

**Elevation Community Land Trust (ECLT or Elevation CLT) +  
West Denver Renaissance Collaborative (WDRRC):  
Stay In Place Project (SIPP)**

**Frequently Asked Questions (FAQ) Sheet**

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**About Elevation Community Land Trust**

**Who is Elevation CLT?**

Elevation Community Land Trust is a nonprofit organization. We partner with Colorado communities, municipalities, and other nonprofits to create opportunity for families through permanently affordable homeownership. Elevation CLT prioritizes keeping current residents in their homes and neighborhoods and helps put homeownership in reach for low to moderate-income families.

**What is a community land trust (CLT)?**

A CLT is a nonprofit organization run by a board, staff, and community members. CLTs work to provide lasting community assets and shared equity homeownership opportunities for families and communities by holding the land in trust, thus reducing the purchase price of the home and maintaining the land for permanent affordability and lasting community benefit. CLTs partner with realtors, developers, and municipalities to help create equitable opportunities for homeownership for low to moderate income families. There are more than 270 community land trusts currently operating in the United States.

**How does a CLT work?**

- The CLT uses public and private capital to acquire homes.
- The ownership of the land and the improvements is separated – the CLT owns the land and the homeowner owns the improvements (home), while retaining a leasehold interest in the land.
- The purchase price is more affordable because the homeowner is only buying the house, not the land.
- The homeowners lease the land from the community land trust in a long-term (often 99-year), renewable lease.
- When the homeowners decide to sell the home, the home is listed at a restricted price to keep it affordable to the next buyer. The homeowners may be able to realize market-based appreciation from improvements they make while they live in the house.

### **Who owns the land when I work with Elevation CLT?**

The land under the home is owned by the nonprofit CLT which maintains and preserves the land for affordable homeownership in perpetuity.

### **How could working with a land trust help me to prevent foreclosure or displacement?**

- By working with Elevation CLT, you realize full equity in your home's current fair market value, while also securing your home for community benefit and stabilizing your financial situation. It may help reduce your monthly housing costs, pay down debt, and stabilize living expenses such as utility costs.
- Working with a housing counselor, you decide the best way to invest your net proceeds from the CLT transaction – to pay off debt, reduce your mortgage payments, fund education or retirement plans, invest in an ADU, etc.

### **What happens to the equity I have already earned in my home?**

- Working with Elevation CLT will allow you to realize 100% of the equity you have built in that home over the course of your ownership up until the time of working with the CLT.
- Once your land is part of the CLT, you continue to earn shared equity from that time forward until sale of the property.

### **What happens if I decide to sell my home?**

- You may sell your home at any time. When you choose to sell your home, you must sell to another CLT -qualified buyer to ensure the home continues to serve as an affordable housing asset. Your home's maximum resale price is calculated according to a limited resale formula. The formula considers:
  - The appraised value of the home and qualified capital improvements made to the home (such as an ADU)
  - Market-based appreciation of the home from the time you entered the CLT
  - Any sales commission you must pay

### **Will I lose any rights when my land goes into the trust?**

CLT homeowners retain the same rights as those who buy on the market. You have the right to make improvements or changes to your living space, right to sell, right to build equity, right to refinance, right to claim tax benefits, and right to will the home to others. However, there are some restrictions regarding renting, home resale pricing, property improvements, and inheritance.

- Renting: The amount of rent you are allowed to charge, and the income of an ADU tenant may be restricted.

- Resale: Resale price is limited by the CLT resale formula and you must sell to another CLT -qualified buyer
- Improvements: You can make any changes/improvements to the home, once approved by Elevation CLT.
- Inheritance: You may will the property to any heirs or persons. However, the person(s) who inherits the home must adhere to CLT program policies.

### **Why would I give up ownership of my land to be in a Community Land Trust?**

Community land trusts, like any type of homeownership, are a balance of priorities, risk, reward and opportunity. For this program, CLTs are an equitable option for homeowners who have a priority to stabilize their finances, stay in their existing community and in some cases maximize their property by building an ADU on site for extended family and/or as rental income source.

#### **Priorities of CLT Homeowners:**

- **Affordability:** Ensure an affordable housing burden relative to household income, generally not exceeding 33% of your monthly gross income. Elevation CLT works with participating lenders who understand the CLT model, and connect homeowners with 30-yr fixed rate mortgages. CLT homeownership generally leads to greater household financial stability, housing security and provides wealth building opportunity.
- **Healthy Home:** Elevation CLT is committed to ensuring that all our homeowners live in safe, healthy homes. As part of a transaction with Elevation CLT, we will assess critical improvements that are necessary to make a home compliant and safe for fire & life safety and accessibility.
- **Displacement Prevention:** The CLT ownership structure enables communities to prevent investors from buying land/homes, flipping them and rapidly displacing longtime residents and their families.

#### **Shared Risk & Reward:**

- **Equity:** CLTs are shared equity, meaning that in exchange for private and public subsidy that is invested in the home to make it affordable, each homeowner participates in a shared equity model to keep the home affordable over generations. The appraised value determines market appreciation and the homeowner earns a portion (25% of market appreciation +50% ADU QCI credit if applicable) upon sale. In the same way that the homeowner and CLT share in market appreciation, they also share in market depreciation. If a property value goes down over time and the homeowner needs to sell, the homeowner would only be responsible for 25% of the market depreciation and the land trust would be responsible for 75%.
- **Property Taxes:** The CLT is responsible for paying the land portion of the property taxes, and shares the risk of increasing property taxes. ECLT staff works with county assessor offices to determine a fair, reduced assessment value given the restricted resale pricing formula.

### **Opportunity:**

CLT homeownership in the SIPP program is a powerful tool that can provide homeowners with several tangible and intangible benefits:

- Affordable homeownership
- Reduction in housing and non-housing debt
- Ability to realize 100% of equity in your property now
- Continue to build wealth over time
- Develop an intergenerational legacy property – your CLT home can be willed to your children, spouse, domestic partner or long-time housemate with no requirements for them to income qualify.

### **Do I need to be in foreclosure to qualify?**







No, you do not need to be in foreclosure to qualify for the program. The program aims to assist homeowners with or without mortgage debt who are at risk of foreclosure or displacement by reducing their monthly housing costs and/or by adding a rental income stream through the addition of an ADU.

### **How do I qualify for this program?**

To qualify for the program, households must meet criteria including:

- Gross household income must be less than 80% of the area median income (AMI) and asset limits may apply. Asset exceptions may apply for current homeowners applying through SIPP.
- Applicants must claim their home as a primary residence and occupy it for at least 9 months of each calendar year.
- Homeowners must have the ability to qualify for a conventional mortgage.

*Denver AMI Chart:*

Household Size	Maximum Income 80% of AMI *	Maximum Assets **
	\$ 54,950	\$ 55,000
	\$ 62,800	\$ 70,000
	\$ 70,650	\$ 85,000
	\$ 78,500	\$ 100,000
	\$ 84,800	\$ 115,000
	\$ 91,100	\$ 130,000

\* Source: HUD Area Median Income Limits

## About West Denver Renaissance Collaborative (WDRC's) ADU Pilot Program

### Who is West Denver Renaissance Collaborative (WDRC)?

WDRC is a collective impact organization integrating the efforts of community members, public agencies, non-profits, and foundations working to support an evolving west Denver. The WDRC mission is to facilitate the revitalization of West Denver in an equitable fashion by improving the livelihood of existing residents and preserving and amplifying the rich multicultural character. Learn more about our mission [here](#).

### What is an ADU?

Commonly known by many names including “mother-in-law suit”; “granny flat”; “casita”; “backyard cottage”; or maybe “carriage house”. An accessory dwelling unit, or ADU, is a second, usually smaller house on a homeowner’s residential lot. In Denver, an ADU must be in the back 1/3 of the lot or yard.

ADUs can be a way for residents to stay in their homes by generating additional income, to provide housing for family, create housing for a caretaker, or even to downsize into and rent out the existing home to a new growing family.

### What is the WDRC Accessory Dwelling Unit Pilot Program?

The West Denver Accessory Dwelling Unit (ADU) Pilot Program assists moderate- and low-income qualified homeowners to design, finance, and build an ADU on their residential property. Learn more about the program [here](#).

### Why would I consider investing in an accessory dwelling unit (ADU)?

- Supplemental Income – renting the unit provides supplemental income that can make your housing costs more affordable. The increased property value also adds to the equity in your home.
- Families can house multigenerational and extended family, allowing family and community members to age in place and offset the expense of senior-living and/or childcare costs.
- Neighborhood Strength – ADUs provide housing security for both the homeowner and the renter or family member living on the property. Additional affordable housing stock can help make the West Denver community be more resilient against displacement.

### **How do I qualify for the ADU Pilot program?**

To qualify for the program, households must meet criteria including but not limited to:

- Property is zoned to allow an ADU
- Have a clear area in the rear of the property to accommodate an ADU
- Meet the intent of the WDRC Program
- Qualify for Financing to cover the reduced cost of the ADU

### **What are the terms of the ADU Pilot program?**

- ADU or primary house to be occupied (includes owner occupancy or rented by a non-owner) by a household earning less than 80% Denver AMI for the 25-year restricted period
- If rented, the monthly rent must be less than 80% Denver AMI maximum rent
- No short-term rental of the ADU (Airbnb, VRBO, etc..)
- Annual reporting required
- Owner lives on-site in either primary house or ADU unit
- If program terms are violated, a penalty amount will be required to pay back the Program Services and Savings. Amount depends on the unit and can vary from \$50,000-\$75,000 or the ADU earned equity after financing.

How might this work for a family in West Denver?

# EXAMPLE LIFE CYCLE OF AN ADU

## Primary House Occupants

## Second Unit Occupants

