



THLT Home Ownership Frequently Asked Questions

What is a community land trust?

Community Land Trusts (CLTs) are non-profit organizations that help make homes permanently affordable and accessible. For most CLTs, affordable housing is the highest priority. There are over 250 CLT programs across the country, including in the Northwestern US, serving communities from small towns to large cities. See more resources [here](#).

How does THLT provide homes at an affordable price?

There are two ways that home prices are reduced. First, the homebuyer does not buy the land – THLT holds the deed to that land in trust. Removing the cost of the land reduces the cost of the home. Second, THLT seeks grants and donations to subsidize the price of the home. This is what is called the affordability calculation.

What's different about buying a THLT home?

Thurston Housing Land Trust (THLT) operates by the "pay-it-forward" model used in community land trusts. you agree to pass on an affordable home to the next eligible buyer.

When a THLT home is initially sold, the land and the improvements are separated. As a homebuyer, you purchase and own the home and all improvements. THLT retains ownership of the land and leases it to you for 99 years. You can pass it along to your children and it can be renewed for an additional 99-year term.

The ground lease limits the resale price of the home to keep it affordable for the next eligible buyer. This means that the buyer can make some money when re-selling the home, but often not as much as if the re-sale had no affordability restrictions.

Do I own the land?

No. THLT retains ownership of the land in order to ensure that the house remains affordable. You are the homeowner under what is called a "ground lease." This is a form of ownership, not rental, but with conditions to maintain appropriate residential use, and an affordable price for future owners if you sell.

Let us clarify this point: The ground lease agreement is the key document that ties the land and the house together and provides legal assurance that program requirements are met. This document articulates the "pay-it-forward" approach, limiting the resale price to maintain the permanent affordability of the home. The ground lease specifies the amount of your equity when you sell and requires that the home remain your primary residence while you own it. You are responsible for the land and have the right to landscape and engage in all typical homeowner activities. This is your home—you get to enjoy all the security, control, tax advantages, and equity building opportunities of homeownership. See more information resources here (*this would be the draft Ground Lease, and Ground Lease Information sheet*).

Who buys with community land trusts?

CLT homeowners include all types of people - families, grandparents, couples and single folks. They are grocery store clerks, mail carriers, school teachers, electricians, small business owners, restaurant workers, police officers and more. The people who will purchase homes through THLT's program are ready to be homeowners (employed, have good credit) but cannot afford to buy a home on their own.

What is my home loan like?

Your loan will be a conventional mortgage. We highly recommend that you use a lender that is familiar with the special issues involved in a CLT home purchase, specifically, an improvements-only loan. Banner Bank is one such lender, with which THLT has worked before.

What are my down payment options?

Typically our program requires that you contribute cash toward a down payment. You can also apply for down payment assistance from THLT and other sources, such as first-time homebuyer subsidies. Please note that your lender will also usually have specific rules about how much of a downpayment you must make, because the amount of downpayment affects the monthly payment and sometimes the interest rate of the loan. Ask your realtor about applying for this type of assistance. (do we need to provide details? Does Greene have that info? What about our affordability grant info and application?)

Can I leave my home to my children?

Yes. The ground lease that secures your use of the land is for 99 years and is renewable and inheritable. You and your spouse, if you have one, can stay in your home for as long as you live, regardless of how much your income might rise. You can bequeath the home to your children or certain other people who have lived in your home at least two years, and they can continue to live there for their lifetime if they are within the income limits at the time you die. Otherwise

they inherit, but they must sell the home to another lower-income household under the terms of the ground lease.

What is the ground lease fee?

The lease fee has two parts and currently totals \$75 per month. Homeowners pay a nominal \$50 monthly **land use** fee to help support THLT and its work, including carrying out our “stewardship” responsibility to continue the “pay-it-forward” approach. The additional \$25 per month goes into a “repair reserve fund” for use, at THLT’s discretion, if our properties under ground lease need significant repair to remain in use. We include both fees in affordability calculations.

Does THLT share the equity I gain?

THLT doesn’t share the equity you gain, but future homeowners benefit from the restricted resale price. This restricted sale price means that you can make some money on the sale of the home, but usually not as much as if you could sell the home without the restrictions.

In exchange for the subsidy reducing the price of the home, you agree to sell your home at an affordable price (should you decide to sell), which allows another household to achieve their dream of homeownership. If the real estate market rises, you don’t keep all the increase, because that would wipe out the front-end subsidy from the point of view of future owners.

Homeowners build equity on their homes in two ways. Your mortgage principal gets paid down; and if the home appreciates in value due to real estate market changes, you get a part of that as set by the resale formula amount specified in the ground lease. Together, these two factors enable you to build equity throughout your period of homeownership. You can also receive capital improvement credits within the resale formula price for making specific, THLT-approved property improvements.

What about selling my home?

You can sell your home to any income-qualified homebuyer. This means their income is no more than the limit written into your home’s ground lease. THLT helps households in selling their home, but you are welcome to find a buyer (a friend or relative even) for your home.

When I want to sell, how is the price determined?

The ground lease limits the price you can sell your house for. The resale formula determines that amount. However, if the market price of your home goes down, you cannot sell for more than the market will bear.

Under THLT's current resale formula you can sell for what you paid (down payment, principal paid off) – plus a quarter of the amount of increase in the market price of the house - plus any money you spend on THLT-approved major improvements. If we change the resale formula later, it will not affect you unless you wish to make that change.

What if my income or household size changes after I move into my new home?

No problem. As long as you pay your mortgage, your taxes, insurance and ground lease fee, your home is yours. Even if you make more or less money, add or lose household members, your home is yours. We understand that life is full of change.

What do you consider a household?

THLT views your household as anyone residing in your home. This could be a single individual, spouse, boyfriend, girlfriend, friend, grandparent, children/dependents or other relatives. You do not have to be related or married. It is the people you are connected to, and we welcome all configurations of households (exception: the ground lease does NOT allow sub-leasing to renters).

However, it's important to note that when looking at your household size to calculate income for program eligibility, we use HUD's definition. In the fine print, this does *not* include foster children, live-in aides, children of live-in aides, un-born children, children being pursued for legal custody who are not currently living in the household, and children who are subject to a shared-custody agreement in which a child resides in the household less than 50% of the time.

Do you work with real estate agents?

Yes. You can choose your own agent, but they may need some help understanding how this CLT transaction is different from the conventional real estate sales they're used to. (*note: link to buyer's agent information we're creating*)

Do I need to be living in Thurston County to qualify?

It is preferred that you be living or working in Thurston County. Living or working includes if you plan to move to Thurston County because you have been hired or received a bona fide offer of employment in Thurston County. There is no minimum time you must have been living or working in Thurston County, however, and if there is no resident seeking to purchase the house you seek to purchase, THLT will not hold back the house from sale to await a resident. Finally, there is a safety valve in which you can qualify if you are a member of a protected class of people under the law, and you can show that the residency preference impacts you unfairly compared to people not in that protected class.

How do property taxes work with a THLT home?

Just like any homeowner, you pay 100% of the taxes on the home and land. The County Assessor is supposed to take the sale restrictions in the ground lease into account when determining the value of the property, so that you don't overpay.

How and when are my property taxes paid?

Your property taxes will be paid to your lender each month when you make your mortgage payment. The lender collects and deposits your property taxes in a special escrow account, and pays the property taxes directly to the County on your behalf in April and October of each year. After you pay off your mortgage in full, you will pay property taxes directly to the County, in either one or two payments per year depending on your preference.