



How the Land Trust Program Works

The Land Trust Program of Neighborhood Housing Services of Greater Cleveland is a chance for moderate income families to reach their dream of homeownership at a price they can afford – afford to buy in the first place, and afford to maintain over the long run. The Land Trust provides an *immediate and safe path to ownership* for households with modest incomes, with the opportunity to begin building equity. NHS of Greater Cleveland's program is one of about 250 Community Land Trust programs around the United States.

When you buy a land trust home, you pay less upfront. We raise money from different sources to be able to sell a great house – fully rehabbed – at a price that is more affordable to families with modest means. For instance, a home in South Euclid that we are selling for \$89,900 as a land trust home would be worth \$115,000 if it was sold on the open market. To qualify for a land trust home, the homeowner is income and mortgage qualified.

How does it work?

- The sale works a little differently than other sales. You buy the house itself. NHS of Greater Cleveland continues to own the land. You get a 99-year lease to the land. You get exclusive access to the land. You may plant a garden or build a swing set on the land. It is your home.
- The homeowner gets a mortgage to the home, and the land lease is recorded with the county. It is a very secure interest in that property.
- The home is able to be passed down to the homeowner's children, and the lease continues until you decide to move. At resale, the home is sold at an affordable rate to other modest income families based on the resale formula provided in the lease.

What is the resale formula?

- If you decide to sell your land trust home, the lease includes a resale formula that determines the maximum price that you could charge for your home.
- You keep the equity built by owning and paying off your mortgage. You get a share of any increase in the value of your home in the time you owned it.
- The resale price is designed so that the price at which you sell will be affordable to another moderate-income family.

Assuring homeowner success!

- Our goal with the land trust program is to give you, the homeowner, a house you can afford to buy and own without putting your family at financial risk. We want to give you a fair return on your investment when you go to sell your home, and we want to ensure fair access to homeownership for future moderate income buyers.
- With a land trust home, not only are you taking care of yourself by purchasing a home you can really afford, you are helping the next family that comes along behind you.

