

ISSUES

SHIMBERG CENTER FOR AFFORDABLE HOUSING

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Community Land Trust

One of the primary barriers to the production of affordable housing is the cost of the land. Communities across the country have recognized this situation and have established private, non-profit corporations called community land trusts. These corporations acquire and hold land for the good of the community and provide secure, affordable access to land and housing for community residents, particularly for those residents with incomes too low to be served by the local housing market.

The following information is presented to introduce the community land trust concept. The material is based on work by the Institute for Community Economics, Inc., whose web site can be visited at www.iceclt.org. The Institute provides technical assistance nationwide to community housing development organizations (CHDOs) and potential CHDOs that operate or plan to establish a community land trust.

Background

The Community Land Trust (CLT) concept was developed in the 1960s as a means of encouraging affordable resident ownership of housing and local control of land and other resources. It is a democratically controlled non-profit corporation that owns real estate in order to provide benefits to its local community. CLTs have been established in different kinds of communities, with different kinds of projects meeting different community needs, but they share some important features, including a distinctive approach to the ownership of real estate and a distinctive approach to community-based governance.

Approach to Ownership

CLTs acquire vacant land and arrange for the development of housing or they may acquire land and buildings together. In both cases, CLTs treat land and buildings differently. The land is held permanently by the land trust so that it will always benefit the community while the buildings can be owned by those who use them. CLTs help people to own their own homes on this land. When a CLT sells homes, it leases the underlying land to the homeowners through a long-term (usually 99-year) renewable lease, which gives the residents and their descendants the right to use the land for as long as they wish to live there. When CLT

homeowners decide to move out of their homes, they can sell them. However, the land lease requires that the home be sold either back to the CLT or to another lower-income household, and for an affordable price.

Approach to Governance

CLTs are usually organized as “membership corporations,” with boards of directors elected by the members. Usually there are two groups of voting members. One group is made up of all the people who live in CLT homes (or use CLT land in other ways). The other group is made up of other people in the community who are interested in what the CLT is doing - including neighbors of CLT residents and people who may want to have CLT homes in the future. Usually the CLT board includes three kinds of directors - those representing resident members, those representing members who are not CLT residents, and those representing the broader community interest. In this way, control of the organization is balanced to protect both the residents and the community as a whole.

CLT Benefits

In many communities today population growth and economic investment are driving up real estate prices so that fewer and fewer working people can afford to live in the communities where they work. Fewer still can afford to buy homes in those communities. Limited public funds are available to subsidize housing costs for lower income households, but the gap between the amount of subsidy needed and the amount of subsidy available continues to widen as housing costs soar.

To address this problem, community land trusts are being developed in a growing num-

ber of communities - in expanding metropolitan areas, in university communities, in expensive resort communities, and in many other communities as well. These CLTs control housing costs by permanently limiting land costs and “locking in” subsidies so that they benefit one homeowner after another and do not need to be repeated each time a home is sold.

The problems of low-income neighborhoods typically revolve around disinvestment and absentee ownership. As homeownership declines older buildings are likely to be bought by absentee investors who frequently allow the buildings to deteriorate while charging high rents. The rent paid to these absentee owners leaves the local economy. It is not saved, spent in local stores, or used to improve the community. If residents do organize themselves to improve their neighborhood, it will be the absentee owners who will reap the benefits of increased property values. Through a CLT, however, residents themselves can capture the value they create so that it benefits their own community rather than absentee investors.

Sometimes CLTs buy undeveloped land and arrange to have new homes built on it; sometimes they buy land and buildings together. In either case, the CLT treats land and buildings differently. CLT land is held permanently - never sold - so that it can always be used in the community’s best interest. Buildings on CLT land, however, may be owned by the residents.

Features of a CLT

The CLT provides access to land and housing for people who are otherwise priced out of the housing market. Some CLT homes are rented, but, when possible, the CLT helps people to purchase homes on affordable terms. The land beneath the homes is then leased to the homeowners through a long-term (usually 99-

year) renewable lease. Residents and their descendants can use the land for as long as they wish to live there.

When CLT homeowners decide to move, they can sell their homes. The land lease agreement gives the CLT the right to buy each home back for an amount determined by the CLT's resale formula. Each CLT designs its own resale formula - to give homeowners a fair return for their investment, while keeping the price affordable for other lower income people.

The land lease requires that owners live in their homes as their primary residences. When homes are resold, the lease ensures that the new owners will also be residents - not absentee owners.

A CLT can work with various ownership structures for multi-family buildings. The CLT itself may own and manage a building as rental housing, another non-profit may own it, or the residents may own it as a cooperative or as condominiums. In each case, the CLT will ensure long-term affordability.

CLTs can provide a variety of training opportunities and other services to first-time homeowners and can provide crucial support if homeowners face unexpected home repairs or financial problems. In these cases the CLT often can help residents find a practical solution and may help make necessary financial arrangements.

CLTs have been established to serve inner-city neighborhoods, small cities, clusters of towns, and rural areas. A CLT working in a small city neighborhood may be the only local housing group, though it may collaborate with citywide and regional organizations. Other CLTs, serving larger geographical areas, may work closely with a variety of local organizations. CLTs may develop housing themselves or may hold land beneath housing produced by other non-profit (and sometimes for-profit) developers.

A CLT may build new homes, rehabilitate older homes, or acquire existing housing that needs little or no renovation. Some CLTs have bought mobile home parks to provide long-term security for mobile home owners.

In addition to providing affordable housing, CLTs may make land available for community gardens, playgrounds, economic development activities, or open space, and may provide land and facilities for a variety of community services. In rural areas, CLTs may hold land for gardens, farming, timber and firewood, and may hold conservation easements to protect open space and ecologically fragile areas.

Who Controls the CLT?

A CLT is ultimately controlled by its members. All CLT residents are members, and other people in the community may also join. The members elect the CLT's Board of Directors. Usually there are three kinds of directors on the Board: those representing resident members, those representing members who are not CLT residents, and those representing the broader public interest. In this way, control of the organization is balanced to protect both the residents and the community as a whole.

Technical Assistance

The Institute for Community Economics (ICE) provides technical assistance to community-based organizations working to promote community control of local land and to develop permanently affordable housing. Priority for technical assistance is given to community land trusts (CLTs) and groups that want to establish CLTs. Direct technical assistance to both urban and rural groups is provided through site visits, telephone and email consultation, and regional and national trainings and conferences.



For additional information about community land trusts contact:

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