

Community Land Trust

The Silver Creek Village Townhomes are being developed using what is known as a Community Land Trust or CLT. A Community Land Trust is a land ownership tool that can assist in meeting the needs of a community by providing affordable housing to residents and the workforce. The cost of homeownership is reduced by eliminating the cost of purchasing the underlying land which is very expensive in the Park City area.

At Silver Creek Village, the land reserved for affordable housing was donated by the developer to Mountainlands Community Housing Trust (MCHT). To help make the townhome units affordable to moderate and low income residents, MCHT (through a related entity) will retain ownership of the land and sell only the improvements built upon the land (the townhome) to the homeowner. Exclusive use and control of the land will be granted to the unit owner through a long-term (99-year) ground lease for a minimal (\$25-\$50 estimated) monthly rental fee. The ground lease is assignable to the unit owner's heirs and renewable at the end of the 99-year term. In this way, the cost of land in the purchase price of the townhome is eliminated, making the unit more affordable – while assuring long-term stability and security for the homeowner. Most lenders' mortgage products work with the CLT format.

The CLT ground lease agreement also includes certain terms that are typical of those contained in affordable housing deed restrictions. These include requirements that the unit be owner-occupied at all times (with limited exceptions) and restrictions on the terms of resale of the unit. If the owner decides to sell the townhome, it must sell to a qualified (moderate income) purchaser in the same way that the owner had to qualify for the initial purchase. Additionally, the sales price for the unit is limited to retain its affordability for subsequent purchasers, with the price capped at three percent increase per year over the seller's purchase price. This price restriction seeks to balance the seemingly competing goals of providing a fair return on the initial owner's housing investment with assuring that the unit is kept affordable for the next buyer. As with deed restricted properties, people who buy homes through a community land trust are, in essence, exchanging their right for unlimited market-driven appreciation for significant upfront subsidy that allows them to own a home they otherwise would have been unable to afford.

Key Ground Lease Provisions

The ground lease will contain certain non-negotiable features of the program:

- Provide a renewable 99-year lease term.
- Require responsible use and compliance with HOA rules and all laws.
- Require owner occupancy of the townhome.
- Require lessee to pay a ground lease fee.
- Prohibit liens from being filed against the land.
- Establish the lessee as responsible for all maintenance and services.
- Require the lessee to obtain and maintain casualty and liability insurance.
- Provide a right of first refusal to MCHT regarding purchase of the improvements.
- Limit the resale of the home to eligible income-qualified buyers.
- Establish a maximum allowed resale price of the improvements. The price shall not exceed the seller's purchase price, plus 3% of that amount per year (not compounded).