

## Using Land to Restore Neighborhoods and Build Community

by Brian Stromberg and Kaitlyn Snyder | December 2017

Land comes to community land trusts (CLT) in a variety of ways, including purchase by the organization (often using subsidies through various federal, state or local programs), private donations, participation in inclusionary housing programs and through “buyer-initiated” programs. In a traditional CLT model, a nonprofit corporation owns land and either develops the land itself or leases the land to whomever buys or builds the improvements to that land.<sup>1</sup> The traditional governance structure of the CLT is a board of trustees composed of one-third lessees of CLT land, one-third residents in the community and one-third members of the broader public (public officials, local nonprofit staff, etc.).

CLTs are most commonly implemented as a platform for affordable housing, but they can be used for a variety of purposes. One of the major benefits of a CLT is that it provides communities with the opportunity to tailor the model to fit their needs. CLTs have also been used for community agriculture, the development of commercial space for small businesses or simply the management of open space.

Since the creation of the CLT in 1968, it has been implemented in diverse ways in a wide variety of places. The CLT is used in rural areas, such as the Berkshire Community Land Trust in Massachusetts, and in urban settings, such as the Cooper Square CLT in New York City and the Dudley Street Neighborhood Initiative in Boston. The number of CLTs has increased significantly in the past 15 years. In a survey taken in 2006, only four were started in the entire decade of the 1970s, followed by 24 in the 1980s, 39 in the 1990s, and then 52 from 2000 to 2006.<sup>2</sup> A survey in 2011 showed that almost half of the respondents created CLTs between 2005 and 2010.<sup>3</sup> However, an accurate count of how many actually exist has been elusive. The total membership of the National Community Land Trust Network (now known as Grounded Solutions Network after a 2016 merger with the Cornerstone Partnership) was listed as 330 at the time this brief was published.<sup>4</sup> However, this membership is fairly broad and includes organizations such as municipal housing programs and nonprofits that have no actual land trust in place; because of this, the actual count is likely to be slightly lower. The total amount of land held by CLTs is similarly difficult to pin down. A survey by the Lincoln Institute of Land Policy in 2006 found there were 2,629 acres of land held by 98 CLTs.<sup>5</sup> That number has most likely increased along with the increase in the number of CLTs.

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**Buyer-initiated refers to programs where households find a house they want to buy and the sponsoring organization helps them purchase it. The City of Lakes CLT in particular has made common use of this last strategy.**

The CLT is a model of community-controlled land ownership that has been implemented in an increasing number of cities and neighborhoods across the country. CLTs are often created to either address the loss of affordability in high-cost neighborhoods or to mitigate against foreclosures. This report is meant to provide an introduction to the CLT model and includes a short description of its structure and history, a discussion of what kinds of programs it can support and some brief examples of how CLTs have been implemented.

# The Utility of the CLT

## Stability Through Stewardship

One of the concepts at the heart of the CLT model is stewardship. This term refers to both the carefully considered use of the land as well as the responsibility of the CLT for the community that lives on and around the land. When a household buys a home on CLT land, they sign a 99-year renewable ground lease with the CLT. The terms of the lease give the homeowner most rights of ownership regarding the home but place limits on the resale value. Other restrictions might include design elements of the house and what types of improvements can be made, but generally these restrictions are comparable to a typical homeowners association.

The practice of stewardship appears in various aspects of CLT-supported homeownership. The majority of CLTs that have housing programs also provide pre-purchase counseling to potential homebuyers. In addition, many CLTs actively engage with homeowners through social events and regular communication and are well positioned to intervene or provide support if a household

is financially struggling. In the event of a foreclosure, most CLTs also include terms in the ground leases that give them the right of first refusal to purchase the property.

As a steward of land, the CLT provides a buffer between communities and the vagaries of the housing market. The recent foreclosure crisis and housing market downturn, one of the most disruptive events to happen to low-income and minority communities in the past 50 years, emphasized the importance of such a buffer. CLTs can be a key component of sustaining and supporting neighborhoods that are more at risk of foreclosure, as evidenced in the Oakland CLT example that appears later in this brief. Studies of foreclosures on homes located on CLT land have shown that the CLT model is extremely effective at preventing foreclosures. In 2009, 1.6 percent of loans on houses on CLT land were seriously delinquent (90 days or more overdue), compared to 7 percent of prime loans and 30 percent of subprime loans. Only 0.6 percent of CLT homes were in foreclosure that year, compared to 3.3 percent of prime and 15.6 percent of subprime in the same year.<sup>6</sup> These numbers remained steady in 2010, which is the last year in which they were calculated.<sup>7</sup>



## Broad Appeal

One of the reasons that CLTs are becoming more popular is that they appeal to a wide range of organizations, from activists to administrators. For local or state governments that have to find ways to squeeze the most value out of limited funding, CLTs provide a means of creating housing that remains affordable in perpetuity. Any subsidy provided to the CLT — whether that subsidy comes in the form of cash, donated land or as units produced through an inclusionary housing program — remains with the CLT long after the first household to benefit from that subsidy has left. Any rental homes that are directly produced by the CLT are similarly guaranteed to remain affordable for the lifetime of the organization. Some CLTs host mutual housing associations (MHAs), which are roughly the rental equivalent of housing cooperatives, that work with the CLT to preserve affordability. The combination of the 99-year renewable ground lease and the community-based governance structure helps ensure that a jurisdiction's investment in affordable housing will preserve affordability over generations.

More traditional affordable housing programs do not generally require affordability terms that last over generations. The 3 million rental units created through the Low-Income Housing Tax Credit program have a minimum affordability requirement of 30 years, with some states extending that to 55 years or longer. Housing created with funding from HUD's HOME Investment Partnership program has an affordability period of 20 years for rental housing and between 5 and 15 years for owner-occupied housing. The Mitchell-Lama Housing program in the state of New York — one of the largest and most successful affordable housing programs in the country — created over 100,000 units of affordable rental and cooperatively owned housing. However, it has lost over half of the rental units and 7 percent of the cooperative units over time as the affordability provisions expired.<sup>8</sup> The Moderately Priced Dwelling Unit program in Montgomery County, Md., has experienced a similar loss in unit count. Over 9,000 of the 14,000 total units created by the program have been lost to the market as control periods have ended.<sup>9</sup> However, many of the more recently implemented inclusionary zoning programs have incorporated requirements for permanent affordability, and some of them have worked with CLTs to do so.<sup>10,11</sup>

The CLT also appeals to groups interested in building community control of land, whether or not that means

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creating affordable housing. Organizations like T.R.U.S.T. South LA, profiled later in this brief, have strong roots in community organizing and have developed according to the needs of the community they support. Another recent example is the New York City Community Land Initiative (NYCCLI), which is a coalition of organizations and individuals ranging from homeless advocates to academics at New York City universities. NYCCLI has been organizing tenants facing large rent hikes and displacement in low-income communities, and recently helped create the East Harlem Community Land Trust. While the ultimate product of these organizations is often housing, the core of their activities is the expanded community governance of land.

## Adaptability

The CLT functions very well as a tool for creating and preserving affordable housing. While the model was originally created to provide community control of land, it is not limited to affordable housing. Rather the land should be thought of as a platform for a community to control its space. This can mean commercial, residential or even industrial development, or it can mean creating shared spaces like community gardens or parks. A report from the Lincoln Institute for Land Policy reviewed the use of CLTs in urban agriculture and commercial development and found that CLTs have been steadily expanding their support for non-residential development.<sup>12</sup> In addition, even when the CLT is used to provide affordable housing, the housing produced by each individual effort can look very different. This variety is demonstrated in the final section of this brief, which provides four examples of the various ways the CLT model has been implemented.



## Issues To Consider

As useful as the CLT model is, there are some aspects that can limit its feasibility. First, the initial costs of implementation tend to be fairly high, depending on the local real estate market. The acquisition of land — with or without housing on it — can be very expensive in the places where affordable housing programs might be most necessary. Ways of getting land into the CLT include partnerships with local jurisdictions that have inclusionary housing requirements, partnerships with private developers that can provide the financing or capital to purchase land or funding through community development financial institutions or other socially minded lending organizations. Some CLTs were able to take advantage of funds from the various rounds of the federal Neighborhood Stabilization Program (NSP) as part of their local consortiums, and other federal sources of funding have been used successfully by CLTs to support their programs.

Second, there is the possibility of political opposition to the limitations placed on resale values. Some have argued that homeownership is an appropriate strategy for building the wealth of minority households, who often lag far behind white households. Limiting a household's ability to benefit from ownership can be seen as inappropriately cutting out the wealth-building potential in homeownership. CLTs are based on the

idea that resale restrictions pass on the opportunity for affordable homeownership to the next homeowner. This shared equity approach allows prospective homeowners the chance to afford a home in what may otherwise be an unaffordable housing market. In return, the CLT and homeowner share any home price appreciation that occurs while the family lives there, thereby preserving the buying power of the CLT's initial subsidy in the face of rising home prices and allowing their initial investment in homeownership to help one generation of homeowners after another. The rules around resale do not prevent wealth accumulation, but rather share wealth accumulation between the homeowner and the CLT. A study by the Urban Institute found that CLTs and other similar programs involving resale restrictions helped households build wealth while also keeping the cost of homes from increasing to unaffordable levels.<sup>13</sup>

Finally, the resale-restricted housing created through a CLT can cause complications around tax assessment. For example, a local assessor's office may not be familiar with forms of homeownership that include resale restrictions. Since these restrictions place a cap on the value of a home, common methods of determining property value (i.e., comparing the resale-restricted home to homes without such restrictions) will produce inequitable assessments for CLT homeowners. Many CLTs have found ways to make this work by developing relationships with their local officials to educate them on the CLT model.

## Implementing the CLT

There are a number of other resources on implementing CLTs that have been produced by advocates and experts that go into much greater depth than is possible here.<sup>14,15</sup>

The basic process of implementing the CLT model is similar to starting any other nonprofit. A need should be identified that a CLT can solve. This is often a lack of affordable housing and/or lack of control over a neighborhood's development. In some cases, this need is identified by an existing organization that then bends its resources toward creating a CLT. In others, a community organizes itself around an issue and finds that a CLT best serves their needs when it comes

time to create an institution to deal with that issue. CLTs have also been created by or with significant support from municipal agencies.

This process can vary significantly, as shown in the four examples below. While they have overlapping goals and characteristics, each has a unique history that shapes how they have developed.

These examples give a sense of how CLTs come into being and the role they can play in their communities. For more specific and technical information on how CLTs can be created, contact Burlington Associates or the Grounded Solutions Network.

**■ Champlain Housing Trust.** The largest and most well-known CLT in the United States is the Champlain Housing Trust (CHT) in Vermont. It began as the Burlington Community Land Trust (BCLT) in 1984 and joined with the Lake Champlain Housing Development Corporation in 2006 to become the organization it is today. CHT currently manages 2,200 rental apartments and stewards 565 owner-occupied homes across three counties.<sup>16</sup> It is far and away the largest CLT in the United States; according to a 2010 survey of CLTs by the National CLT Network, 75 percent of CLTs reported having fewer than 57 units.<sup>17</sup> While most CLTs will not reach a similar size, Champlain provides an example of how successful the CLT model can be as a large-scale affordable housing program.

CHT's predecessor, BCLT, was created during Sen. Bernie Sanders' tenure as the mayor of Burlington. It was developed by the Sanders administration as part of the City of Burlington's efforts to curb the loss of affordable housing throughout the city. Some of these early efforts targeted Burlington's poorest community, the Old North End neighborhood. Here, BCLT acquired and rehabilitated rental housing, redeveloped a brownfield site and created over 75,000 square feet of commercial space for community services like day care, senior services, health care and legal aid.

In addition to its property management activities, CHT also provides homebuyer education, financial counseling and loans for housing rehabilitation. The scale of CHT's activities in its service area is significant. CHT's stock of 2,765 units of affordable housing is greater than the

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number of federally subsidized units in Burlington, and the organization continues to expand. The scale of its success is unique among CLTs, but it demonstrates the feasibility of the CLT in terms of maintaining a large-scale program, as well as the importance of municipal support.

**■ City of Lakes Community Land Trust.** The City of Lakes Community Land Trust (CLCLT), founded in 2002, has its genesis in a working group of nonprofits in Minneapolis, Minn. The members of the group (a range of affordable housing organizations and other stakeholders) spent a year looking at the problems that faced the communities of South Minneapolis. As part of the solution to the problems they identified, the working group created the CLCLT, incorporating it as a 501(c)(3) organization. CLCLT currently administers 204 units of permanently affordable, owner-occupied housing, but this is only one part of their work. CLCLT has also developed community-building activities that extend beyond housing, including a small-loan program called the Opportunity Fund and a community-led art project, "This House is Not For Sale."

The Opportunity Fund is a program that makes loans of \$500 or less to CLCLT homeowners, their spouses or



partners or their children. The main purpose of these small loans is to “assist the recipient in working towards a goal that would further their ability to create wealth or build assets for their family or better the community”.<sup>18</sup> Recipients have used the funds to pay for things like study materials, exam fees and job training. This form of assistance helps CLCLT build community in a much broader way than it would otherwise be able to with a singular focus on affordable housing. Community members who receive these funds are not only provided more stability in their housing, but they are also able to improve their overall quality of life.

The commitment to community development is not limited to supporting personal development. Recently, CLCLT supported a public art project by two of their residents that engaged with the entire community in a very direct way. “This House Is Not For Sale” was an art project comprising a series of public events at different houses owned by CLCLT members. These events included the installation of sculptures inspired by traditional “for sale” signs, a poetry reading and a community dinner. One of the central messages was the restoration of the houses into homes: each of them was in foreclosure before the current owners purchased them with CLCLT’s help. In this way, the project celebrated the value of creating a connection between a community and its housing. The artists and the participating community members worked to make that connection visible and active through art and the experience of sharing a meal.

CLCLT has made a point of extending its support of community well-being outside of the home. Their work provides not only stable, affordable housing, but also gives CLT homeowners a chance to improve their situations. Other CLTs also have elements of community engagement, but CLCLT’s Opportunity Fund is particularly notable in its goals.

**T.R.U.S.T. South LA.** Originally known as the Figueroa Corridor Community Land Trust, T.R.U.S.T. South LA (TRUST) was created in 2005 as part of the community benefits agreement attached to the L.A. LIVE sports and entertainment district, which required the developer to include funding for community-based development as a condition of the development’s approval. A coalition of community organizations, led by the Figueroa Corridor Coalition for Economic Justice, negotiated these benefits. As part of the agreement, \$2 million was set aside for the creation of a CLT. South Los Angeles has a history of marginalization, and the ongoing expansion by the University of Southern California (USC) as well as the expansion of the city’s light rail system have increased real estate pressure on the neighborhood. TRUST’s mission of working with low-income communities to “transform the built environment and social conditions in South Los Angeles” is meant to mitigate displacement of the neighborhood’s residents as a consequence of these projects.

TRUST’s largest housing project to date is the acquisition of a 2-acre, 28-unit multifamily development. Rolland Curtis Gardens was purchased by TRUST with its partner Abode Communities in 2014 after a yearlong tenant-led campaign. The Gardens is located one block from USC and is also directly on top of a light rail stop, making it not only affordable but extremely accessible.

TRUST is also embarking on a project called the Community Mosaic, designed to counter another wave of speculation in South LA that is driven by the increased development downtown. The Community Mosaic Multi-Family Project is a drive to purchase single-family homes and build smaller additional units on the lots, creating not only a stock of affordable housing but also increasing the density of the neighborhood.

Since its creation, TRUST has embarked on a number of programs that serve various dimensions of its community’s well-being. In addition to the Rolland Curtis Gardens project, TRUST has participated in transportation activism, advocated for improved transportation infrastructure in its neighborhood and sponsored the art-based activist project Free Lots Angeles. These projects have all been pursued with participation by the community that TRUST serves. The membership of TRUST’s board is currently 80 percent local low-income residents, with two seats held by representatives from allied organizations.

## The creation of the CLT was a response to the high concentration of foreclosures in the communities in and around the city of Oakland, Calif.

**Oakland Community Land Trust.** The Oakland Community Land Trust (OakCLT) was started in 2009 with a mission of “combatting community deterioration and expanding housing and economic development opportunities for low-income residents.” The creation of the CLT was a response to the high concentration of foreclosures in the communities in and around the city of Oakland, Calif. The number of default notices in Oakland in the first three quarters of 2007 was already greater than for the entire year of 2006, and these notices were highly concentrated in ZIP Codes in East Oakland. Subprime lenders were more active in minority communities, where many brokers took advantage of limited English speakers or senior homeowners seeking to refinance.<sup>19</sup> In response to this, the Urban Strategies Council, a broad-spectrum poverty policy organization that has been operating in Oakland since the late 1980s, worked with the Oakland branch of ACORN to develop a response. The Dudley Street Neighborhood Initiative in Boston was involved with OakCLT’s development and contributed its knowledge of community engagement and land ownership strategies.

OakCLT received \$5.25 million in funds from the first round of the federal NSP in 2009. It used about \$3 million of these funds to purchase and rehabilitate 18 single-family homes. It is currently working with the City of Oakland to use the remaining NSP funds to support the purchase and conversion of multifamily buildings into Oakland’s first permanently affordable housing cooperatives. They are also currently working with Alameda County and other local organizations to acquire several tax-delinquent properties, some of which will be converted into urban agricultural space, others will soon feature new housing built by OakCLT in collaboration with Youth Employment Partnership, a local organization that helps at-risk youth develop marketable job skills. OakCLT has been approached to help develop affordable

commercial spaces for local nonprofits that are being priced out of their downtown Oakland offices.

One of the greatest challenges facing OakCLT is the pressure of the Bay Area real estate market, which has reached unprecedented levels of unaffordability. In July of 2015, an anonymous donor to the San Francisco Foundation made a \$34 million contribution to “scaling proven solutions” in various communities throughout Oakland.<sup>20</sup> OakCLT received \$2 million of this and used the large majority to acquire properties. Finding funding to compete with the private market has proven difficult and is likely to remain so until the market cools or until much more significant and sustainable funding sources can be found.

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## Conclusion

At the core of each of the examples above is the idea that using land for the common good can help balance the growing inequality in the United States. The model’s growing popularity reflects its ability to thrive in a wide variety of housing markets and political climates. CLTs help stabilize neighborhoods that have suffered from foreclosures, empower communities to control the development of their neighborhoods and can extend the use of subsidy dollars across generations. They are used in rural areas as well as urban, in hot markets as well as cool, for homeownership opportunities as well as rentals and have been used by cities as well as by homeless activists. By demonstrating the model’s utility, the CLTs listed above, along with others across the country, have established the model’s reputation as a powerful tool for developing inclusive communities in stable neighborhoods.

## Endnotes

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