

Subject: FW: Affordable Housing Trust

What is the goal of an Affordable Housing Trust?

Overall, an AHT's main goal is to increase accessible and affordable housing opportunities for individuals and families with low- and moderate-incomes by providing a flexible funding mechanism. Local trusts — unlike federal, state, or certain private funds — can be tailored to maximize flexibility in tackling urgent local requirements, free from stringent regulations. Eligible uses often include:

- Re/development of affordable rental housing
- Property acquisition for affordable housing
- Owner-occupied home repair
- Down payment assistance
- Rent and/or utility assistance

How are Affordable Housing Trusts structured?

Affordable Housing Trusts are typically established through legislation or regulatory ordinances at the municipal or state level. This legal foundation defines the trust's authority, governance structure, funding mechanisms, and operational scope.

Trust funds often have a governing board or committee responsible for decision-making and oversight. Members of this board may include representatives from local government, housing advocacy groups, community organizations, and sometimes residents directly affected by affordable housing issues. They may prioritize projects based on community needs assessments and affordability criteria. In many cases, government entities often partner with qualified tenant coalitions, developers, nonprofit organizations, or housing agencies to deploy funding rather than self-developing.

How are Affordable Housing Trusts funded?

Affordable Housing Trusts primarily get their funding from public revenue streams, including:

- **Developer fees** are assessed to developers for new construction to account for their impact on their surroundings.
- **Documentation recordation fees** are applied per page for documents processed and archived in the public record.
- **Real estate transfer fees** are charges imposed at the point of a real estate transfer relative to the value of property. Certain municipalities apply real estate transfer fees to transactions above a specified price threshold. These fees may be imposed on either the seller or buyer, or both.

- **Short-term rental taxes and fees** are often collected on hotel lodging or through short-term rental platforms such as Airbnb and VRBO.
- **Local property taxes** are levied on the value of real property such as land and buildings, both commercial and residential, or personal property, such as business equipment and noncommercial motor vehicles.
- **Recurring appropriations** are regular contributions made from a state/local government's general fund to a dedicated AHT.

Community Land Trusts

What are Community Land Trusts?

Community Land Trusts (CLTs) are nonprofit organizations established with a mission to provide permanent affordable housing opportunities, mostly with an emphasis on homeownership. These entities can do this by acquiring property and rehabbing existing or constructing new structures, offering them at affordable price points, and then finding an income-eligible homebuyer. The buyer purchases the structure from the CLT, while the CLT maintains ownership of the land, providing a (typically 99-year) renewable lease of the land to the buyer. The homebuyer is responsible for paying the mortgage on the house and for upkeep of both the land and structure.

The homeowner then has the right to exclusive use of the property, to bequeath the property and lease, and to sell the house. When the homeowner wishes to sell the home, the CLT sets a new sales price, typically using a formula that balances affordability for buyers and wealth building for the previous owner. Thus, when the home is sold, the previous owner is able to recoup their original investment plus some of the appreciated value of the home.



KIM HYLAND
EXECUTIVE DIRECTOR

FLUVANNA-LOUISA HOUSING FOUNDATION

Office: 540-967-3485 Email: khyland@louisa.org

Address: 144 A Resource Lane, Louisa, VA 23093

Web: www.fluvannalouisahousing.org