

## Community Land Trust in the Southern Berkshires



PO Box 276, Great Barrington, MA 01230 • 413-528-1737 • [communitylandtrust.org](http://communitylandtrust.org) • [office@communitylandtrust.org](mailto:office@communitylandtrust.org)

### CLTSB Home Buyer Selection Criteria & Process

#### CRITERIA FOR SELECTING BUYER

##### What is community land trust ownership?

###### **What is Community Land Trust (CLT) homeownership?**

When a CLT home is initially sold the land and the improvements (things built on the land) are separated. As a homebuyer, you purchase and own the home and all improvements. The CLT retains ownership of the land and leases it to you for 98 years. The lease may be passed to your children or other heirs, and by mutual agreement with the CLT may be renewed for an additional 98-year term.

###### **How is a CLT home similar to a market rate home?**

As a CLT homeowner, you will have many of the same rights and responsibilities as any homeowner. You control the use of the home you own and the land you lease. You will be responsible for following the same rules as any homeowner, as well as for maintaining your home, keeping it insured, and for paying property taxes. You may stay in your home as long as you wish. Should you ever decide to sell your home, you will be able to keep the equity that is yours in the building and other improvements, but there will be a price restriction that excludes the land value from the sale so that the home remains affordable to the next homebuyer.

##### **Acknowledgement and acceptance of CLTSB ground lease provisions, covenants and restrictions.**

CLTSB intends to develop a permanent supply of owner-occupied housing that is affordable to community members. As part of the CLTSB homebuyer selection process, ample opportunity for thorough review of the CLTSB Ground Lease will be provided. Prior to closing on the purchase of the CLTSB home, a prospective homebuyer will be required to present to the CLTSB Board of Trustees a written letter acknowledging the prospective homebuyer's review and understanding of the Ground Lease agreement and concurrence with its strategic provisions regarding restrictions on use, occupancy and resale. The letter will then be attached as an exhibit to the Ground Lease agreement.

## **Goals of the Community Land Trust in the Southern Berkshires**

- Remove the speculative value of land from the purchase price of housing
- Helping to ensure access to housing that is affordable for the community and workforce, including seniors, young adults and families
- Encourage economic diversity
- Encourage sustainable housing design
- Encourage import-replacing businesses

## **Non-Discrimination Policy**

CLTSB complies fully with existing federal and state laws protecting the individual rights of applicants and residents, and any laws enacted subsequent hereto. CLTSB does not discriminate because of race, color, sex, sexual orientation, religion, age, handicap, disability, national origin, familial status or marital status.

## **Selection Criteria: *Threshold Eligibility Requirements***

- Primary Residency Requirement – Applicant will be in residence a minimum of 8 months of the year (does not have to be contiguous).
- Legal Status and Competency Requirement – Applicant must be of legal age to enter into this contract (18 +) and a legal resident of the U.S. and competent to consent and enter into legally binding contracts.
- Creditworthiness Requirement – The applicant household must be able to demonstrate a history of successful and responsible efforts to honor its financial obligations.
- Mortgage Readiness Requirement – Applicant must demonstrate the ability to obtain a mortgage by presenting a mortgage pre-approval letter and/or a mortgage commitment letter from a CLTSB approved mortgage lender.
- Homebuyer Education Requirement – Applicant must attend and participate in designated CLTSB homebuyer orientation or counseling in preparation for entering into the Ground Lease Agreement.

## **Selection Criteria: *Secondary Attributes with Point Scale for Ranking Multiple Applicants***

- Current Resident [10 points] – This home must be the leaseholder(s)'s primary residence.
- Local Workforce [10 points] – The head of this household or the spouse/domestic partner of the Head of Household works within Berkshire County or a 60 mile radius.
- Core Workforce [15 points] – The applicant is an employee of CLTSB or an active provider or employee of a provider of education, healthcare, social services, public safety, housing, agriculture, construction or other building trades, cottage industry, manufacturing, or other essential public service that directly maintains, improves or otherwise enhances the quality of life in Berkshire County.

- Community Involvement [15 points] – The applicant maintains organizational memberships and/or participates in and supports local agriculture and/or nonprofits for environmental protection, arts and culture, faith-based or civic groups, youth and entrepreneurship mentoring in the areas of sports, career advancement and personal growth.
- Member of CLTSB [5 points for 1-3 years; 10 points for over 3 years]
- Existing CLTSB Leaseholder [5-15 points] – The applicant is or has previously been a CLTSB leaseholder. The length of time the applicant has/had been a leaseholder will be considered. Involvement in the CLTSB’s operational and general activities will also be considered.
- Sale/ Leaseback [15 points] – The applicant sells their land to CLTSB and retains ownership of and occupancy of dwelling unit situated (or to be situated) on the land under the terms of a CLTSB Ground Lease.
- Donation /Leaseback [15 points] – The applicant donates land that they own to CLTSB and retains ownership of and occupancy of dwelling unit situated (or to be situated) on the land under the terms of a CLTSB Ground Lease.

### **Occupancy Guidelines**

Buyers must comply with all applicable local, state and federal laws. State and local occupancy and building codes will determine the number of occupants allowed.

### **BUYER APPLICATION PROCESS**

1. Application Review – Applicant is reviewed by CLTSB for compliance with Threshold Eligibility and, if needed, Secondary Attributes. CLTSB determines whether applicant is likely to qualify for currently available unit(s) or a waiting list.
2. Homebuyer Education – At CLTSB’s discretion, applicant may be referred to additional homebuyer education or counseling regarding obtaining a mortgage and fully understanding the Ground Lease Agreement.
3. Interview – The CLTSB Buyer Applicant Review Committee or its designee will schedule and conduct a personal interview with the applicant(s), including review of the Ground Lease, fee structures and the ongoing relationship between the applicant and CLTSB.
4. Preliminary Approval/Denial – Following receipt of the applicant’s mortgage pre-qualification letter and reference verifications, CLTSB may give preliminary approval or deny an application. Approved applicants may be placed on a waiting list. All applicants will be notified of their status in writing.

5. Selection Process – The buyer selection process will proceed as described below.
6. Purchase & Sale Agreement / Mortgage Application – The selected buyer and CLTSB will sign a Purchase & Sale Agreement. The buyer must have financing for the purchase and/or a mortgage from a CLTSB approved lender. The buyer must have appropriate legal representation.
7. Mortgage Approval and Closing – Applicant and CLTSB meet for final legal review and closing with separate legal representation.

## **BUYER SELECTION PROCESS**

### ***Who makes the decision?***

#### **1. Buyer Selection Committee**

The Board of Trustees appoints the Buyer Selection Committee, a majority of which must be current Trustees.

#### **2. Regarding Credit Risk and Overall Creditworthiness**

The mortgage underwriting guidelines of the lending programs available to CLTSB homebuyers shall determine the credit risk and overall creditworthiness of the applicant.

### ***How is the decision made?***

#### **1. Regarding Threshold Eligibility and Secondary Attributes**

The Buyer Selection Committee will consider only the applicants who meet all of the Threshold Eligibility Criteria. If there are multiple applicants who meet all of the Threshold Eligibility Criteria, each will be considered based on a review of their Secondary Attributes provided in the application.

#### **2. Regarding Secondary Attribute Considerations**

The Buyer Selection Committee will apply due diligence in verifying applications and evaluating applicants. If there are multiple applicants for the same unit the Committee will rank them based on the Secondary Attributes and recommend their candidate to the Board. The Board shall receive the entire list of applicants with the criteria on which they were ranked and must approve the candidate selected by the Committee. The Board may elect to conduct a random drawing from equally qualified applicants. If the first applicant selected fails to receive a mortgage and purchase the home, the opportunity will be offered to the next highest ranked applicant. All applicants will receive notice of their status in writing from the Board of Trustees.