



TJCLT Homeownership Orientation

Thomas Jefferson Community Land Trust (TJCLT) is a nonprofit, community-based organization whose goal is to create and secure affordable housing now and for future generations in the Charlottesville, VA area. The land trust is a model of affordable housing and community development that efficiently uses donated funding by ensuring the creation of homes that remain affordable into perpetuity. With TJCLT, the land trust owns the land and the homeowner owns the home. To do so, the trust acquires the land and maintains permanent ownership of it. The homeowner purchases the improvements on the land (the home) and pays a minimal fee to lease the land from the trust. This takes the price of the land out of the equation when determining a monthly mortgage or monthly rent, making the house significantly more affordable to a family of modest means. Removing the cost of the land often takes the purchase price down between 20-50% for the prospective homebuyer. In exchange, the homeowner agrees to sell the home at a resale-restricted affordable price to another low-income homebuyer in the future, while still collecting a portion of the increased market value on the home. This ensures successful homeownership for generations of low to moderate income families and makes the house a permanently affordable asset in the community.

Key Terms:

- **Ground Lease:** TJCLT homeowners lease the land under their home from the land trust through a 90-year ground lease. The ground lease is the legal agreement that protects your interests as a homeowner in privacy, security, and legacy and the community's interests in its investment in creating affordable homes.
- **Rights and Responsibilities:** TJCLT homeowners are giving full rights and responsibilities for their home and the land underneath it. The lease provides you with a secure right to occupy the land, as long as you meet the terms of the lease.
- **90-Year Renewable Term:** The 90-year renewable lease provides long-term security for the homeowner.
- **Owner Occupancy:** The TJCLT homeowner or a direct family member must live in the home. You cannot rent the home to someone else and become an absentee owner.
- **Remodeling:** TJCLT homeowners have the right to undertake most (but not all) home improvements without TJCLT's consent. Any renovations that require a building permit or certificate of occupancy require Thomas Jefferson CLT's approval in advance of any work being performed. Any remodeling work on the home must be performed in compliance with building code and any other local requirements.



- **Land Lease Fee:** Homeowners pay a monthly fee of \$25 to TJCLT in exchange for use of the leased land. In return for this monthly fee, homeowners have full, exclusive and secure use of and access to the land. In the case of Habitat for Humanity homebuyers, this \$25 lease payment is waived.
- **Inheritance:** TJCLT homeowners can leave a legacy to their spouse and descendants who are eligible to inherit their home. An income eligible heir can inherit the home and enter into a new 90-year ground lease. A non-income eligible heir can complete the initial 90-year lease, after which, the home would need to be sold to an income eligible buyer.
- **Taxes and Assessments:** As the owner of your house and leaseholder of the land, TJCLT homeowners are responsible for the payment of all taxes on both the house and the land.
- **Maintenance:** The homeowner is responsible for all maintenance of the home and the land, just like any other homeowner.
- **Resale:** A central part of CLT homeownership is preserving the affordability and community investment in homeownership. TJCLT uses an appraisal-based resale formula that allows a TJCLT homeowner to resell their home for their initial purchase price plus a share of the market appreciation on the property.
 - A TJCLT homeowner cannot resell the house for full market value. When the homeowner decides to sell, TJCLT aids the homeowner by selling the home to another income-qualified household. The re-sale price of the home is determined by the resale formula. The formula gives homeowners a return on their investment while ensuring that the home retains long-term affordability for future buyers.

By limiting the home seller's percentage share of appreciation to 25%, the resale formula achieves TJCLT's two primary goals, which are:

- 1) provide homeowners a fair return on investment, helping them to build wealth; and
- 2) keep homes affordable for future generations of working families.

Prospective Home Buyer's Signature _____ Date _____

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