



## Housing Land Trust - Frequently Asked Questions

**1. What is a Housing Land Trust and how does it work?**

- ◆ Homeowners own home and all improvements
- ◆ Land Trust owns and holds title to the land
- ◆ Land Trust leases the land to homeowners for a nominal fee through a 99-year renewable ground lease
- ◆ Ground Lease and Deed are recorded, enforceable, legally-binding documents

**Benefits of the Living in a Land Trust Home:**

- ◆ Long-term security of homeownership
- ◆ Fixed housing expense
- ◆ Tax deductions
- ◆ Equity accumulation

**2. Why do we need the Land Trust?** When incomes do not rise as fast as housing prices, many people cannot afford to buy a market-rate house. The average home price in Sonoma County for January was \$535,000 (Press Democrat 2/20/05). The Land Trust is a tool to help low and moderate income people with steady incomes and good credit buy a home.

**3. Where is the Land Trust model used?** The model is widely used around the country and the world, including in the UC system by UC Irvine, Santa Cruz, and Santa Barbara among others. The universities employ the model to recruit and retain faculty and staff who would otherwise be priced out of the housing market and not stay to work in the University area. This “recruitment and retention” concept is being extended to people in our local community such as public safety workers, teachers, and other service providers.

**4. Will banks and other financial institutions make loans for homes on leased land?** Yes. Most of the largest banks in the country are regularly making Land Trust home loans. We can also recommend a local lender who is well versed with the program and with all documents needed to secure loan approval.

**5. How does a Land Trust make homeownership affordable?** The Land Trust owns the land and does not pass that cost to the homeowner. Taking the price of the land out of the equation makes the home more affordable. In return, the home is sold to the next family at a price they too can afford.

**6. What happens if a leaseholder wants to move?** You can move at any time.

**7. What about taxes?** The homeowner pays all the taxes associated with the property. As with all homeowners, if you itemize, the interest portion of your mortgage payment is tax deductible. If you itemize your federal income taxes, the property taxes that are paid are also tax deductible.