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# Trust keeps home prices below market level

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THE PRESS DEMOCRAT

Sonoma County's first organization to acquire land for affordable housing based on the community land trust model is among a handful in Northern California.

Soaring home prices and decreasing affordability have led more communities and affordable-housing advocates to acquire land and hold it under trust for a community's benefit.

The Housing Land Trust of Sonoma County was established as a nonprofit three years ago.

The trust purchased its first development site with donated money. Trusts often purchase land with government loans and grants, but more are acquiring land from developers needing to meet affordable-housing requirements.

Trusts own land under homes and lease the lots to homeowners through a long-term renewable lease, often 99 years, to take land value out of the home price.

Resale restrictions provide fair returns by allowing for some equity gains while limiting market effects. Land trusts set resale prices based on annual percentage increases in median household income to remove market effects on prices.

So homes are made affordable to families who are otherwise priced out of a housing market, both for initial owners and those who follow over decades.

The land-trust model effectively locks in subsidies used to acquire land and develop affordable housing.

The concept dates to the late 1960s, but many of the nation's land trusts have formed since the mid-1980s as communities began to struggle with preserving and creating affordable housing. The number has been growing by the dozens annually in recent years in the face of the nation's housing-market boom.

There are more than 160 housing land trusts in 36 states today.

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