



COMMUNITY LAND TRUSTS IN NEBRASKA A WORKING MODEL

General Description of Community Land Trusts

A Community Land Trust (“CLT”) is a private, nonprofit corporation created to provide secure affordable access to land and housing for the benefit of a particular community by separating ownership of land from the improvements located thereon. A CLT obtains ownership of property either by purchasing such property or receiving such property as a charitable contribution through gift or bequest. The CLT then sells the home and other improvements located on the land (the “House”) to a person or family of low or moderate income (the “Homeowner”), but retains ownership of the land (the “Land”), which Land the CLT then leases for a nominal fee to the Homeowner pursuant to a ground lease (the “Ground Lease”). The Ground Lease restricts the sale of the House by the Homeowner to a purchaser of low or moderate income and preserves the affordability of the House by limiting the sale price. In addition, the CLT may choose to retain a percentage of the profit earned by the Homeowner to be used by the CLT to obtain additional improved and unimproved real property for inclusion in the CLT.

Purposes of Community Land Trusts

The purpose of a CLT is to provide decent and affordable housing for persons of low and moderate income. CLT’s achieve this goal by greatly reducing the initial housing cost to a potential buyer by excluding from the purchase price the cost of the land. CLT’s further preserve the affordability of housing by restricting both the resale of these homes to persons or families of low or moderate income and the purchase price sellers may receive on such homes. CLT’s provide access to land and housing to people who are otherwise denied access, increase long-term community control of neighborhood resources, empower residents through involvement and participation in the organization and preserve the affordability of housing permanently. CLT’s provide Homeowners with the same permanence and security as a conventional buyer and permit the Homeowners to use the land in the same way as a conventional buyer, but they allow for a lower housing purchase price by excluding the cost of the land.

In addition, CLT’s provide Homeowners the opportunity to participate in the organization of the CLT and thus provide Homeowners with an active voice in their neighborhoods and communities. Homeowners further agree to pass on to the next homeowner the same benefits they received by agreeing to limit the amount of profit they may make on the sale of the House in order to insure that the property remains affordable for the next person. Such permanent affordability is built into the Ground Lease for perpetuity.

Typical Documents for a Community Land Trust

1. Formation of Nebraska Nonprofit Corporation.
 - a. Articles of Incorporation^{*}: A sample document for establishing the existence of a CLT as a nonprofit corporation in the State of Nebraska.
 - b. Bylaws^{*}: A sample document for setting forth the operating standards and procedures that the CLT will follow throughout its life as a business entity.
2. Application for 501(c)(3) Designation.
 - a. Form 1023 (Revised June 2006): An application for recognition of exemption under Section 501(c)(3) of the Internal Revenue Code, to be filed with the Internal Revenue Service.
 - b. Instructions for Form 1023 (Revised June 2006): Complete instructions provided by the Internal Revenue Service for completing Form 1023.
3. Sale and Lease of Property.
 - a. Purchase Agreement^{*}: A sample agreement under which the CLT sells the House to the Homeowner.
 - b. Ground Lease^{*}: A sample agreement under which the CLT leases the Land to the Homeowner.
 - c. Memorandum of Ground Lease^{*}: A sample document commonly recorded as a summary of the covenants contained within the Ground Lease, filed in place of the actual Ground Lease due to their length.

^{*} THESE DOCUMENTS ARE IN **SAMPLE FORM**. THEY SHOULD BE USED FOR **INFORMATIONAL PURPOSES ONLY** AND ARE **NOT** TO BE USED AS A SUBSTITUTE FOR THE ADVICE OF AN ATTORNEY. THESE DOCUMENTS MAY NOT REFLECT THE MOST CURRENT LEGAL DEVELOPMENTS AND SPECIFIC FACT SITUATIONS MAY RESULT IN DIFFERENT OUTCOMES, CONCLUSIONS OR ANSWERS. ACCORDINGLY, PERSONS VIEWING THESE DOCUMENTS SHOULD **NOT** ACT UPON THE INFORMATION WITHOUT SEEKING PROFESSIONAL LEGAL COUNSEL.

Additional Resources and Links

1. Nebraska Nonprofit Corporation Act
 - a. Nebraska Nonprofit Corporation Act – 2007
<http://www.neded.org/files/assist/nonprofitcorporationact07.pdf>
 - b. Nebraska Legislature Online
<http://www.unicam.state.ne.us/web/public/home>
 - c. Nebraska Secretary of State
<http://www.sos.ne.gov/dyindex.html>
 - d. Nebraska Department of Economic Development
<http://www.neded.org/content/view/297/534>

2. Internal Revenue Service
 - a. Section 501(c)(3) Organizations
<http://www.irs.gov/publications/p557/ch03.html>
 - b. Tax Information for Charities & Other Non-Profits
<http://www.irs.gov/charities/index.html>
 - c. Form 1023 (Rev. June 2006)
<http://www.irs.gov/pub/irs-pdf/f1023.pdf>
 - d. Instructions for Form 1023 (Rev. June 2006)
<http://www.irs.gov/pub/irs-pdf/i1023.pdf>

3. Land Trust Organizations and Resources
 - a. The E. F. Schumacher Society
<http://www.schumachersociety.org/clts.html>
 - b. National Community Land Trust Network
<http://www.cltnetwork.org>
 - c. Lincoln Institute of Land Policy
<http://www.communitylots.org/clt>
 - d. Institute for Community Economics
<http://www.iceclt.org>
 - e. Burlington Associates in Community Development LLC
<http://www.burlingtonassociates.com>
 - f. The Community Land Trust of the Southern Berkshires
<http://www.clandtrust.org/index.html>
 - g. Community Legal Resources
<http://www.clronline.org/resources/clt>