

**COMMUNITY LAND TRUSTS:**  
**A Guide for Local  
Governments**





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The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

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## About Grounded Solutions Network

Grounded Solutions Network is a national nonprofit formed by the merger of the National Community Land Trust Network and Cornerstone Partnership. We are dedicated to shaping communities to be inclusive and filled with opportunity for all. Where we live matters. It determines what opportunities we have and how our kids grow up. Everyone should be able to live in a place that offers opportunity: access to jobs, parks, public transit, quality schools and stable homes. Strong and inclusive communities provide the foundation that people and families need to thrive. We promote homes that remain affordable for generations and enable our communities to be stable and strong, for good.

At Grounded Solutions Network, we know what policies and strategies work, and we help communities use them. We work nationally, supporting nonprofit and government practitioners, advocates, elected officials, and other housing professionals with the knowledge and support they need.

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## Introduction

**C**OMMUNITY LAND TRUSTS (CLTs) are born out of the community that they serve: Their creation is inspired by local needs, their strategies informed by community stakeholders, and their operation guided by the public good. But their success greatly hinges on the support of local government leaders and actors.

This report provides an introduction to the community land trust model by shedding light on their operation and the benefits they can bring to both residents and cities. It goes on to highlight key ways that municipal governments and local leaders can initiate or support CLTs in their communities, and offers practical examples of community land trusts in action.

Community land trusts represent the potential to forge deep connections within a community, bringing homeowners much-needed stability and support. And as municipalities consider how to rebuild and reinforce their housing strategies in the wake of COVID-19, CLTs offer an opportunity to leverage one-time investments that will foster lasting affordability and racial justice.

# What is a Community Land Trust?

**A COMMUNITY LAND TRUST** is a nonprofit, community-based organization that acquires, owns and stewards land permanently for the common good. CLTs are best known for providing affordable homeownership opportunities that last for generations. They do this by retaining ownership of a plot of land and selling the housing on that land to lower-income households. In exchange for below-market prices, purchasers agree to resale restrictions that ensure the homes will remain affordable to subsequent buyers. **The CLT model allows lower-income households to build wealth through homeownership, while also providing the community with a stock of homes that will remain affordable for generations.**

While CLTs are best known for providing affordable homeownership opportunities, CLTs can use their land for any number of purposes. These include providing affordable single and multi-family rental opportunities, mixed-income and mixed-use developments, community-oriented commercial spaces, community gardens and much more. In this report, we will focus principally on CLTs that use their land to provide affordable homeownership opportunities that last.

**Lasting affordability requirements are what set community land trusts apart from more traditional forms of affordable housing development.** CLTs ensure that the homes on their land are affordable not only to the first buyer or renter, but to every subsequent buyer or renter as well.

In doing so, CLTs help communities:

- ◆ Address the growing affordability gap between what people can afford to pay for housing and how much that housing costs.
- ◆ Provide wealth-building opportunities for families that otherwise would not be able to own a home, particularly families of low-to-moderate income and those that are Black, Indigenous or people of color (BIPOC).
- ◆ Preserve community control of land, reduce absentee ownership and resist processes of gentrification and displacement.
- ◆ Capture the public's one-time investment in affordable homeownership for the long-term benefit of community members, over and over again.
- ◆ Weather periods of economic downturn through effective property stewardship and homeowner support.

## How Does a Community Land Trust Create Affordable Homeownership Opportunities that Last?

Many municipalities and nonprofit organizations are on a hamster wheel of subsidy: Because incomes are not keeping pace with rising housing costs, even if down payment assistance grants or loans are repaid to the municipality when a homeowner moves on, the repaid amount is not enough to help another family of similar means purchase a home. Municipalities often find themselves in the position of needing more and more subsidy to serve each family.

CLTs create affordable homeownership opportunities that last by 1) acquiring and holding land, 2) acquiring, developing or rehabilitating housing on that land (or partnering with others to do so), 3) selling the housing — but not the land — to low-income purchasers at a price they can afford, and 4) limiting the price appreciation of the property to ensure that every time the home is resold, it goes to another low-income purchaser at a price that purchaser can afford.





**Acquiring & Holding Land.** Permanent ownership of land is one of the defining features of CLTs. **Land in a CLT is held in perpetuity for the benefit of the community.** Accordingly, whether CLTs acquire land on the open market, through land donations, or at a discount through public entities such as city agencies or county land banks, the CLT retains that land in perpetuity. CLT land is never sold.

**Developing, Rehabbing or Acquiring Homes.** CLTs that provide affordable homeownership opportunities often follow the same development processes as most nonprofit housing developers: They secure funding, complete their pre-development and due diligence tasks, retain a general contractor, and pay for the costs of construction or rehabilitation.

However, not all CLTs serve as developers, and even those that do develop their own units often bring land and affordable units into their portfolio in multiple ways. CLTs, for example, may collaborate with another nonprofit or for-profit developer in a joint development project. CLTs may also collaborate with municipalities to receive, monitor or steward units generated through inclusionary housing ordinances. Some CLTs operate “buyer-initiated” programs as well, in which the CLT provides a subsidy to allow homebuyers to select a market-rate unit. In exchange for the subsidy — which makes the market-rate unit affordable to the homebuyer — the buyer agrees to place the property into the CLT’s portfolio of permanently affordable units.

**Significantly, when CLTs act as developers, they fund their projects from the same mix of sources as other nonprofit housing developers.** Funding sources may include public funds such as Community Development Block Grants (CDBG) or HOME Investment Partnership dollars, state or local housing trust funds, grants from foundations and other civic institutions, private donations, conventional loans from financial institutions, and more.

Public dollars invested in the project often form the bulk of the subsidy needed to make the housing affordable to its first purchaser, who is typically someone earning between 50 and 80 percent of area median income (AMI). **Flexible local and state funding that prioritizes lasting affordability in housing is very important to the success of CLTs and their ability to operate at scale.**

**Selling the Home, but not the Land.** When CLTs sell a home, they sell only the improvements on the land, such as the house and garage. Title to the land itself remains with the CLT. Rather than selling the land, the CLT enters into a long-term (usually 99-year) renewable lease with the prospective homeowner for use of the land. This “**ground lease**” gives homeowners and their descendants the right to use the land for as long as they wish to live there. As explained in the next section, this is also key to ensuring the lasting affordability of the home.

**Ensuring Long-term Affordability.** The ground lease specifies the terms on which the homeowner may sell their home, and typically requires the owner to sell the home to another low-income household for an affordable price. **Resale formulas** vary between CLTs, but the formulas are generally crafted to allow homeowners to capture some of the increased value of their home due to appreciation, while also ensuring that the sales price is affordable to another low-income household. In this way, **CLTs balance homeowners’ goals of wealth accumulation with the community’s ongoing need for affordable housing.**

**CLT homeownership often serves as a stepping-stone to more traditional, market-rate homeownership.** A recent study found that CLT homeowners typically invest less than \$2,000 at the time of purchase, and accumulate approximately \$14,000 in equity when they sell their home.<sup>1</sup> Almost 60 percent of sellers use the equity from their CLT homes to purchase a market-rate home after selling.<sup>2</sup> **CLT homeownership thus opens the door to conventional homeownership for many low-income households. In doing so, it gives them access to the wealth-building opportunities that middle- and upper-income households have long enjoyed.**

#### Ground Lease

A renewable and inheritable lease between a CLT and homeowner for use of a parcel of land. While generally granting homeowners most of the rights that come with conventional homeownership, a ground lease also specifies resale terms, which is key to ensuring the lasting affordability of the home.

#### Resale Formulas

Terms established in a ground lease that set the maximum resale price of a home. Resale formulas are typically designed to allow homeowners to capture a portion of the increased value of their home, while also maintaining affordability for another low-income household.



Almost **60%** of sellers use the equity from their CLT homes to purchase a market-rate home after selling



## CLTs in Practice: Lasting Affordability vs. Down Payment Assistance

TO FURTHER UNDERSTAND HOW CLTS WORK, IT'S HELPFUL TO CONTRAST THEM WITH MUNICIPAL DOWN PAYMENT ASSISTANCE PROGRAMS.

Down payment assistance programs typically provide homebuyers with a loan at the time of a home purchase that is forgivable over a period of 5-to-10 years. When the loan is forgiven, the homeowner is free to resell the home at whatever price the market will bear. If home prices have increased significantly, the homeowner will see a significant gain in equity. Thus, down payment assistance programs are strong wealth-building tools.

However, each forgivable loan serves only one household. To provide another household with an affordable homeownership opportunity, the municipality will have to find the resources for another down payment assistance loan. Down payment assistance programs thus require a steady flow of resources to operate. Indeed, the cost of operating such a program typically increases over time as home prices increase.

**CLTs, by contrast, deliver more modest gains in wealth-building for individual households, but provide multiple households with affordable homeownership opportunities from a single subsidy investment.** They do this by using subsidy dollars to set the initial price of a home at a price that low- and moderate-income households can afford, and then, through the provisions of a ground lease, by ensuring that the home is affordably priced each time it is sold thereafter.

Because incomes typically rise over time, what is an “affordable price” for any particular income level (e.g. 60 percent of AMI), also increases over time. CLT homeowners, therefore, typically sell homes for somewhat more than they paid. This gives the sellers modest gains in equity. At the same time, the resale formula that governs the sale ensures that the low- or moderate-income family that purchases the home pays an affordable price. **Significantly, no additional or ongoing subsidy is needed to achieve this lasting affordability.** Once established, CLT homes remain affordable for the long term.

To see this difference in practice, it is helpful to compare some simplified homebuying numbers in two hypothetical communities: **DPA Town**, which operates a down payment assistance program, and **CLT Town**, which has a community land trust. Both programs target households earning up to 80 percent of area median income. In both communities, a starter home costs \$200,000. However, an income-eligible homebuyer can only afford to pay \$155,000 for a home. That leaves a \$45,000 affordability gap in both places.

**DPA Town** fills that gap by providing the homebuyer with a \$45,000 forgivable loan, specifying that the homeowner need not repay the loan if they live in the house for at least 10 years. The homebuyer takes out a conventional loan to pay the remaining \$155,000 cost of the home.

**CLT Town**, by contrast, fills the gap by providing a \$45,000 grant to the CLT to subsidize the cost of the home. The CLT uses the grant to lower the sales price of the home to the affordable price of \$155,000, which the buyer finances with a conventional loan. The table below summarizes these purchases from our two hypothetical towns:

**COMPARING DOWN PAYMENT ASSISTANCE TO A COMMUNITY LAND TRUST: THE FIRST HOMEOWNER**

	<b>DPA Town</b>	<b>CLT Town</b>
Market Price of Home	\$200,000	\$200,000
Sales Price of Home	\$200,000	\$155,000
What Buyer Can Afford	\$155,000 (conventional loan)	\$155,000 (conventional loan)
Subsidy Needed	<b>\$45,000</b> (to buyer, as DPA)	<b>\$45,000</b> (to CLT)

**Fast-forward ten years.** Starter homes in both communities are now worth \$240,000, due to appreciation. Wages have increased, but they have not kept pace with home prices. A homebuyer with an income at 80 percent AMI can now afford to pay \$185,000 for a home, leaving a \$55,000 affordability gap.

If our buyer in **DPA Town** sells her home the day after her 10-year affordability period ends, she would enjoy a significant net gain from the

sale. Selling the home for \$240,000 would leave her a net gain of \$85,000 on the sale after paying off her original \$155,000 loan (\$40,000 in appreciation plus the \$45,000 down payment assistance that she is not required to repay). She would also take home whatever equity she has built-up through ten years of mortgage payments, subtracting any miscellaneous expenses such as closing costs.

The picture looks quite different in **CLT Town**. If the CLT homeowner chooses to sell her home, she must follow the ground lease requirement to sell the home at a price that an income-eligible buyer can afford — \$185,000 in this case. After her initial loan of \$155,000 is repaid upon sale of the home, she would earn a net gain of \$30,000, in addition to the equity she has built-up through ten years of mortgage payments, minus closing costs.

When considering only these two households, it is clear that the DPA buyer receives a much larger net gain from the sale of her home than the CLT homebuyer: \$85,000 compared to \$30,000; however, the CLT model contemplates both household *and* community-wide benefits.

**COMPARING DOWN PAYMENT ASSISTANCE TO A COMMUNITY LAND TRUST: 10 YEARS LATER**

	<b>DPA Town</b>	<b>CLT Town</b>
<b>Initial Purchase</b>		
Market Price of Home	\$200,000	\$200,000
Sales Price of Home	\$200,000	\$155,000
What Buyer Can Afford	\$155,000 (conventional loan)	\$155,000 (conventional loan)
Subsidy Needed	\$45,000 (to buyer, as DPA)	\$45,000 (to CLT)
<b>10 Years Later</b>		
New Market Value	\$240,000	\$240,000
Sales Price	\$240,000	\$185,000
Seller Portion	\$240,000 - \$155,000 (loan repayment) <b>\$ 85,000</b> (plus equity built-up from loan payments)	\$185,000 - \$155,000 (loan repayment) <b>\$ 30,000</b> (plus equity built-up from loan payments)

**While the DPA program does more for one household’s wealth building in this example, the CLT program comes out ahead when we consider how to serve additional households.** In **DPA Town**, the homebuyer retained the town’s initial \$45,000 subsidy that made the starter home affordable. This means that to make the starter home affordable for the next homebuyer, **DPA Town** will have to come up with \$55,000 in down payment assistance — \$10,000 *more* than it provided ten years earlier, because wages have not kept pace with home prices.

In **CLT Town**, by contrast, no additional subsidy is needed. Thanks to the restrictions set by the ground lease, the home is already priced at a level that an income-eligible buyer can afford. The initial homebuyer is effectively “paying forward” the Town’s initial \$45,000 subsidy to keep the home affordable for the next occupant. Indeed, that subsidy has effectively grown to \$55,000, as that is the sum now needed to fill the affordability gap.





This process happens again and again, at every resale of the CLT home, keeping it affordable in perpetuity. In this way, **CLTs balance wealth accumulation for the individual homeowner with ongoing affordability for the community, serving generations of homeowners without requiring additional subsidy.** The table below illustrates the difference between the DPA and CLT approaches:

**COMPARING DOWN PAYMENT ASSISTANCE TO A COMMUNITY LAND TRUST: FOSTERING LASTING AFFORDABILITY**

	DPA Town	CLT Town
<b>Initial Purchase</b>		
Market Price of Home	\$200,000	\$200,000
Sales Price of Home	\$200,000	\$155,000
What Buyer Can Afford	\$155,000 (conventional loan)	\$155,000 (conventional loan)
Subsidy Needed	\$45,000 (to buyer, as DPA)	\$45,000 (to CLT)
<b>10 Years Later</b>		
New Market Value	\$240,000	\$240,000
Sales Price	\$240,000	\$185,000
Seller Portion	\$240,000 -\$155,000 (loan repayment) <b>\$ 85,000</b> (plus equity built-up from loan payments)	\$185,000 -\$155,000 (loan repayment) <b>\$ 30,000</b> (plus equity built-up from loan payments)
<b>Housing the Next Income-Eligible Family</b>		
Market Price of Home	\$240,000	\$240,000
Sales Price of Home	\$240,000	\$185,000
What Buyer Can Afford	\$185,000 (conventional loan)	\$185,000 (conventional loan)
NEW Buyer Subsidy Needed	<b>\$55,000</b>	<b>\$0</b>

## Stewardship Principles and Lasting Affordability

Achieving **lasting affordability** is not as simple as demanding that a home be sold at an affordable price at every resale. CLTs have learned that to ensure lasting affordability, they must be effective stewards of their community assets. Specifically, CLTs must provide four kinds of **stewardship** at once:

**Stewardship of Structures or Homes.** If a home is to remain a community asset for the long term, it needs to be maintained in good condition. So, CLTs do things like require that the home be adequately insured and approve all substantial renovations and additions. Some CLTs also educate homeowners about preventative maintenance, encourage certain capital improvements, and help homeowners through renovations to prevent contractor fraud.

**Stewardship of Homeowners.** CLTs support homeowners in several ways, not least of which is to design resale formulas that fairly balance ongoing affordability with the opportunity for wealth creation. CLTs recognize that it is not enough that buyers attain homeownership, they also need to retain it over time. To that end, CLTs do things like require homebuyer counseling before purchase, review all mortgage and refinance documents to prevent predatory lending, and offer post-purchase counseling and foreclosure prevention counseling to help bolster homeowners who need it.

**Stewardship of Public Funds.** CLTs are stewards of the public funds used to make their homes affordable in the first place. Every CLT makes a promise that those funds will serve generation after generation of homeowners. Accordingly, they oversee every element of the resale of CLT homes, including calculating the formula price and income-certifying the next homebuyer to ensure that the buyer meets the income target specified in the ground lease.

**Stewardship of the Organization.** In addition to stewarding homes, homeowners, and public funds, CLTs are also stewards of themselves as an organization. Each CLT has a perpetual responsibility for the property it

### Lasting Affordability

A durable system of resale restrictions and supports that ensure that, upon resale, a home will be sold to income-qualified homebuyers at a price that they can afford. CLTs ensure lasting affordability through the use of ground leases. Other shared-equity homeownership programs may use deed restrictions or restrictive covenants for the same purpose.

### Stewardship

Activities that CLTs undertake to ensure the success of CLT homeowners, as well as the long-term viability and affordability of homes on CLT land.



holds, and with that comes a duty to focus on the sustainability of its own operations. CLTs support themselves by seeking donations and operating grants. If developing their own homes, they may be able to collect developer fees to fund ongoing operations. In addition, most will collect modest monthly lease fees from homeowners, and they may collect fees at resale of a CLT unit. Many CLTs also own apartment buildings that they rent at affordable rates to income-qualified tenants. Such rental holdings both advance the CLT’s mission and provide regular cash flows that help sustain the organization.

Using these and other strategies, CLTs ensure that they are able to maintain the forever commitment they are making to the community.

## How is a Community Land Trust Structured?

Another distinctive feature of community land trusts is their organizational structure. **The traditional CLT is a membership-based organization that serves a defined geographic area, which may range from a neighborhood to an entire city or region.**

Membership is open to anyone within the CLT’s defined service area. This is one of the elements that makes the classic community land trust unique. Instead of just serving the direct beneficiaries — those living or working on land trust land — the community land trust is accountable to the entire community it serves.

CLTs have a **“tripartite” board**, meaning that the board of directors is divided into three equal groups of representatives:

- ◆ A third of the board is made up of leaseholders, who are people living on or using CLT land.
- ◆ Another third is made up of community members.
- ◆ The final third is made up of technical experts, funders or other stakeholders in the organization.

### The Tripartite Board of CLTs

Two thirds of the board is made up of community members and/or leaseholders, so the community holds the majority of votes

Leaseholders



Community members



Experts, Funders



Because two thirds of the board is made up of community members and/or leaseholders, the community holds the majority of votes. For this reason, **CLTs are often referred to as community-controlled organizations.**

## How Does a Community Land Trust Differ from Other Shared Equity Homeownership Models?

Community land trusts are often compared to other shared equity homeownership models, such as limited-equity housing cooperatives and deed-restricted, below market rate homeownership programs. The three models are similar in that they all provide resale-restricted, owner-occupied housing where the “bundle” of property rights is divided between the homeowner and the community. However, they differ in important ways:

In a limited equity housing cooperative (LEHC), members own shares in a cooperative corporation (co-op), which, in turn, owns multiple dwelling units — often in a multi-family building.

Owning a share entitles a household to occupy one of the co-op’s dwelling units and to vote in the co-op’s governance. A cooperative is a “limited equity” cooperative when the sales price of an ownership share is subject to a resale formula that limits its value to keep it affordable. LEHC rules also restrict purchasers to those within certain income limits. These provisions ensure that the housing remains permanently affordable to families and households of modest means.

In practice, LEHCs tend to be smaller than CLTs. An LEHC may own a single multi-family building, while CLTs may own land across an entire neighborhood or entire city. Another important difference is in governance arrangements: Governance of LEHCs is generally limited to the homeowners in the co-op building. By contrast, CLT governance includes CLT homeowners, as well as members who live in the CLT's service area but do not own a CLT home.

**Despite these differences, it's important to note that CLTs and LEHCs can work in concert.**

An LEHC, for example, may own a multi-family building that sits on CLT-owned land.<sup>3</sup>

Deed-restricted, below market rate homeownership programs do many of the same things as CLTs, but without the ground lease or the governance structure providing community control.

These programs are often run by municipalities as part of an inclusionary housing initiative or by a nonprofit housing organization, such as a Habitat for Humanity affiliate or other community development corporation. In

inclusionary housing programs, municipalities require developers to convey a certain portion of units in a development to income-qualified purchasers at affordable prices. These units are then subject to deed restrictions with terms very similar to those of a ground lease, such as terms governing the resale price of the unit or the income level of eligible purchasers. Enforcement of the deed restrictions falls to the municipality, or its designated administrator, which could be a CLT.

**Unlike CLTs, deed-restricted, below market rate homeownership programs generally do not have a close connection to a particular neighborhood, and typically do not serve as tools for community empowerment and control of land.** Laws vary significantly state-to-state with regard to how long a deed restriction may remain in effect. In some programs, deed restrictions may expire after a specified number of years, while in others, they may remain in effect for the life of the building to which they apply.

# Benefits of Community Land Trusts

**C**OMMUNITY LAND TRUSTS offer numerous benefits that can aid cities in expanding access to quality, safe and affordable housing for low- and moderate-income households. As cities explore equitable land allocation and land use solutions, they seek approaches that center sustainability and address the ongoing racial disparities embedded in local housing markets **addressing current affordable housing needs without making provision for future demand creates a revolving door within a city's housing stock, with affordable units evaporating from the market as quickly as they arrived.** Community land trusts can help address this cyclical challenge by gradually increasing the number of affordable units over time and ensuring that these units retain lasting affordability.

## Lasting Affordability

One of the chief benefits that community land trusts deliver for cities is lasting affordability. For many municipalities, this represents a real paradigm shift. Cities have long used federal programs such as the HOME Investment Partnership Program or the Community Development Block Grant Program to make housing affordable to renters and buyers. They have also relied on the federal Low Income Housing Tax Credits (LIHTC) program to drive the development and rehabilitation of affordable units. All of these programs come with affordability requirements, but all of those requirements expire after a limited period — typically between 10 and 30 years.

## Did You Know?

While these funding sources do not require lasting affordability, many CLTs leverage HOME, CDBG and even LIHTC programs in their work to provide lasting affordability.





**The result is something of a “housing hamster wheel” — new affordable housing goes into the city while the affordability requirements on previously subsidized housing expire.** This can leave many housing and community development officials feeling as though they are running in place — or worse, losing ground — when it comes to closing the city’s affordability gap. Permanent affordability changes these dynamics.

Once established, housing in a community land trust remains affordable forever. This means that, over time, the stock of affordable housing in a community steadily grows as cities use annual subsidy dollars to create additional housing units, rather than repeatedly working to replace units when their affordability restrictions expire. The impact of this permanent and growing stock of affordable homes can be transformative:

**Lasting affordability provides stability for families.** CLT homes are, by design, homes that fit households’ budgets. This affordability leaves families better positioned to pay for life’s other necessities (e.g., health, food and transportation costs), to save for life’s challenges (e.g. loss of employment, medical issues or vehicle repairs), and to take advantage of life’s opportunities (e.g. education, training, or making a down payment on a new home).

The entire community benefits from this stability. For example, research shows that children in families that experience housing instability often suffer adverse impacts to their health, educational attainment, and income in adulthood.<sup>4</sup> The stable housing that CLTs

provide to families helps lay the groundwork for children’s lifelong success.

**Lasting affordability helps build inclusive communities that resist processes of displacement and gentrification.** In many cities, home prices are increasing faster than local incomes. In some neighborhoods, this problem is acute — prices are skyrocketing well beyond the reach of residents who have long lived there. Often it is people of color who find themselves excluded from a neighborhood they could once afford as processes of gentrification take hold.

CLTs help communities resist these economic and cultural disruptions. CLT homes remain affordable even as the cost of homes around them continue to increase. Their presence in a community can moderate forces of change, contributing to neighborhood stability, combating the negative effects of gentrification, and creating or preserving diverse, mixed-income neighborhoods.

## Community Empowerment, Racial Equity & Wealth-Building

Community land trusts can serve as powerful tools to achieve community empowerment, racial equity and wealth-building. All three of these goals have been at the heart of the CLT movement from the outset. Indeed, the first CLT in the country, **New Communities, Inc.**, was formed by a group of Black farmers in Georgia for these very purposes.

**The lasting affordability that CLTs provide is itself a form of community empowerment.** It ensures that low- and moderate-income residents will have a home — and therefore a presence and a stake — in a neighborhood they might otherwise be priced out of. Ensuring access to such homes and neighborhoods can be a particularly salient goal in communities of color, who have often been pushed out of places where they live, or excluded from neighborhoods where they might want to live. CLTs are flexible tools that can ensure that both homeownership and rental opportunities remain accessible in a neighborhood, while also safeguarding a mix of commercial and community spaces that serve new and old residents alike.

Too often, government itself has served as a primary mechanism of exclusion and displacement in these communities. Exclusionary zoning, redlining, and “slum clearance” or “blight removal” initiatives are some of the more notorious policies that have had racially exclusionary impacts. Less often cited are public investments in neighborhood improvement initiatives.

These efforts often have the well-intentioned goal of bringing greatly-needed amenities to disinvested neighborhoods. However, they can have the negative side-effect of raising housing costs and may spark processes of neighborhood change that leave long-time residents and others who are similarly situated excluded from

## New Communities, Inc: The First Community Land Trust

The first community land trust in the country was a product of the civil rights movement of the 1960s. In Albany, Georgia, Black farmers who asserted their right to vote were being pushed off land owned by white landowners. They sought a way to farm land affordably and securely, without the threat of displacement. Taking inspiration from kibbutzes in Israel, they formed New Communities, Inc. The corporation purchased over 5,000 acres of farmland, becoming the largest Black-owned farm in Georgia. It also entered into long-term leases allowing the farmers and others to build homes and operate businesses on the property. This effort to advance racial equity and maintain affordability by separating the ownership of land from the ownership of homes served as the model on which the modern community land trust movement is built.

*For more information, see [newcommunitiesinc.com](http://newcommunitiesinc.com)*

a neighborhood. Municipalities can counterbalance these displacement pressures by supporting CLTs in their communities, thereby advancing racial equity and enhancing community empowerment in the process.

**Many CLTs actively seek to empower and engage community members in decision-making.** CLTs are often driven by a commitment to giving voice to residents who too often have been excluded from secure housing arrangements. This empowerment begins by including such residents in the governance of the CLT through its tripartite board, but it does not end there.

CLTs often work with residents to identify community needs and leverage CLT resources

to meet those needs. They also organize residents to shape the future of the city by developing comprehensive plans, and weighing-in on policy and development proposals impacting low- and moderate-income residents across the city. In this way, they enhance the democratic control of land and housing in the cities where they operate.<sup>5</sup>

**The wealth-building that CLTs provide for low-income households can also advance racial equity.** Historically, many low- and moderate-income buyers of color have been unable to afford or qualify for the purchase of a home. This has contributed to a substantial racial wealth gap in our country. As the chart below illustrates, the net worth of non-Hispanic white households in the U.S. is

nearly 18 times greater than the net worth of Black households, and nearly 7 times greater than that of Hispanic households.

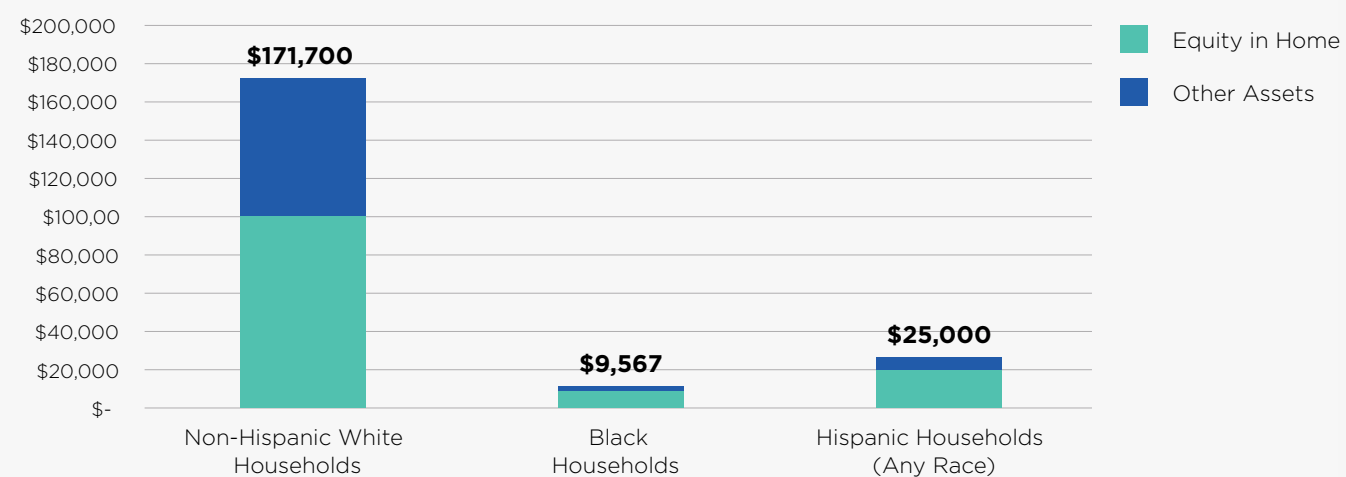
**CLTs can help close the homeownership gap.** A 2019 study of 58 shared equity homeownership programs, including community land trusts, revealed that 95 percent of such homes are affordable to households earning 80 percent of AMI, and nearly half of such homes are affordable to very low-income households earning up to 50 percent of AMI.<sup>6</sup> CLTs are thus effective tools for helping low-income households become homeowners by making homeownership more affordable and more stable.

**CLTs also help stabilize homeownership.** If homeownership is to serve as a tool of wealth accumulation for low-income households, it is critical that such households be able to remain in their homes over several years. Many CLTs achieve this by successfully performing their stewardship functions intended to support homeowners and stabilize homeownership. With this support, CLT homeowners are much less likely to move in any given year than their counterparts in market-rate homes.<sup>7</sup> Moreover, homeowners in CLTs were 10 times less likely to be in foreclosure proceedings and eight times less likely to be seriously delinquent than homeowners across all incomes in the private market during the 2008-10 housing crisis.<sup>8</sup>

**CLTs succeed in building wealth among low-income homeowners.** One study found that the median household in a shared-equity home accumulated about \$14,000 in equity during the course of homeownership. This equity gain includes both the household's share of the increase in the price of the home, as well as the "forced savings" they achieved by partially paying down the mortgage.<sup>9</sup> The research shows that 58 percent of shared equity homeowners who sell their homes go on to buy another home at market-rate.<sup>10</sup> Accordingly, CLT homeownership can serve as a stepping-stone to conventional homeownership for low-income households.

**CLT homes have significant potential to help low-income households of color access homeownership and build wealth.** In 2000, just 13 percent of community land trust homeowners were people of color. By 2018, that figure had increased to 43 percent.<sup>11</sup> Despite this progress, shared-equity homes are overwhelmingly owned by white, non-Hispanic heads of households. However, cities can work to expand opportunities for shared equity ownership among Black, Hispanic/Latino, Asian and Indigenous households by supporting shared equity programs in targeted neighborhoods and removing common barriers to homeownership. Creating avenues that extend affordable homeownership to households of color who have historically been shut out from real estate-generated wealth will aid cities in achieving greater levels of housing justice in their comprehensive housing strategies.

**RACIAL WEALTH GAP: MEDIAN HOUSEHOLD NET WORTH**  
By Race and Ethnicity in U.S. in 2017



Source: U.S. Census Bureau. *Wealth, Asset Ownership, & Debt of Households Detailed Tables: 2017.*





# The Municipal Role in Starting a Community Land Trust

## Community Stewardship

Beyond the financial advantages, a properly managed community land trust offers stewardship benefits that support the vitality of both the occupying resident and the neighborhood at large.

The added layer of stewardship within community land trust models ensures supports for the individuals within the household, such as financial literacy and coaching resources, as well as guaranteeing that the physical structure of the home is adequately maintained.<sup>12</sup>

**Intentionally investing in those residing within the home, as well as the physical asset of the property, erects a holistic**

**model of community care that can protect against residential displacement and economic predation while securing quality housing for generations to come.**

As cities explore and deploy both emergency and recovery housing strategies, such as in response to COVID-19, community land trusts provide an avenue for lasting affordability, greater economic opportunity and stability for communities that have historically been ousted from homeownership. Cities must be intentional in creating sustainable housing solutions, and community land trusts are a vehicle to greater housing equity for Black and Hispanic/Latino households and can aid in addressing wealth inequality within cities.

**M**UNICIPALITIES TYPICALLY DO NOT start community land trusts by themselves. They do, however, have a significant role to play in the start-up process. In this section, we provide an overview of the start-up steps for a community land trust. Topics include who starts a community land trust, the mechanics of getting started, and the key role that municipalities can play in this initial phase.

## Who Starts a Community Land Trust?

Community land trusts are, at heart, community-based organizations. They typically grow from residents' efforts to respond to particular community concerns, such as a need for neighborhood revitalization, a demand for more affordable homeownership opportunities, or distress over growing displacement pressures.

An ethos of community control also underlies most pushes for CLTs — people come together in an effort to change their circumstances for themselves, and to empower residents to shape the neighborhoods and city in which they live.

**Accordingly, the short answer to the question of “who starts a community land trust?” is, “the community does.”**

“The community,” however, can take many forms. Sometimes an ad hoc group of residents leads the push for a community land trust. At other times, an established housing organization takes the lead. Still other leaders may include churches, existing community organizations, neighborhood associations, and more, or a coalition of such groups. Each of these entities brings different assets to the task of organizing a CLT, and each faces different challenges. However, all can be successful in moving from an idea of a CLT to its implementation.

## The Mechanics of Getting Started

Community leaders can start a CLT in any number of ways. Below is an overview of the process that Grounded Solutions Network recommends. It often takes about two years to move from exploratory meetings for a CLT to the first “shovel in the ground” or closing on a CLT home. For more detailed information on starting a CLT, please see Grounded Solutions Network’s [Start-up Community Land Trust Hub](#).

### 1 Build a Community Vision

Proponents of a CLT should begin the organizing process by having a community conversation about housing needs and concerns, and the role a community land trust could play in the local housing and development landscape. Indeed, they should have many conversations, finding a variety of ways to engage with stakeholders on these topics — including through **one-on-one discussions, small and large group meetings, in-person and online events, focus groups**, and more.

An important goal of these conversations is to identify who is already working to address the needs and concerns raised by the community, and in what ways. Ultimately, the community should arrive at a shared vision of the need for a CLT and the role it could play in the local housing ecosystem. Key stakeholders might include:

- ◆ Potential CLT homebuyers
- ◆ Residents of the CLT’s likely service area
- ◆ Community development corporations and nonprofit housing developers serving the area
- ◆ Housing counseling organizations
- ◆ Local government representatives, especially in the city’s planning and community development department
- ◆ The local land bank, if there is one
- ◆ Prospective funders
- ◆ Real estate professionals (e.g. Realtors, bankers, lawyers, for-profit developers)

- ◆ Neighborhood associations
- ◆ Clergy and other church leaders
- ◆ Other community/anchor institutions

As they have these conversations, CLT proponents should always be on the lookout for partners who could join the proponents in advocating for and organizing a CLT.

### 2 Determine Who the CLT will Serve and How

The next step of the process is to dive deeper into the details and define a vision for the CLT. The decisions made in this phase will be informed by the conversations had in the first phase. They will also likely be revisited in future phases as understandings and priorities shift over the course of the organizing process. Key decisions to make at this point concern the CLT’s **mission, geography** and **functions**.

#### Mission

CLTs may be organized for any number of purposes. Clarity on the CLT’s mission will help the organization make strategic decisions going forward as to how it will operate. CLTs are often organized to:

- ◆ Increase affordable ownership opportunities for low- or middle-income homebuyers, particularly buyers who are Black, Indigenous or People of Color
- ◆ Increase affordable rental opportunities for low-income renters, particularly renters who are BIPOC
- ◆ Resist processes of gentrification and displacement
- ◆ Stabilize distressed neighborhoods
- ◆ Promote income diversity in neighborhoods
- ◆ Decrease community wealth disparities
- ◆ Provide stability, equity, and security to people who have not had access to this through homeownership in the past
- ◆ Allow workers to live near where they work
- ◆ Increase community control and autonomy



## Geography

CLTs can be organized to serve one particular neighborhood, an entire city or a region as their service area. Usually the smaller the geography, the closer the connection with the community. Larger geographies, by contrast, allow for greater efficiencies of scale, and may present a wider range of opportunities for impact. Typically it does not make sense for more than one CLT to serve the same geography.

## Functions

In many ways, decisions about what functions a CLT will have are decisions about how the CLT will relate to other existing entities. If an existing organization is already meeting certain needs in a prospective CLT's designated service area, it may make sense for the CLT to partner with that organization, rather than creating a redundant program. If no one is filling a particular role, however, or if additional capacity is needed in a certain area, then it may make sense for the CLT to take on that function. CLT functions commonly include some or all of the following:

- ◆ Housing development
- ◆ Pre-purchase counseling

- ◆ Housing sales and resales
- ◆ Marketing and relationship-building to create a qualified buyer pipeline
- ◆ Post-purchase homeowner counseling
- ◆ Maintenance and repair support, including facilitating connections to funding sources
- ◆ Foreclosure prevention and support

Decisions regarding mission, geography and function are interrelated. A CLT serving a distressed urban neighborhood in a city with a well-established homebuyer counseling organization, for example, may focus on rehabilitating existing homes in the neighborhood while partnering with the homebuyer counseling organization to identify and pre-qualify purchasers. Alternatively, in a city with a vibrant nonprofit housing sector and a strong inclusionary housing ordinance, a CLT may do no development work at all, focusing instead on stewarding homes developed by others to ensure lasting affordability.

## 3 Determine How the CLT will be Structured and Governed

The “classic” community land trust is an independent nonprofit organization governed by a tripartite board of directors. The “tripartite” board consists of equal numbers of CLT homeowners, members from the neighborhood or other geography served by the CLT, and other “at large” members who are selected because they are well-positioned to guide the work the CLT does, potentially including bankers, lawyers, foundation leaders, and leaders of other community organizations.

While this is the traditional governance structure for CLTs, there is room for variation. It often, for example, makes sense to operate the CLT as a program or subsidiary of an existing organization during the start-up phase. This can make it easier to support and sustain CLT operations by sharing staff, office space and financial resources. During this phase, there may be no board at all, or the board may be appointed by the parent organization. As the CLT becomes more established, it can be spun-off as its own free-standing organization, run by the traditional tripartite board.



## 4 Develop a Business Plan

By the time CLT proponents have completed the three steps outlined above, they are ready to prepare a business plan for the CLT. A business plan lays out the decisions and careful thinking that have gone into the development of a CLT in a form that supporters, funders, lenders, and others will understand. It also prompts detailed thinking about some aspects of the organization and operations that may not have been explored to date. The business plan might include:

- ◆ Community needs
- ◆ Mission
- ◆ Geography & clientele
- ◆ Organizational structure
- ◆ Functions and likely partners
- ◆ A three- to five-year plan for bringing the CLT's portfolio to scale
- ◆ Staffing needs
- ◆ Organizational budget
- ◆ Sample documents, including a draft ground lease based on the [2011 National Model Ground Lease](#)

Most groups that embark on a business planning process work with a consultant or expert to help facilitate the process and to bring an outsider's perspective.

## 5 Lay the Groundwork for the First Project

A fledgling CLT will need to incorporate and assemble resources to sustain it through a first project. This typically starts with securing both operating support and funding for the project, and hiring staff. The CLT will also need to develop and implement a homebuyer selection and orientation program. **It is also essential for new CLTs to reach out to local lenders in order to acquaint them with the CLT model so that they are ready to provide mortgage financing to a new CLT homebuyer.**

Additionally, the new organization will need to make critical affordability decisions. One of those decisions is the targeted income level of prospective homebuyers, which will influence the initial affordable purchase price. The targeted income level is typically set as some percentage of area median income. **In choosing a particular AMI to target, it is important that CLTs consider the racial equity implications of that decision.**

For example, "moderate income" households are often defined as those earning between 80 percent and 120 percent AMI. In many markets, however, the income of a large proportion of households of color falls below the 80 percent threshold. **The decision to target "moderate income" households, therefore, is likely to lead to a population of CLT households who are whiter than the city's population as a whole.**

In addition to income levels and initial sales prices, CLTs also must select the formula that will be used to determine the price of the unit on resale. Resale formulas come in many varieties, but the three common types that are relatively easy to understand and to administer include:

- ◆ **Fixed rate resale formulas:** The homeowner's initial affordable price (what they paid to buy their home — or the "base price") is increased over time by a fixed annual percentage of either simple or compound interest.
- ◆ **Index based resale formulas:** The base price is increased over time by the percent change in a published index, such as area median income or the consumer price index.
- ◆ **Appraisal based resale formulas:** The base price is increased over time by adding to it a specified percentage of the increase in the home's market value. The increase in market value is measured by market appraisals at the time of initial purchase and the time of resale.

There are good reasons to choose any of the above formulas, and a CLT should carefully weigh its mission, goals, and the ease of understanding and administering a formula when making that choice. As CLTs gain experience with a particular formula, they may adjust it in future ground leases, or in current ground leases by agreement with existing homeowners.

*For more information on affordable pricing and resale formulas, please see **Grounded Solutions Network's website**.*



## 6 Operate and Sustain the Organization

Placing the first unit in service is cause for celebration for any CLT. However, it is also just the beginning of operating and sustaining a CLT for the long term. Continued outreach and engagement are required to ensure the CLT maintains its community connections and fulfills its community empowerment goals.

As the CLT adds more units, functions such as building and homebuyer stewardship will likely become more central, and the organization's staffing needs will grow. The organization's business plan should provide a roadmap to sustain the CLT's operations through its first three-to-five years, subject to adjustments and guidance provided by the organization's board of directors and leadership staff.

### What Role Can Municipalities Play in Start-Up?

Municipalities do not typically start community land trusts without significant community leadership. Nonetheless, there is a lot that municipalities can do to both initiate and support CLT organizing efforts.

Indeed, sometimes they need to be the first actors in this space. The idea of a CLT may be new to the community, "turf wars" or a lack of resources may keep the relevant stakeholders from starting a new initiative, or other actors may not have the same "view of the field" that lets municipal actors identify the particular need that a CLT could fill in the local housing ecosystem. Whatever the reason, a CLT may not come together in a particular community if the initial support for it does not come from the city government itself.

In other cases, the idea of a CLT may emerge from the community, but require municipal support in order to move the idea forward and create impact at scale. In this scenario as well, a lack of resources, competing priorities, or understanding of the field may hamper organizing efforts.

Moreover, municipal backing can be the signal that other stakeholders need before they are willing to commit time and resources to the effort. Experience has shown that strong municipal support for CLTs — both at start-up and throughout operations — is critical to their long-term success.

### Helpful roles that municipalities can play in a CLT start-up include:

**Introduce the Community to the Idea of a CLT.** In some cities, municipal staff have organized local forums and information sessions to introduce people to the idea of a community land trust. It can be particularly helpful to bring in experts and practitioners from other cities to explain how the model works and the impact it has had on local conditions. The city could even commission a report that identifies and explores the potential role of a CLT in the city, and the benefits it might provide.

**Convene Stakeholders.** Municipalities can also support the formation of a CLT by convening key stakeholders to explore the idea further. This can be a particularly helpful role where a lack of resources or "turf wars" make it difficult for any single community actor to be the lead convener. However, the municipality must take care to be inclusive in whom it brings to the table. A key group or individual "snubbed" from the invitation list can cause rancor and distrust that makes it difficult to carry the CLT effort forward.

**Participate in the Planning Process.** Regardless of who initiates discussions about a community land trust, one of the most valuable things a municipality can do in bringing a CLT to fruition is to participate in the planning process. In many cities, both elected officials and municipal staff have participated as key members of the planning team, contributing their knowledge of local conditions, government programs, and funding sources to the overall dialogue.

**Staff the Start-Up.** Municipal employees have sometimes served as staff of a CLT during the start-up phase. Before a CLT is established, staff might take the lead in convening meetings and doing the legwork to move the CLT through the planning process, acting at the direction of a local advisory committee or governing board. After a CLT is established, municipal staff have sometimes served as de facto CLT staff, assuming primary responsibility for day-to-day operations until the CLT has reached sufficient scale to staff itself.

**Hire Consultants and Other Experts.** Particularly in the business planning phase of start-up operations, the assistance of consultants with deep knowledge of the operational and technical aspects of CLTs can be invaluable. Municipalities can significantly advance a CLT start-up effort by contracting for expert assistance in this phase of operations.

**Provide Start-Up Funding.** It can take more than a year for a new CLT to develop homeownership units, and even longer before it reaches sufficient scale to sustain its operations. Start-up funding from municipalities can provide stability for the CLT during this critical phase.

**Ensure a Project Pipeline.** Particularly in the first few years of operations, it is important for CLTs to secure and complete a regular flow of homeownership projects. Municipalities can help CLTs achieve this goal by prioritizing funding for projects that provide lasting affordability in homeownership.

In addition to providing necessary support and resources, municipalities can also foster the long-term success of community land trusts by making adjustments to city policies and practices. We review these potential changes in the next sections.

*For more details, please see **Appendix B: Additional Resources** and [The City-CLT Partnership: Municipal Support for Community Land Trusts](#).*

# The Municipal Role in Sustaining a Community Land Trust

**DIRECT MUNICIPAL SUPPORT** for the establishment and operation of a community land trust is critical to its success. However, direct support alone is not enough. **It is also important that municipalities structure their policies and practices in support of the CLT mission to provide affordable housing for the long term.**

Cities that are establishing or already have community land trusts should also review their policies and practices with regard to public land disposition, land banks, funding for affordable housing, and inclusionary housing requirements and incentives.

## Public Land Disposition Policies

Many cities hold quite a few surplus land parcels. These may be parcels acquired through tax or other lien foreclosure, land that was donated to the municipality by a developer, or land that was purchased but is no longer needed for a public works project. Whatever the source, municipalities are in the position to use this land to promote lasting affordability in housing.



To do so, cities should consider adopting the following policies and practices:

## 1 Establish a publicly accessible inventory of surplus properties

Many cities simply do not know which properties they own, or whether the parcels are needed for future use. Nonprofit housing organizations, including community land trusts, may have an even harder time getting this information. Cities can help housing organizations identify and make plans for this property by inventorying the land the city holds, determining whether the land is indeed “surplus” — that it is not needed for a municipal project — and then making the list of surplus properties publicly available.

## 2 Prioritize lasting affordability in the disposition of publicly-owned land

City policies typically specify the process to be followed when disposing of city-owned land. Often, they give a priority to proposals that pledge to use the property for affordable housing. This can be helpful, but for municipalities intent on fostering the success of community land trusts, it does not go far enough.

The problem is that **CLTs can find it difficult to compete with other affordable housing organizations on price.** In part, this is because they often target home buyers at lower income levels (e.g. those earning up to 60 percent of area median income) than other affordable housing organizations (which in many cases target buyers earning 80 percent to 120 percent of AMI). With deeper income targeting, CLTs must keep their acquisition costs low, in order to pass the savings on to buyers.

CLTs also tend to offer a lower price for land than their peers in the affordable housing industry because CLTs’ costs are higher. To fulfill their commitment to lasting affordability, CLTs often incorporate longer-lasting building components and more effective energy-efficiency measures when they build or rehabilitate homes. These expenses can drive up CLTs’ construction costs. CLTs also have ongoing costs in stewarding buyers and homes through repeated sales of a property — costs that organizations that do not commit to lasting affordability do not have.

Due to added costs and deeper affordability targeting, CLTs often cannot offer as much for a piece of land as other affordable housing organizations. Accordingly, even when a municipality prioritizes affordable housing in the sale of publicly-owned land, CLTs may consistently lose out to their peers in the industry who do not face similar constraints.

**To support CLTs, municipal policies should specifically prioritize purchase proposals that promise lasting affordability in the use of that land when selling surplus property.**

## 3 Discount land prices when selling to entities that ensure that housing on the land remains affordable in perpetuity

States vary significantly as to how much freedom they accord to municipalities to set the sales price of surplus property. Sometimes, cities are constrained to offer property strictly at “fair market value.” Often, however, they have leeway to offer a discounted price, or donate land outright, when doing so advances a significant public interest.

Providing affordable housing and ensuring that it remains affordable in perpetuity is undoubtedly in the public interest. Indeed, CLTs take a one-time investment in housing and ensure that it delivers affordability to the community on the first sale, on the next sale, and on every sale thereafter. For other affordable housing providers, the affordability they provide may serve only one household before it expires. Accordingly, CLTs arguably advance the public interest more effectively than other entities that offer only short terms of affordability.

In light of the long-term value that CLTs provide, as well as the higher costs and deeper income targeting they often maintain, cities should consider offering surplus land at a discounted price to community land trusts and others that promise lasting terms of affordability, better enabling these organizations to fulfill their public interest mission.

## Land Banks<sup>13</sup>

Municipalities can also support community land trusts by establishing **land banks** (where they don't currently exist) and using them to provide a pipeline of property for CLTs. Land banks are typically nonprofit or public authorities that focus on the conversion of vacant and deteriorating properties to productive use. They most commonly acquire properties through the property tax foreclosure system, but may purchase property or receive donations of land as well. State enabling legislation typically grants land banks special powers such as the ability to remove liens for delinquent property taxes and to resolve problems in the chain of title to the property. **These powers enable land banks to return the property to productive use without the legal and financial barriers that might otherwise make the properties unattractive to the private market.**

Land banks and CLTs can play complementary roles in different markets across cities. Land banks tend to be most active in “weak” market areas, where vacancy and abandonment are particularly common. In these neighborhoods, **land banks can work with CLTs to rehabilitate homes and revitalize the area, while protecting neighborhood affordability for when the market once again heats up.** Land banks also sometimes acquire property in stronger market areas of a city. By prioritizing these properties for acquisition by a CLT, cities can make amenity-rich neighborhoods more accessible and affordable for the long term.

### Land Banks

Nonprofit or public authorities that focus on the conversion of vacant and deteriorating properties to productive use, such as for affordable housing

## IN PRACTICE

**Albany, NY**, provides a useful example of collaboration between a CLT and a land bank. The Albany County Land Bank worked with the Albany Community Land Trust to establish the “Inclusive Neighborhoods Program,” which gives the Albany CLT a “first look” at properties that come into the land bank’s inventory that are located in moderate-to-stronger market areas of the City of Albany.

If the CLT is interested in the properties, it may acquire them at a discount, rehabilitate the properties if necessary, and return them to the market as permanently affordable housing. This program represents a significant commitment by the land bank to forgo a portion of the potential income from the sale of the property in order to promote inclusive neighborhoods and lasting affordability in Albany.



## Funding for Affordable Housing

Cities can also support CLTs by prioritizing lasting affordability in the allocation of affordable housing subsidy dollars.

Most cities provide subsidy dollars for the development of affordable housing. This funding typically comes from federal programs administered by local governments, such as the HOME Investment Partnership program and the Community Development Block Grant program. Local governments also may provide locally-generated funds, whether through budget allocations of general revenue funds, or through designated sources such as voter-approved housing bonds or fees on real estate transactions. Often these locally-generated funds are administered through an **affordable housing trust fund** — a distinct fund established to provide a reliable and dedicated stream of funding for the production and preservation of affordable housing.

Whatever the source, subsidies and incentives that local governments provide should be appropriately scaled to the public benefit they secure. CLTs arguably provide greater public benefit than other programs that provide shorter terms of affordability, so accordingly, **cities should consider providing larger subsidies for CLTs and others that provide permanently affordable housing.**

Cities should also consider prioritizing allocations for such entities. Prioritization can take the form of direct requirements imposed on all funding applicants, point-based incentives that would give CLTs a competitive advantage in the allocation of funding, or set-asides that would ensure that some funding for lasting affordability is always available.

### Affordable Housing Trust Fund

A distinct fund of locally-generated budget dollars that are earmarked and administered to provide a reliable and dedicated stream of funding for the production and preservation of affordable housing

## IN PRACTICE

**Baltimore, MD**, has earmarked about a quarter to a third of the more than \$15 million of annual funding it contributes to its Affordable Housing Trust Fund for CLT projects. Similarly, Highland Park, IL, expressly prioritizes funding for its local CLT and other organizations that provide long terms of affordability in its housing trust fund allocations.

**Seattle, WA**, takes a somewhat different approach: It raises affordable housing funds through a housing levy. All projects that receive funding from the levy must commit to maintaining their affordability for at least 50 years. Thus, while Seattle does not expressly prioritize funding for CLTs, it requires lengthy terms of affordability for all projects, ensuring that CLTs compete on a level playing field with other developers.



## Inclusionary Housing Policies

Requiring lasting terms of affordability in inclusionary housing policies is another way that cities can foster the success of community land trusts.

**Inclusionary housing programs** are local policies that tap the economic gains from rising real estate values to create affordable housing for lower-income families.<sup>14</sup> An inclusionary housing program might require developers to sell or rent 10 to 30 percent of new residential units to lower-income residents. Many, but not all, programs partially offset the cost of providing affordable units by offering developers one or more incentives such as tax abatements, parking reductions, or the right to build at higher densities. Most programs recognize that it's not always feasible to include affordable on-site units within market-rate projects, in which case developers may be able to choose among alternatives such as payment of an in-lieu fee or provision of affordable off-site units in another project.

**When inclusionary housing programs require or incentivize lasting terms of affordability for the units provided under the program, they create a natural niche for CLTs to fill.** For-profit developers are often unprepared to find income-qualified buyers, monitor and enforce affordability requirements for decades to come, and otherwise steward owners and properties for the long term. In such cases, they can sell the units to a CLT at a price affordable to the CLT's target homebuyers, and the CLT will then resell the home (but not the land) to those buyers. The CLT then relieves the developer of any long-term monitoring or support responsibilities.

### **Inclusionary Housing Programs**

Policies that require or encourage new residential developments to make a portion of the housing units affordable to low- or moderate-income residents, often in exchange for cost offsets such as tax abatements, parking reductions or density bonuses

## IN PRACTICE

**Chapel Hill, NC**, provides an excellent example of the synergies created between an inclusionary housing program and a community land trust. The town's ordinance requires developers to provide units with lasting affordability and encourages private developers to work with Community Home Trust, the local CLT, to produce their affordable units. The private developers build the units and sell them to the CLT at an affordable price. The CLT then takes on the responsibility for finding eligible buyers and sells the homes to income-eligible buyers, subject to 99-year resale restrictions.

This approach enables the CLT to preserve the home's affordability over time, while freeing the town and the developers from this ongoing administrative burden. The market-rate developers pay the CLT a marketing fee, the local governments provide limited operating funding, and homeowners pay a monthly fee that supports the organization's ongoing administration and monitoring costs.





## Guaranteeing Permanent Affordability

To guarantee lasting affordability for CLT homeowners, proper attention needs to be given to CLT properties and how they are established, assessed, and retained within a locality's affordable housing stock.

**Equitable Property Tax Relief.** There is much debate on the proper taxation structure for CLT properties, as there is tension in ensuring that property tax costs do not create an added cost burden to homeowners, while also acknowledging that CLT property owners enjoy and use many of the public services (e.g.

schools, streets, parks) that are supported through the collection of property taxes. The use of **restrictive property tax assessment models** can support CLTs in retaining long-term affordability, without requiring a total property tax exemption for their homeowners.

While each CLT's optimal method of assessment will likely be dependent on, and constrained by, state regulations, a focus on relief strategies that are concentrated on either the land or physical dwelling have demonstrated promise in minimizing tax cost-burdens for CLT homeowners.<sup>15</sup>

**Basing the assessed property value on pre-determined resale formulas or income-based**

**formulas will help stabilize CLT homeowners for the duration of their time in the home.**

Additionally, where applicable, homestead property tax exemptions can help reduce tax burdens by providing CLT homeowners opportunity to reduce their property tax bill by completing an annual application process.

In jurisdictions where exemption or relief are unattainable, CLTs may explore private funding sources that can be used to off-set associated ownership costs in support of securing long-term affordability.

### Eliminating Administrative Barriers.

Cities can also work toward ensuring lasting affordability by minimizing administrative barriers that unnecessarily prolong the real estate development process. Cumbersome processes that require multiple reviews and a string of city-level approvals not only extend the development timeline, which could increase development costs, but may ultimately discourage development all together for smaller projects that carry thin financial margins.

Lengthy development timelines that are a result of inefficiencies in administrative processes may decrease the financial feasibility of projects due to a developer's responsibility of meeting ongoing carrying costs. **Requiring periodic reviews of development processes provides opportunity to eliminate steps that are outmoded or those that no longer serve the interests of the city or developer.**

Additionally, proper oversight of variances in city approval time by property class,

neighborhood, or zoning type will assist cities in ensuring that administrative procedures do not inadvertently discourage the production or preservation of affordable homes. **Cities can safeguard against variances and inconsistencies in administrative processes by creating standardized review processes and timelines that are used for CLT projects.**

And where permissible, **CLTs may receive additional pre-development support through the exemption of state or local taxes associated with the construction phase of the project.** Receiving an automatic sales tax exemption for building materials, or similar development incentives, could assist CLTs in decreasing project costs and ultimately pass these savings along to the homeowner.

### Ongoing Support & Resource Contribution.

Creating lasting affordability requires intentional policy creation and long-term planning to ensure that affordable units are permanently retained within a city's affordable housing stock. By leveraging available city-owned assets through land banks or prioritizing fund disbursement through housing trust funds, municipalities can secure lasting affordability for their community. Similarly, cities can employ federal funds by executing strategies that ensure affordable units do not exist on a revolving door, but are maintained and secured through CLTs for generations to come.

The strategic alignment of resources, stakeholders, assets, and goals can provide momentum in achieving housing justice goals through productive CLTs. Creating and

preserving safe, quality housing that is truly affordable should ultimately become a community-wide endeavor, and cities can promote this approach by establishing partnerships that are aligned through vision and individual action. Cities can solidify this process through the creation of **comprehensive housing plans** that are developed with community buy-in and are intentional in creating equitable land use practices that promote a high-quality of life for all residents.

**Monitoring & Enforcement.** Lastly, privately managed projects that contain affordable units, such as those created through inclusionary housing or CLTs, should be required to follow city-developed administrative guidelines that ensure fairness and equity within the resident selection process.

To enforce these guidelines, some programs have erected penalties and fees for projects that are continually non-compliant.<sup>16</sup> Cities can also enact local compliance measures to monitor CLT adherence to fair housing requirements.

Developing a reporting system to monitor claims against CLTs will assist cities in proactively creating safeguards against actions or behaviors that can decrease one's quality of life. Ensuring affordability through CLTs is a continual process that requires intentionality, monitoring and enforcement, but will help cities maintain a high-quality of life for all residents for years to come.

## Conclusion

**T**ASKED WITH ENSURING stable and safe housing for residents, cities, towns and villages of all sizes are perpetually weighing community needs against available resources. In many cases this balancing act yields a policy landscape that furthers a revolving door of affordability, with new units constructed largely through incentives to replace units phasing out of affordability. As a result, few cities are able to see the light at the end of the affordability tunnel.

With the commitment that units will remain affordable in perpetuity, community land trusts stand to help cities meet a housing need that is unlikely to ever disappear. At a regional or city scale, CLTs enable communities to weather economic downturns more effectively, while resisting the widespread processes of gentrification and displacement. And with the potential to facilitate homeownership and the corresponding opportunity for wealth building, CLTs are positioned to be a powerful tool for racial equity by closing the otherwise almost unfathomable affordability gap for households that are low-income, Black, Indigenous or People of Color.

As cities look to recover from COVID-19, there is a prime opportunity to rebuild more equitably than before. Community land trusts, when managed with both community and municipal support, have the potential to efficiently, justly, and effectively address the longstanding affordable housing needs that many cities have faced for decades.



# Appendices

## Appendix A: CLT Examples from Around the Country



### Boston, MA

#### DUDLEY NEIGHBORS, INCORPORATED

##### What are the program details?

Dudley Neighbors, Inc. (DNI) was created in 1984 as a response to community and resident concerns about a swath of underutilized spaces in an area facing rapid disinvestment. Established as a community land trust and an urban redevelopment corporation (Massachusetts 121A Corporation), DNI was granted the eminent domain authority it needed to acquire privately-owned, vacant land in the area known as the “Dudley Triangle.” Equipped with a comprehensive development plan drafted by the community, DNI began to pursue its vision for revitalization.

With control over more than 30 acres of land, DNI helps to preserve and facilitate the construction of affordable housing by leasing land parcels to both private and nonprofit developers. Individual homeowners are then offered 99-year leases for a monthly fee while being able to apply for a mortgage for just the value of the home, and DNI maintains a long-term stewardship over the land itself.

Through its connection with Dudley Street Neighborhood Initiative, DNI supports tenants and homeowners with regular workshops on topics such as home maintenance and repair, refinancing, financial planning, taxes and residential tax exemption, and has worked with local banks and financial institutions to develop mortgage offerings that are consistent with the CLT model. Purchasers are also required to take at least two, 2-hour trainings about the land trust and ground lease structures.

Since its establishment more than 35 years ago, Dudley Neighbors, Inc. has contributed to the development of 227 units of affordable housing, including 95 permanently affordable homes, 77 cooperative housing units and 53 rental units. With a focus on maintaining deeply affordable housing, half of all DNI homeowners earn roughly \$20,000 to \$40,000 each year and 80 percent of all families earn less than \$70,000 annually. The land trust is also now home to a community greenhouse and urban farm, a playground, gardens, and office space for local nonprofits. Additional commercial space is also being developed, all with community needs in mind.

##### What are the goals of the program?

Dudley Neighbors, Inc. serves as the community land trust arm of the Dudley Street Neighborhood Initiative (DSNI) and is tasked with implementing local-level revitalization plans created by the community itself. These efforts zero in on the important goal of “development without displacement,” and aim to create, preserve and maintain space for a diverse community. By facilitating affordable housing, economic development and the establishment of open spaces and other amenities, DNI and the Neighborhood Initiative seek to empower residents of Boston’s Roxbury and North Dorchester neighborhoods.

##### Who are the partners?

Dudley Neighbors, Inc. was created through the Dudley Street Neighborhood Initiative and coordinates closely with the City of Boston, particularly the Department of Neighborhood Development, to exercise its eminent domain authority. It has also established partnerships with local community initiatives such as the Urban Farming Institute and The Food Project for the maintenance of the CLT’s urban greenspaces, along with Boston’s Coalition for Occupied Homes in Foreclosure and the Chinese

Progressive Association. The trust partners with national groups that include Grounded Solutions Network, the Trust for Public Land and the Ford Foundation.

### **How is the program funded?**

This Boston-based community land trust operates with the support of the city government but relies on financial contributions from national partners such as the Ford Foundation, as well as on leasing agreements it has with developers. Additionally, DNI's status as a community development corporation enables it to leverage \$150,000 in tax credits for the 2019-2020 fiscal year through the Community Investment Tax Credit (CITC) program signed into law at the state level. By offering a 50 percent state tax credit on donations of \$1,000 or more, DNI is positioned to secure \$300,000 in funding that can be used programmatically, though not for development.

### **What else should city leaders know?**

Homeowners and city officials are not the only key audiences for community land trusts looking to establish themselves — working with banks and financial institutions was a significant step in the early days of DNI. Many lenders are not yet fluent in the land trust or shared equity models, which can pose a significant hurdle for potential homeowners looking to finance their new home.

Dudley Neighbors, Inc. engaged and worked alongside banks to finetune the process of underwriting loans that account for just the value of a home, not including the value of the land beneath it. By partnering with local banks and through education efforts at Banker Forums, DNI has supported the development mortgage offerings specifically accounting for the CLT model with several local financing institutions.

*Learn more at [dudleyneighbors.org](http://dudleyneighbors.org)*



## **Atlanta, GA**

### **ATLANTA LAND TRUST**

#### **What are the program details?**

The Atlanta Land Trust (ALT) creates and preserves permanently affordable housing in the booming area of the Atlanta Beltline by implementing a community land trust model at scale and providing stewardship over owner-occupied homes.

The CLT initiative complements the equity goals of the urban redevelopment program currently underway at the Beltline, which is a former railway that encircles the city of Atlanta, Georgia. Launched in 2009 as a true public-private partnership by a group of more than 30 public, private, nonprofit and community organizations, ALT bolsters affordability in a rapidly developing area and enables low-and middle-income residents (at or below 80 percent AMI) to build wealth through homeownership.

In close partnership with the City of Atlanta and its designated Land Bank Authority, ALT has secured its portfolio from corporate donors by offering tax deductions, through partnerships with nonprofits and community development corporations, and with standard purchasing agreements. Operating on 99-year leases, ALT homeowners are buffered from shocks in the housing market while the Land Trust is able to preserve public investment in a stock of affordable homes.

When a homeowner ultimately decides to sell, the resale value is set to maintain affordability for the incoming owner: Most homes can be sold at a price that allows owners to realize 25 percent of the appreciated value of their home, while prices for other properties in specific neighborhoods are set based on a formula using average income growth to determine the amount of equity that a homeowner can realize. ALT has a portfolio of



roughly 20 homes and has a pipeline of more than 200 units, with others currently on the market.

As Atlanta continues to expand, the CLT is well-positioned to help foster inclusive growth for the city's highly diverse population. With support from the City, ALT has been identified as a mechanism for equity and is highlighted in the newly released city-wide housing plan, *One Atlanta: Housing Affordability Action Plan*. Additionally, its board — comprised of neighborhood community members, city representatives and nonprofit partners — is pursuing property tax cuts as an added benefit for owners.

#### **What are the goals of the program?**

The Atlanta Land Trust (ALT) was established in an effort to help maintain affordability in areas at risk of gentrification and displacement in anticipation of development sparked by the Atlanta BeltLine Project. It is also coordinating closely with the City of Atlanta and the Atlanta/Fulton County Land Bank to align their efforts and meet the needs of a diverse community. By serving in a stewardship role through its community land trust model, ALT aims to create and preserve permanently affordable housing, while directly addressing disparities through equitable growth and wealth-building through homeownership.

#### **Who are the partners?**

With backing from the Atlanta BeltLine Partnership, Georgia ACT (formerly the Atlanta Housing Association of Neighborhood-based Developers) and the Annie E. Casey Foundation, the Atlanta Land Trust was created by a group of more than 30 public, private, nonprofit and community organizations. In its establishment, ALT's founding coalition received technical assistance from Burlington Associates in Community Development, LLC around the implementation of a community land trust model. The trust coordinates closely with the City of Atlanta and the Fulton County/City of Atlanta Land Bank Authority in pursuit of the shared goal of providing equitable, affordable housing.

#### **How is the program funded?**

The Atlanta Land Trust was jumpstarted by funding from Home Depot, NCB Capital and the United Way of Metropolitan Atlanta, and continues to be largely supported by private and philanthropic funds. The Trust has

since received support from a range of corporate and philanthropic partners, including the Ford Foundation, Wells Fargo, SPARCC, The Community Foundation for Greater Atlanta, Enterprise Community Partners and Transformation Alliance. In December 2017, ALT received a multi-year \$1 million grant from The Kendeda Fund, which has been key to continuing the organization's growth. Finally, ALT was named as a Bank of America Neighborhood Builders awardee in 2019 and is the recipient of a \$200,000 grant.

#### **What else should city leaders know?**

For many communities, housing is simultaneously an area of high-need, and a crowded policy space. With numerous policy levers available and countless advocacy organizations, nonprofit implementors, philanthropic entities, and corporate partners all pursuing specific initiatives, it can be critical to find alignment and identify shared goals. In the case of ALT, recognition of how the revitalization of the Atlanta BeltLine would impact the community as a whole spurred the need for additional focus on maintaining a stock of affordable housing. And as Atlanta Mayor Bottoms rolled out her vision for a pathway to affordable and equitable housing opportunities, the *One Atlanta: Housing Affordability Action Plan*, ALT has become a central component.

Amidst coordinating with the local land bank to create a pipeline of land for development, ALT is also working with city leaders to secure a partial property tax homestead exemption for CLT homeowners. When it comes to housing, having “too many cooks in the kitchen” can be a great thing, particularly when they are all following a similar recipe.

*Learn more at [atlantalandtrust.org](http://atlantalandtrust.org)*



## Houston, TX

### HOUSTON COMMUNITY LAND TRUST

#### What are the program details?

Established in 2018, the Houston Community Land Trust (HCLT) focuses its efforts on making homeownership achievable for low-income residents as housing prices and property taxes have soared, and as the city recovers in the wake of Hurricane Harvey. Operating in a city without zoning laws, HCLT secures interest from low-income households and helps prospective homeowners navigate an otherwise sprawling housing market while ensuring long-term affordability for each home.

Working in lockstep with the City of Houston's Housing and Community Development Department (HCDD) and the Houston Land Bank (HLB), the Houston Community Land Trust helps to match low-income, prospective homebuyers with properties developed through the city's New Home Development Program (NHDP). Using land designated by the Land Bank, the city manages the building of homes that are subsequently turned over to the Land Bank for a market-rate sale to households at or below 80 percent AMI.

With the house on the market, the Houston Community Land Trust works to identify buyers who would be interested in purchasing the home through the Land Trust at a subsidized price. For a home that would otherwise be traditionally sold by the Land Bank for between \$150,000 and \$180,000, HCLT is able to facilitate a sale for approximately \$75,000, and the deed to the land is transferred to HCLT for stewardship on the basis of a 99-year lease and a small monthly fee. New homeowners agree to limit the resale price of their home to a growth of 1.25 percent annually in order to ensure that it remains affordable for the next residents. Since the initiative began, all 42 of the homes built through the New Home Development Program have sold, 29 of which were through the HCLT while the remaining 13 sold by traditional purchase.

HCLT also established the Homebuyer Choice Program in 2021 which provides up to \$150,000 toward a home purchase for qualified buyers under 80 percent of AMI. There have been 18 buyers under that program so far, with a goal of 150 new buyers by June 30th, 2022.

Although the development of homes and the availability of subsidies have been significantly impacted by Hurricane Harvey, HCLT has continued rigorous outreach and education efforts within the Houston community to stimulate demand.

#### What are the goals of the program?

By setting aside permanently affordable housing for low-income Houston residents, HCLT aims to prevent gentrification, maintain housing quality and support families in the community. The Land Trust serves a key role in the city's housing plan and aims to expand its stock of housing to more than 1,000 homes by 2028. In a move to broaden its impact by harnessing the existing housing market, HCLT is also preparing to launch its Homebuyer Choice Program in partnership with the city as an initiative to help homebuyers purchase homes through the Trust anywhere in the city.

By tapping into properties already on the market, HCLT aims to meet the high level of demand in areas outside where the Land Bank and the New Home Development Program currently operate. As Houston's real estate market and city limits continue to expand, these homes and unique buying options will help to preserve access and opportunities for some of the area's low-income residents, making homeownership a real possibility.

#### Who are the partners?

Although it functions as an independent nonprofit, the Houston Community Land Trust has a close relationship with both the Houston Land Bank and the City of Houston. With no plans to build homes directly in the future, HCLT is transferred the land lease by the local Land Bank after it facilitates the sale of homes constructed through the New Home Development Program operated by the City's Housing and Community Development Department.



### How is the program funded?

The Houston Community Land Trust received \$1 million from the City of Houston for start-up costs and was awarded an additional \$1 million in operational funds in February 2020. Although HCLT does not receive additional funds directly, the City of Houston has provided approximately \$1.25 million in subsidized funding to-date in order to facilitate the sale of Land Bank homes for more deeply affordable prices through HCLT. The organization is also partially supported by small ground lease fees and sale fees for each home, as well as by a technical assistance grant from Wells Fargo and Grounded Solutions Network. As HCLT continues to expand its portfolio, it plans to roll out a fundraising strategy and aggressively pursue additional grant funding.

### What else should city leaders know?

Even with strong support from Houston local elected leaders, getting people into new homes has proven to be a long, slow process. The first hurdle? Getting those homes built. The second hurdle? Building trust through engagement within a community for whom the CLT ownership model may be completely unfamiliar.

The solutions thus far include setting a clear target for who the properties should be made affordable to, and implementing outreach and funding models that makes sense for that group. That planning process should also include examining external factors, such as ensuring housing security and wealthy building through homeownership for those earning between 50 and 80 percent of area median income and still having enough left over to pay ever-increasing property taxes. Therefore, working with the local tax district to develop an affordable tax agreement that accounts for the land trust system of ownership is essential.

Learn more at [houstonclt.org](https://houstonclt.org)



## New Orleans, LA

### CRESCENT CITY COMMUNITY LAND TRUST

#### What are the program details?

In a city that needs more than 33,000 affordable housing units by 2025, Crescent City Community Land Trust (CCCLT) is working to provide permanently affordable homes, rental units and commercial spaces to individuals who are most at-risk for displacement. While many original residents — particularly low-income people of color — began to be priced out of New Orleans as it underwent recovery, revitalization and reinvestment, community members came together to establish CCCLT with the primary purpose of combatting the city's history of discriminatory housing practices. With a focus on preserving permanently affordable homes in areas of access and opportunity by leveraging a land trust and stewardship model, CCCLT sold its first home in November 2019. CCCLT successfully closed on four single family CLT homes in 2020 and continues to grow its pipeline.

All of the housing developed by Crescent City Community Land Trust is tailored to meet the needs of some of the community's most at-risk residents: Roughly half of the units (50 - 67 percent) will be permanently affordable for people earning 50 - 80 percent average median income, with the remaining units kept accessible for people at 120 - 200 percent AMI. Homes are priced between \$33,000 and \$90,000, with monthly payments capped at 25 percent of the owner's income.

Crescent City Community Land Trust has also expanded on typical land trust practices by committing to the development and preservation of rental units and commercial spaces that will allow local nonprofits and

small businesses to operate in commercially viable areas. Notably, CCCLT has partial ownership over a historic, mixed-use building in downtown New Orleans, which has contributed 25 affordable rental units to CCCLT's stewardship portfolio. Crescent City Community Land Trust is directly tackling the preservation problem that hinders so many other affordable housing initiatives with its strong foundation and growing portfolio of homes, rentals, and spaces for low-income or entrepreneurs of color.

### **What are the goals of the program?**

By implementing a community land trust model, Crescent City Community Land Trust looks to ensure equitable residential and commercial development and safeguard permanent affordability for community members most at-risk of displacement. The program prioritizes housing in opportunity areas where residents have good access to jobs, schools and businesses. By 2024, CCCLT aims to have leveraged the development of 200 units of long-term and permanently affordable housing, developed 50,000 square feet of affordable commercial space, and to have engaged in land banking and acquired 30,000 square feet of land for the portfolio. With these goals in mind, the organization is committing to advocating for policies that establish longer affordability periods, and to substantially grow an equity fund that will sustain its work for generations to come.

### **Who are the partners?**

Crescent City Community Land Trust operates with the support of a host of nonprofit partners and funders, including a significant investment from the Ford Foundation. CCCLT has also established partnerships with qualified lenders, Home Bank and Hope Credit Lenders, as well as a selling agent for its properties, Home by Hand. On an initiative-basis, CCCLT has a partnership with the Ashé Cultural Arts Center and is pursuing the development of affordable live/workspaces for local artists. The trust works in partnership with a range of real estate, business development, and policy partners, CLTs, and neighborhood organizations.

### **How is the program funded?**

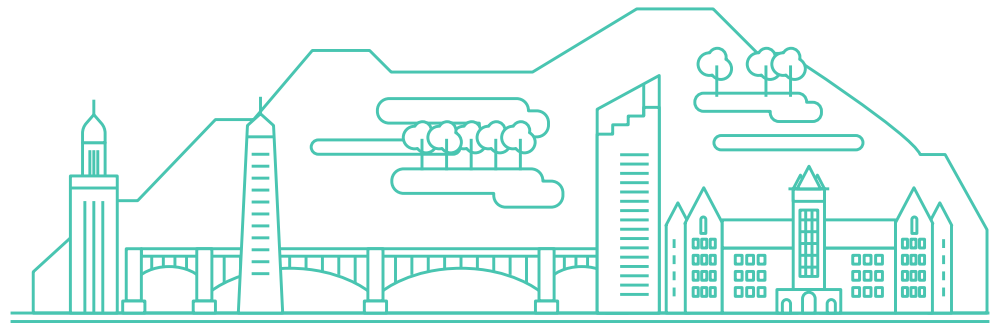
Crescent City Community Land Trust received a \$1.5 million loan from the Ford Foundation, which significantly subsidizes the selling prices of homes and units. Capital One and Home Bank are also project partners and financiers. The initiative has received support from the Catholic Campaign for Human Development and a range of philanthropic entities, including the Foundation for Louisiana, the Greater New Orleans Foundation, JPMorgan Chase Foundation, and W.K. Kellogg Foundation. Much of this grant-based funding is invested through the Crescent City Capital Fund, a capital and loan pool that is administered by Capital Impact Partners, a national community development financial institution. This will be complemented by CCCLT's goal of growing a \$5 million equity fund.

### **What else should city leaders know?**

Despite its successes and plans for strategic growth, Crescent City Community Land Trust still faces significant hurdles to establishing a foothold in the New Orleans development field — not least of which is earning trust and understanding from the community and city. Particularly in a rapidly gentrifying area, the Trust seeks to clarify its role in the housing market and carve out a place for itself in preventing displacement — not hindering recovery or economic growth. CCCLT is tackling this challenge with rigorous community outreach, education efforts, and by forging local partnerships that lend legitimacy to its work. The other half of the battle takes place in City Hall, where support for policies furthering the mission of long-term and permanent affordability more broadly could be transformative for the organization.

*Learn more at [ccclt.org](https://ccclt.org)*





## Minneapolis, MN

### CITY OF LAKES CLT

#### What are the program details?

Facing growing concerns around rising costs of housing in the Minneapolis area, the City of Lakes Community Land Trust (CLCLT) was established in 2002 after a working group of neighborhood associations identified the CLT model as an intervention to help city residents find stability through homeownership. With the goal of fostering “perpetual affordability” of homeownership, CLCLT looks to tackle housing equity in a city with one of the largest racial disparities in homeownership rates nationwide.

Operating on the basis of 99-year, renewable ground leases, CLCLT offers two distinct paths to homeownership: 1) It partners with builders and developers to create new homes on trust land and sell them at below-market prices, or 2) it can help families and individuals buy and renovate existing homes that meet their needs.

Under the umbrella of its Homebuyer Initiated Program (HIP), CLCLT offers homebuyers gap financing solutions generally totaling approximately \$50,000 per household to assist them in affording and responsibly purchasing their home: CLCLT’s Affordability Investment Grants reduce the amount of mortgage financing needed to purchase a home, while Rehab Grants can be used to cover the costs of necessary home repairs, ensuring that expensive renovations such as replacing a roof or lead abatement will not threaten the financial stability of new homeowners.

When an owner decides to sell their home, CLCLT’s resale formula caps the price in order to preserve affordability while also allowing the owner to benefit from 25 percent of the increase in value. In total, CLCLT has assisted 400 households with an average income of approximately 51

percent AMI into homeownership, including having facilitated the resale of more than 90 homes.

In addition to its homeownership program, City of Lakes Community Land Trust is in the early stages of initiating a Commercial Community Land Trust to provide local businesses with affordable opportunities for commercial properties. Following the same 99-year ground lease and resale formula model, the Commercial CLT aims to stabilize rents for small and legacy businesses.

#### What are the goals of the program?

With a focus on those facing a recent financial shock or hurdle, the City of Lakes Community Land Trust aims to make homeownership accessible for low- and moderate-income Minneapolis families. Moving forward, CLCLT aims to expand affordable homeownership opportunities for even lower AMI households. It is also looking to help take on racial disparities in the city’s homeownership rates by deepening gap financing options, particularly to engage Black and Native American community members. Additionally, the CLT hopes to grow its commercial portfolio and offer stability to an increasing number of minority-owned businesses.

#### Who are the partners?

The City of Lakes Community Land Trust began as a result of a collaboration between local neighborhood groups, including Powderhorn Residents Group, Seward Redesign, Powderhorn Park Neighborhood Association and the Lyndale Neighborhood Development Corporation, which engaged an outside partner to consult on the feasibility of the Commercial CLT model.

Though City of Lakes CLT often identifies and acquires new properties independently, it works in tandem with Land Bank Twin Cities for certain acquisitions. Historically, the organization also began working closely with the City of Minneapolis to facilitate the deployment of HUD Neighborhood Stabilization Program funds, often to cover the cost of deferred maintenance on homes coming out of foreclosure. CLCLT continues to partner with the city, which has frequently demonstrated preference for long-term affordability in the sale of land, to align on citywide long-term and permanent affordability policies and priorities.

### **How is the program funded?**

Along with ground lease and membership fees, CLCLT receives funding from a mix of private or philanthropic grants, neighborhood support, and public investment by the City of Minneapolis, Hennepin County and the State of Minnesota. Public sector, private sector, and neighborhood funds largely go toward homes or financing solutions for households, while philanthropic grants generally support organizational or programmatic initiatives.

Through several rounds of funding, Minnesota's Metropolitan Council has provided significant financial support to CLCLT's Homebuyer Initiated Program through the city's Metropolitan Livable Communities Local Housing Incentives Program in particular. Additionally, CLCLT began to explore the feasibility of launching its Commercial CLT model in 2017 with funding from the Jay and Rose Phillips Foundation of Minnesota.

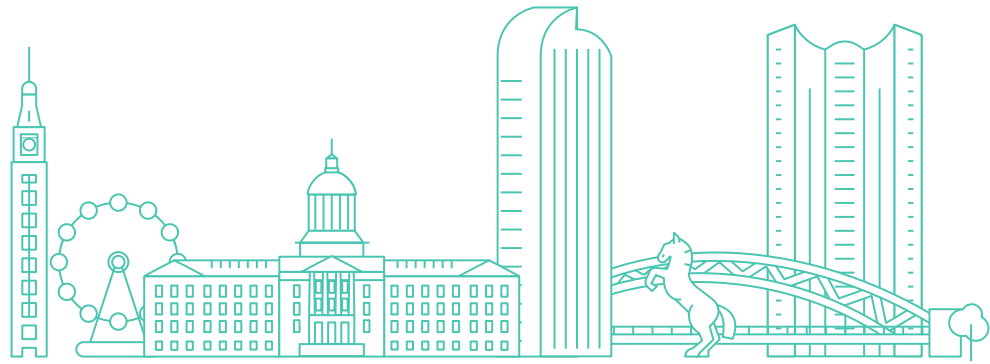
### **What else should city leaders know?**

One key to the City of Lakes CLT's success has been its commitment to deeply understanding and meeting the needs of the community itself, and fulfilling any promises made to that community or their partners. It's advice to organizations or cities considering implementing a similar model? Don't simply dabble in shared equity — if you're going to do it, commit to doing it well and to funding the initiative in a way that will outlast political and economic shifts.

Sustained financial support from all levels of state and local government has been central to CLCLT's impact, and earning buy-in on shared equity and institutional commitment to long-term affordability has provided a significant boost. However, having strong engagement and established relationships with members of the city staff — not just having vocal support from city leaders themselves — would be beneficial to similar community land trust initiatives in the early stages of development.

*Learn more at [clclt.org](https://clclt.org)*





## Denver, CO

### ELEVATION COMMUNITY LAND TRUST

#### What are the program details?

Established in 2017 in response to the lack of affordable homeownership options for low-income families in Colorado, Elevation CLT operates in cities across Colorado, employing a “scattered site model,” which has the flexibility to scale to any community across the state at risk of gentrification and displacement.

Elevation CLT is on track to develop 1,100 units within seven years of operation in cities across Colorado through the purchase of existing units such as single-family homes, multi-family homes and apartment complexes, and through the construction of new units in partnership with municipal governments and developers. The organization is either pursuing or is currently partnered with Arvada, Aurora, Boulder County, Brighton, Commerce City, Denver, Fort Collins, Longmont and Westminster — municipal partners who are critical in supporting Elevation CLT’s acquisition of homes and new construction. While focused on family-friendly housing types such as single-family homes, Elevation CLT is also open to creative pathways, in partnership with municipalities and developers, to secure family-friendly housing in a range of neighborhoods. Presently, Elevation CLT is piloting modular housing in Aurora, CO and constructing a 92-unit condo in Denver, CO.

In addition to providing access to affordable homeownership, Elevation CLT stewards prospective buyers through the purchasing process with pre-purchase counselling, a CLT orientation and mortgage facilitation. Elevation CLT also provides ongoing support during ownership of homes by offering resident stewardship financial counseling and mediation with banks if a homeowner falls into financial hardship. The organization aims to ultimately align itself with comprehensive supportive service programs

that provide residents with increased access to health care, healthy food, early childhood education, workforce training and placement, and wealth building opportunities.

#### What are the goals of the program?

Elevation CLT’s goals are two-fold: First, Elevation CLT’s target is to acquire or develop 1,100 permanently affordable units within its first seven years of operation, while also becoming financially self-sufficient. Second, Elevation CLT aims to disrupt the generational black-white wealth gap, de-commodify housing, anchor families of color in their communities, help stop foreclosures, and mitigate the impacts of gentrification and displacement. To realize these goals, Elevation CLT prioritizes engagement and outreach to community members to spread the word and increase the rate of homeownership in low-income families and families of color.

#### Who are the partners?

Elevation CLT was created in partnership between the philanthropic community, public sector, private developers, and community-based organizations. The Urban Land Conservancy continues to provide technical assistance to Elevation CLT during its startup phase. Additionally, one of Elevation CLT’s biggest partners are municipal governments.

In May 2019, Elevation CLT and the City of Aurora partnered to create permanently affordable homeownership opportunities over five years for at least 50 Aurora families living at or below 80 percent AMI. MOUs signed between municipal partners and Elevation CLT allows Elevation CLT to acquire and remodel a mix of single-family homes, condominiums, and townhomes that can be purchased by qualifying residents. Elevation CLT also works closely with community members through their stewardship team, by attending community events such as block parties and conducting library visits in order to educate and advocate about the benefits of CLTs and bolster the legitimacy of the organization.

#### How is the program funded?

Established as a public-private partnership, Elevation CLT was initially funded by \$24 million seed dollars raised by seven philanthropic organizations in Colorado, including the Colorado Health Foundation, Bohemian Foundation, the Denver Foundation, Gates Family Foundation,

Mile High United Way, and Northern Trust. This catalytic funding was key to jump-starting Elevation CLT's operations; however, the organization has plans to become financially self-sufficient after year five of operation. Long-term funding will come from a combination of the \$100 land lease fee that homeowners pay each month and additional support through municipal and private partnerships such as land donations.

## What else should city leaders know?

Cities can work innovatively on the policy side to support CLTs. Denver, for example, has made Elevation CLT a “preservation partner” which means that when homes expire out of affordability restrictions, Elevation CLT is given the opportunity to purchase the homes, akin to the “first look” program offered by Fannie Mae. By providing favorable policy conditions for initiatives like CLTs, cities are better equipped to expand their affordable housing plans to prioritize lasting affordability.

Additionally, Elevation CLT does not limit their offerings to single-family housing. Elevation CLT shows that multi-unit housing, condos, modular housing, and shipping container homes are all viable pathways to meet affordable homeownership goals, particularly as cities look to provide housing opportunities in a variety of neighborhoods and locations.

Learn more at [elevationclt.org](http://elevationclt.org)

## Appendix B: Additional Resources

Grounded Solutions Network has a wealth of resources available on its website for even more detailed information about many of the topics covered in this report. Topics include:

[Affordable Pricing and Resale Formulas](#)

[Balancing Wealth Creation and Lasting Affordability](#)

[CLTs and Community Empowerment](#)

[CLTs and Foreclosure](#)

[CLTs and Limited-Equity Housing Cooperatives](#)

[CLTs and Rental Housing](#)

[Inclusionary Housing Programs](#)

[CLTs and Land Banks](#)

[Model Ground Leases](#)

[Municipal Support for CLTs](#)

[Racial Equity](#)

[Starting a CLT](#)

[Stewardship Practices](#)

[The Community Land Trust Model and Movement](#)

Grounded Solutions Network offers a variety of [webinars and training courses](#) about many of the topics listed above. Its expert staff is also available to provide [housing policy consulting](#) to local governments across the country that are working to build more inclusive communities. Areas of specialized policy knowledge include inclusionary housing and inclusionary zoning, impact fee policies, shared equity homeownership models, preservation strategies, anti-displacement strategies and housing trust funds.

Please see its website, [groundedsolutions.org](http://groundedsolutions.org), for more details.



## Appendix C: Glossary

**Ground Lease** - A renewable and inheritable lease in which a community land trust grants a homeowner the right to use and possess a parcel of land for a period of time (typically 99 years). A ground lease generally grants homeowners most of the rights of conventional homeownership, but restricts the resale of the property to another income-qualified household at an affordable price., as determined by a formula specified by the ground lease. For a model CLT ground lease available from Grounded Solutions Network, please see: <https://groundedsolutions.org/tools-for-success/resource-library/model-ground-leases>

**Inclusionary Housing Programs** - Policies that either require or encourage new residential developments to make a certain percentage of the housing units affordable to low- or moderate-income residents. In exchange, developers often receive cost offsets, such as tax abatements, parking reductions, or density bonuses. For information on designing voluntary or mandatory inclusionary housing programs, please see: [inclusionaryhousing.org](http://inclusionaryhousing.org)

**Lasting Affordability** - Lasting affordability in homeownership refers to a durable system of resale restrictions and supports that ensure that, upon resale, a home will be sold to income-qualified homebuyers at a price that they can afford. CLTs ensure lasting affordability through the use of renewable and inheritable ground leases. Other shared-equity homeownership programs may use deed restrictions or restrictive covenants for the same purpose.

**Limited-Equity Homeownership Cooperative (LEHC)** - In a limited-equity homeownership cooperative, members own shares in a cooperative corporation (co-op), which, in turn, owns multiple dwelling units — often in a multi-family building. Owning a share entitles a household to occupy one of the co-op’s dwelling units and to vote in the co-op’s governance. A cooperative is a “limited equity” cooperative when the sales price of an ownership share is subject to a resale formula that limits its value to keep it affordable. LEHC rules also restrict purchasers to those within certain income limits. These provisions ensure that the housing remains permanently affordable to families and households of modest means.

**Stewardship** - Stewardship refers to the activities that CLTs undertake to ensure the success of CLT homeowners (providing homebuyer counseling, helping homeowners work with banks to avoid foreclosure during periods of fiscal stress, etc.) and the long-term viability and affordability of homes on CLT land (helping homeowners budget and seek grants or loans for home repairs, enforcing and administering the resale restrictions in the ground lease, prequalifying potential homebuyers, etc.). It also encompasses CLTs’ efforts to sustain and wisely use grants, donations and other funds entrusted to the organizations to advance their missions. Operating a CLT represents a long-term commitment to the community, and to achieve that, CLTs must also steward themselves by working to ensure that they have the financial and organizational capacity to meet their responsibilities now and well into the future. For best practices in stewardship for affordable homeownership programs, please see: [groundedsolutions.org/stewardship-standards](http://groundedsolutions.org/stewardship-standards)

**Resale Formula** - Terms established in a ground lease that set the maximum resale price of a home. Resale formulas are typically designed to allow homeowners to capture a portion of the increased value of their home due to appreciation, while also maintaining affordability for another low-income household. Common resale formulas include fixed-rate formulas, index-based formulas, and appraisal-based formulas. For the pros and cons of each approach and other key considerations in setting affordable price, please see the resources collected here: <https://groundedsolutions.org/tools-for-success/resource-library/affordable-pricing-and-resale-formulas>

**Tripartite Board** - A defining characteristic of CLTs is their “tripartite” board, meaning that the board of directors is divided into three equal groups of representatives:

- ◆ A third of the board is made up of leaseholders, who are people living on or using CLT land.
- ◆ Another third is made up of community members.
- ◆ The final third is made up of technical experts, funders or other stakeholders in the organization.

# Endnotes

<sup>1</sup> Wang, R., Cahen, C., Acolin, A., & Walter, R. J. (2019). Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations. <https://www.lincolinst.edu/publications/working-papers/tracking-growth-evaluating-performance-shared-equity-homeownership>

<sup>2</sup> Ibid.

<sup>3</sup> Ehlenz, M. (2013). Limited Equity Coops by Community Land Trusts. <https://groundedsolutions.org/tools-for-success/resource-library/limited-equity-housing-co-ops-community-land-trusts>

<sup>4</sup> Gaitán, Veronica. (2019). *How Housing Affects Children's Outcomes*. Housing Matters. <https://housingmatters.urban.org/articles/how-housing-affects-childrens-outcomes>

<sup>5</sup> Grounded Solutions Network. (n.d.). *Community Organizing*. <https://groundedsolutions.org/tools-for-success/resource-library/community-organizing>

<sup>6</sup> Wang, R., Cahen, C., Acolin, A., & Walter, R. J. (2019). Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations. <https://www.lincolinst.edu/publications/working-papers/tracking-growth-evaluating-performance-shared-equity-homeownership>

<sup>7</sup> Ibid.

<sup>8</sup> Thaden, E. (2011). Stable Home Ownership in a Turbulent Economy: Delinquencies and Foreclosures Remain Low in Community Land Trusts. <https://www.lincolinst.edu/publications/working-papers/stable-home-ownership-turbulent-economy>

<sup>9</sup> Wang, R., Cahen, C., Acolin, A., & Walter, R. J. (2019). Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations. <https://www.lincolinst.edu/publications/working-papers/tracking-growth-evaluating-performance-shared-equity-homeownership>

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Hauswald, S., & Reyes, S. (2020). *Lasting Affordability Is the Path to Resilience*. Shelterforce. <https://shelterforce.org/2020/08/02/lasting-affordability-is-the-path-to-resilience/>

<sup>13</sup> *Frequently Asked Questions on Land Banking*. (n.d.). Center for Community Progress. <https://www.communityprogress.net/land-banking-faq-pages-449.php>

<sup>14</sup> *What is Inclusionary Housing?*. (2017). Grounded Solutions Network <https://inclusionaryhousing.org/inclusionary-housing-explained/what-is-inclusionary-housing/>

<sup>15</sup> Platts-Mills, E. (2018). A Guide for Developing Community Land Trust Affordable Homeownership Programs in Texas. <https://law.utexas.edu/wp-content/uploads/sites/11/2018/07/2018-07-ECDC-CLT-Toolkit.pdf>

<sup>16</sup> Grounded Solutions Network. (n.d.). *Work The Problem: Managing Inclusionary Housing Rental Portfolios*. Inclusionary Housing. <https://inclusionaryhousing.org/wp-content/uploads/2018/08/work-the-problem-inclusionary-housing-rental-mgt.pdf>



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