

Durham Community Land Trustees
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WHO IS DURHAM COMMUNITY LAND TRUSTEES?

A nonprofit organization that provides permanently affordable housing for low income people and promotes community revitalization in the Burch Avenue, Lakewood, Lyon Park, Morehead Hill and West End neighborhoods.

DCLT was founded in 1987 by neighborhood leaders. We aim to renovate and build attractive, safe, energy-efficient housing and improve neighborhood quality of life while making sure that some homes will always remain affordable to stable, hard-working or retired low-income buyers like today's neighborhood residents.

DCLT is run by and accountable to the neighborhood it serves. At least one third of the Board of Directors are residents of Land-Trust developed homes, one-third are residents of the neighborhood. DCLT homeowners and tenants are encouraged to serve on the Board, volunteer for DCLT activities, share ideas and concerns, and join efforts to find solutions.

The legal aspects of buying a home and entering a land lease are too detailed to be fully explained in a brochure. As part of your home buying process, DCLT advises you to consult your attorney for specific guidance.



Why Buy a Home from the
Durham Community Land Trust?

An Investment in...
your Home,
your Family,
and your Community

"Welcome to Durham Community Land Trustees. It's my pleasure to share information with you about this wonderful nonprofit organization. My family and I are absolutely enjoying our neighborhood and our home that was fully renovated by DCLT. While the idea of buying a house and not owning the land might may be new to you, I encourage you to explore the homes DCLT offers and consider this question: How do we guarantee the availability of affordable homeownership in 20 or 50 years, unless we recycle that affordability from one generation to the next?"

L.D. Burris, DCLT Board of Directors, 2001-2006

Owning a home through Durham Community Land Trust offers many advantages over renting – stability, choices, privacy, security, control, predictable monthly payments, and a way to save and build equity every month instead of paying rent. Land Trust owners can pass down their homes to family. However if they sell the home, Land Trust owners give up part of the potential gain in order make their house permanently affordable to new buyers of limited means.

How is buying a “Land Trust” home different from buying home that is not part of a land trust?

Most of the time, when people buy a home, they buy both the land and the house. A Land Trust home is different. DCLT buyers buy the house, and they lease the land from DCLT. The purchase price is therefore considerably lower.

DCLT buyers chose this option because they:

- Can afford more house for their money.
- Want to live in the neighborhoods DCLT serves.
- Enjoy living in a neighborhood where a community-controlled association is building, renovating, selling and managing the surrounding housing, and plans to continue doing so for generations to come.
- Want to a help guide DCLT and improve the neighborhood.

Leasing the land under a home I own? How does that work?

DCLT homeowners’ lease agreement for the land insures them of a 99-year term, with the right to automatically renew. They can sell their home or pass it on to their heirs. **Homeowners make nearly all decisions about the house and yard. DCLT cannot and will not sell the land underneath the house.**

The monthly land lease payment is much less than a mortgage payment on the land, It helps DCLT pay the costs of owning the land. It cannot be raised arbitrarily and will be predictable.

What are the homeowners’ responsibilities?

Owners must:

- Live in the house. They may share the house with anyone they choose, but may not move and rent the house to someone else without an agreement from the DCLT Board of Directors.

- pay for insurance and property taxes on the house.
- maintain and make decisions about the house and the yard.

What happens when Land Trust owners sell their house?

When Land Trust owners sell their houses, they must sell to another low- or moderate-income buyer at a price that is affordable, or back to the Land Trust. The price is limited to what the owner paid, plus part of the appreciation in appraised value.

Land values usually increase, or “appreciate”, over time, largely depending on prices of surrounding properties. House values increase or decline, depending largely on the condition of the house. DCLT homeowners receive a portion of any house value increase when they sell. Instead of receiving all the appreciation, DCLT owners make the house affordable once again to a new buyer with limited means.

Here is how the sales price is calculated. First, an appraiser determines the current market value of the house (not including the land). To the amount the owner paid for the home, add a percentage of the increase in appraised value. This percentage depends on how long the owner has lived in the house, between 25 and 45%. (If the value of the home decreased since the owner’s initial purchase, generally due to neglected maintenance, the sales price would be the current market value.)

Here is an example:

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| Initial price and appraised value of house | \$ 95,000 |
| Appraised value of house at time of sale | \$125,000 |
| Increase in appraised value (“appreciation”) | \$ 30,000 |
| | |
| Homeowners’ share of appreciation (35%; 10-20 years) | \$ 10,500 |
| Add initial purchase price | <u>\$ 95,000</u> |
| The new sale price | \$105,000 |
| | |
| Pay off home loans | \$ 80,000 |
| Total Home owner’s equity | \$ 25,500 |