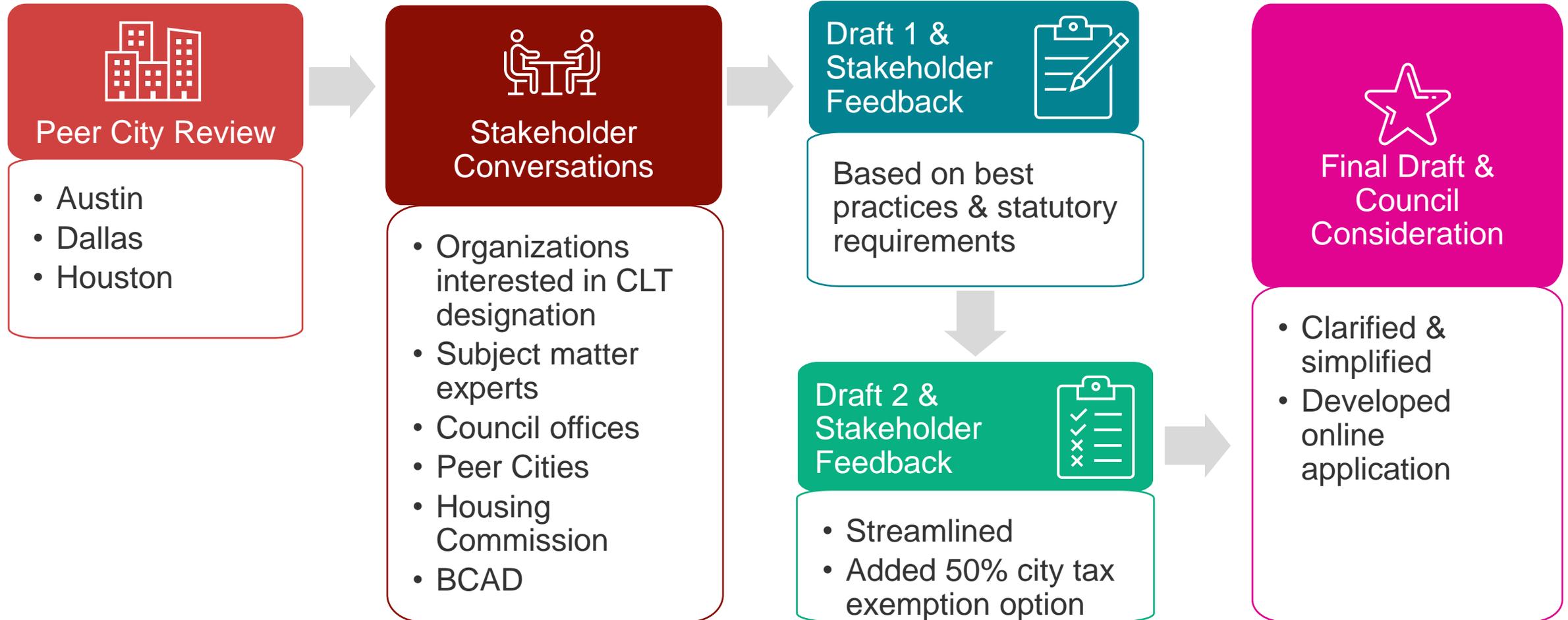
2

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

Policy Development Process



Policy Components



Statutory Requirements

Organizational Structure

Affordability Thresholds

Inventory

Audit (if seeking a tax exemption)



Local Requirements

Good standing with Code

Compliance with Fair Housing

HVIP compliance (if the CLT includes rental)

No displacement



Other Considerations

How will the CLT meet community need?

What is the business plan for the CLT?

What is the board composition?

City Tax Exemption

Proposed policy includes an optional 50% city tax exemption

- Applies to property held only the by the CLT- not owned homes
- Requires a full audit



Timeline



Staff Recommendation



Staff recommends City Council approve
Community Land Trust Designation Policy.

Community Land Trust Designation Policy

Thank You!

