

# Equitable Development Toolkit

## Community Land Trusts

Updated June 2001

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# What is it?

A community land trust (CLT) is a private, nonprofit corporation created to provide secure, affordable access to land and housing for community members. In particular, CLTs attempt to meet the needs of those least served by the prevailing market. Community land trusts help communities to:

- Gain control over local land use and reduce absentee ownership
- Provide affordable housing for lower income community residents
- Promote resident ownership and control of housing
- Keep housing affordable for future residents
- Capture the value of public investment for long-term community benefit
- Build a strong base for community action

Community land trusts are distinguished from other nonprofit housing and organizations in two ways: (1) how they separate the ownership of land and housing, and (2) how they are structured and controlled. These two distinctive features contribute to the effectiveness of the CLT model as a tool for dealing with the problems of gentrification.

## Ownership of Land and Housing

The CLT's distinctive approach to *ownership* involves permanent CLT ownership of land. It is usually leased to low- and moderate-income households. The land may also be used for affordable rental housing and other purposes.

- Acquiring Land for the Community. CLTs can acquire vacant land and develop housing or other structures on it. At other times, CLTs 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 benefit the community. Buildings (known as improvements) can be owned by those who use them.
- Homeownership on Community Land. Buildings on CLT land may serve different needs, but, when possible, 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.
- Still Affordable for the Next Homeowners. 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 low-income household for an affordable price.

## Organizational Structure

CLTs create a pool of permanently affordable owner-occupied housing in gentrifying communities where the cost of housing is otherwise being driven beyond the means of local residents.

The *organizational structure* of the CLT involves an open membership. It includes both residents who occupy CLT housing and other local residents who have an interest in the CLT's activities (as neighbors, as potential future occupants of CLT homes, or as citizens concerned with the availability of affordable housing in the community).

- Membership organization. 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 (including neighbors of CLT residents).
- Board structure. Usually the CLT board of directors includes those representing resident members, non-CLT residents, and broader community interests. In this way, control of the organization is balanced to protect both the residents and the community as a whole.

The CLT is a balanced vehicle for local residents who want to gain greater control over local land use and development.

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# Why Use it?

Even in disinvested neighborhoods, concern about gentrification may be a major factor in the choice of the CLT model. For low-income communities suffering from disinvestments, the primary goals are to sustain owner-occupancy and prevent a return to absentee ownership. For communities where property values are rising, as in Albuquerque, New Mexico and Burlington, Vermont, the primary goal is to limit resale prices so the homes will continue to be affordable for lower income households.

- CLTs can provide **affordability protections** in growing communities:

In many communities today, population growth and economic investment are driving up real estate prices so that fewer low- and modest-income workers can afford to buy homes or rent in the communities where they work. 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 number of communities - in expanding metropolitan areas from Cleveland, Ohio to Portland, Oregon; in university communities from State College, Pennsylvania, to Boulder, Colorado; and in expensive resort communities from the Florida Keys to the San Juan Islands of Washington State. 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.

- CLTs can build **community control** in disinvested neighborhoods.

As homeownership declines, older buildings are likely to be bought by absentee investors who allow the buildings to deteriorate while charging high rents. The rent paid to these absentee owners leaves the community. It is not saved by the residents, not spent in local stores, and not used to improve the housing or the community. When residents organize themselves to improve their neighborhood, the absentee owners then benefit from increased property values.

Through a CLT, however, **residents can capture the value they create to benefit their own community**. When residents of Boston's Dudley Street neighborhood organized to rebuild their community, they established a CLT so they would not lose control of what they worked to build. Their slogan was "Take a Stand, Own the Land."

## CLTs provide flexible community development options

Many land uses are possible- from facilities for community services such as food banks, Legal Aid, Technology Centers, to local businesses, parks, and plazas, to gardening and fuel wood production in the case of some rural CLTs.

Communities at both ends of the economic spectrum have established CLTs. Today a number of CLTs are being developed in areas characterized by new investment and rapid growth, where there is strong demand

for housing and rapidly rising real estate prices. These include both large metropolitan areas such as Portland , Oregon , where an ambitious citywide CLT is being launched, and many smaller areas of active economic growth. The Burlington , Vermont CLT has preserved more than 500 units of permanently affordable housing. CLTs also reflect a noteworthy trend toward CLT development in prosperous university towns.

### CLTs facilitate affordable housing

Rochester, Minnesota features a new CLT, with funding from the Mayo Clinic, among other sources, that expects to develop hundreds of units of new housing. In Boulder, Colorado, an active CLT program is building permanently affordable units in a community characterized by tightly controlled growth and extremely expensive housing.

In many resort communities, the development of vacation and retirement homes on highly desirable but limited land is pricing local people out of the housing market. A dramatic example exists in Wyoming , where the Jackson Hole Community Housing Trust is producing permanently affordable homeownership units in a community with an extreme scarcity of developable private land. Much of the workforce is forced to commute long distances from outside the area. Another place where limited land supply increases the value of land trusts are island communities.

Communities characterized by high-priced housing markets and gentrification are not the only ones that have organized CLTs to address their problems. CLTs have been established in low-income neighborhoods that have suffered from disinvestment, absentee ownership, and the physical deterioration that results from these trends. In these situations the most immediate goals involve fighting absentee ownership, promoting homeownership for lower income residents and improving the physical condition of neighborhoods. The CLT model gives such communities long-term control over new or rehabilitated homeownership units, assuring that when the units are resold they will not revert to absentee ownership and deteriorate once again. These efforts stand in marked contrasts to public redevelopment efforts that utilize [eminent domain](#) to funnel land and housing into university or private commercial enterprises that frequently displace longtime residents.

### CLTs relevant in diverse applications



Dudley Neighbors, Inc., holds all of the land redeveloped as a result of the organizing and planning efforts of Boston's Dudley Street Neighborhood Initiative. The Durham Community Land Trustees developed a community-controlled organizing and redevelopment effort in a low-income neighborhood adjacent to upscale areas around Duke University. In the District of Columbia, New Columbia Community Land Trust has worked for a decade to develop affordable resident controlled housing in areas of northwest Washington where gentrification intermingles with disinvestments.

Environmental concerns can also inspire the development of land trusts. In Albuquerque, New Mexico, activists in the Sawmill Neighborhood struggled for a decade to eliminate the industrial pollution that was undermining the health of their working class community. When the community won the opportunity to

control the redevelopment of 27 acres of previously industrial land adjacent to their neighborhood, they formed a community land trust to make sure that the affordable housing they developed would remain affordable for low-income residents. Economic development opportunities created on this land benefit local residents.

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# How to Use it

The function of a dynamic CLT requires active community involvement and supervision. The following steps can help ensure resident protection, participation, and permanent affordability:

Determining Geographic Scope

Acquisition for Community Use

Use

Ownership

## Determining Geographic Scope

How a CLT's territory is defined is shaped by the immediate interests of its founders, the location and nature of community housing needs, the location of project opportunities, and the roles and service areas of other housing and community development organizations in the general area.

There is a wide variation in the geographic scope of CLT programs. Some serve entire metropolitan areas, often including surrounding suburbs. Others serve particular neighborhoods. Each type has a somewhat different character, and places different emphases on the two aspects of the model.

- The larger scale CLTs create and preserve **an adequate supply of affordable housing** within the large areas they serve. The location of this housing within the area tends to be determined by the location of the best opportunities for affordable housing development within the larger area. Such organizations are often the products of initiatives by local governments and major institutions within the areas they serve. Geographically diverse memberships reduce the ability of any one neighborhood to control its land. These organizations' primary emphasis is on the model's approach to ownership as a means of preserving a supply of affordable housing. They tend to operate on a macro level to address problems of gentrification.
- Neighborhood-based CLTs tend to reflect the **grassroots concerns of particular communities**. They naturally have a more narrowly focused, block-by-block concern with the ways in which their own neighborhoods are developed and with the effects of this development on existing residents. They tend to operate on a micro level, acquiring specific properties on particular blocks to preserve a certain number of units of affordable housing while preventing the displacement of their residents.

These two types of CLT operation are not mutually exclusive. Some CLTs have combined strategies to improve a specific neighborhood (without displacing its lower income residents) while expanding a citywide or county-wide pool of permanently affordable housing. The CLT model is a flexible tool that can manage the long-term effects of development within a community.

## Land Acquisition for the Community Use

In most cases, CLTs acquire property in the same ways as do other nonprofit organizations. As tax-exempt organizations, they sometimes receive gifts of property from individuals or corporations and often acquire city or county-owned property from local governments. But in many cases, they purchase property in the open market - often with the help of funding from public sources.

A few CLTs, like the one in Albuquerque, have launched their programs with the development of a single

large parcel of land. Most have acquired many smaller properties, one at a time, throughout a neighborhood or city or rural area. The CLT treats land and buildings differently. Sometimes CLTs buy undeveloped land and arrange to have new homes built on it; sometimes they buy land and buildings together. CLT land is held permanently - never sold - so that it can always be used in the community's best interest. Buildings on CLT land may be owned by the residents.

## Use

CLTs serve inner-city neighborhoods, small cities, clusters of towns, and rural areas. A CLT working in a small city neighborhood may be the sole local housing group, though it may collaborate with citywide and regional organizations. Other CLTs, serving larger geographical areas, 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. It is possible for CLTs to provide any type of housing for which there is a need in the local community and for which there is an opportunity to create permanent affordability for lower income households.

- 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.

A CLT can work with various ownership structures for multi-family buildings. To ensure long-term affordability:

- the CLT itself may own and manage a building as rental housing;
- another nonprofit may own it, or
- the residents may own it as a cooperative or as condominiums.

### Can CLT homes be inherited?

Yes, the home is an asset that can be bequeathed. When a home is inherited, most CLTs allow the heirs to live in the home if they are (1) children of the deceased owner, (2) have already lived in the home for a period of time, or (3) qualify as low or moderate-income households. Heirs who do not intend to live in the home may sell it, in accordance with the resale restrictions, and receive the proceeds from the sale.

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 can often help residents to find a practical solution, and may help to make necessary financial arrangements.

The CLT provides access to land and housing for people who are otherwise priced out of the housing market. Some CLT homes provide rental housing, 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 maintain their housing indefinitely.

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 limited 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.

## Ownership

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.

CLT homeowners and their descendants have a right to occupy and use the leased land for as long as they wish, provided that they abide by the terms of the land lease. These terms place some limitations on the resale of the home- preventing resale to a household that does not qualify as low or moderate income, and limiting the sales price to keep it affordable. The lease lays out a "resale formula" that determines the maximum allowable price.

Each CLT - given its own goals and local circumstances - designs its own resale formula to set maximum prices that are as fair as possible to the seller while staying affordable for the next buyer. There are several types, but the majority of CLTs use what are called "appraisal-based" formulas. These formulas set the maximum price as the sum of what the seller paid for the home in the first place plus a certain percentage of any increase in market value (as measured by appraisals). Variations on these and other types of formulas are possible. It is wise to examine the possibilities before deciding on a formula.

The ground lease requires that owners continue to live in the home as their primary residence. If owners want or need to move away permanently, they must sell the home. The lease does not allow them to continue as absentee owners. Subleasing is permitted only for limited periods with the consent of the CLT.

**Is it fair to restrict resale prices for lower income CLT homeowners when higher income conventional homeowners can sell for market-rate prices?**

Most CLI home purchasers are not able to buy decent homes through conventional channels. CLTs provide advantages over renting — long-term security, a chance to build substantial assets through affordable monthly payments, and the opportunity to leave these benefits to their children.

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# Key Players

## Technical Assistance Providers

Most Community Land Trusts require a considerable amount of financial and technical assistance to ensure success, particularly in their early stages. It is a challenging process, to align political forces, secure financing, develop organizational capacity, and attract homeowners. For many years, the Institute for Community Economics (ICE), the organization that founded the CLT model in the 1960s, provided technical assistance, financial services and advocacy for the CLT movement.

The [National Community Land Trust Network](#) has now taken the place of ICE as the national CLT intermediary. Incorporated in 2006, the network is a coalition of Community Land Trusts and other organizations that work collaboratively to advocate and advance the CLT movement. The network is the primary source of informational materials and technical assistance for the growing national community land trust movement. It holds an annual CLT conference, provides extensive resources on its website, and actively advocates for CLTs in public policy and legislative forums. The network plans to expand its technical assistance offerings in 2010.

## Lending Assistance

ICE is a Community Development Financial Intermediary (CDFI) and operates a [Revolving Loan Fund](#) that provides project financing to CLTs and other community organizations. RLF loans most often finance land acquisition or improvement and acquisition, construction, or the rehabilitation of housing. The amount, terms, rate of interest, and repayment schedules are negotiated on a case-by-case basis. Since 1979, ICE it has loaned more than \$44 million to nonprofits in 30 states, representing more than 445 loans and 4500 housing units.

## Relationships with Governments and Other Organizations

### How do CLTs relate to other housing organizations?

Many CLTs are initiated through the sponsorship of other organizations, or emerge out of other organizations as in the case of Albuquerque 's Sawmill CLT. Most CLTs cooperate with the efforts of other organizations in their community. Burlington CLT, for instance, works closely with a network of organizations that address the area's housing and community development needs. In a number of communities, CLTs have acquired housing, or the land beneath housing, that was built or rehabilitated by nonprofit and commercial developers.

### *Words to the wise*

*"Particularly if there is a public investment in housing, I think we ought to be very careful as to where that investment flows. With the land trust model, that investment remains with the community and the long-term affordability of the housing is guaranteed."*

*- Peter Clavelle, Mayor. Burlirton, Vermont*

## Do local governments support CLTs?

It is common for CLTs to work in cooperation with local governments in meeting present and future community needs. A growing number of public officials recognize that CLTs can play an important role as stewards of community resources and that property and funds allocated to a CLT can benefit not only present community residents but future residents as well.

A number of states and municipalities have allocated Community Development Block Grant and HOME funds, as well as other available resources, to CLT programs. Some have allocated city-owned land.

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# Challenges

Challenges to the development of Community Land Trusts are diverse in different locations, but there are common considerations.

## Countering Opposition

Community land trusts may face organized resistance from various political or ideological perspectives. While still in its infancy, the Burlington CLT faced organized opposition from a group of realtors and homeowners called Homeowners Against the Land Trust (HALT). Though a classic case of Not in My Back Yard opposition to any new development on vacant land, Claiming defense of private property rights, HALT accused BCLT of a "Communist plot." Several CLTs have experienced a different kind of resistance from the opposite end of the political spectrum, from well-intentioned advocates who worry that the land trust model denies low-income people return on their housing investment equal to others without resale restrictions. These opposing voices have not prevented CLTs from becoming a powerful force in their communities and gaining quite a lot of community support. Still, because sentiments in favor of "traditional" homeownership run deep, CLTs have found that education about the CLT's unique approach to private property must be an ongoing process.

## Marketing CLT Homes

Recruiting potential homeowners, orienting them to the special features of the CLT model, and then persuading them to invest in a CLT home is a challenge for every CLT, especially those that are just getting started. This is a model where informed consent is essential; it does not lend itself to the "hard sell." CLTs work to ensure that prospective homebuyers know what they are getting and what they are giving up when they purchase a CLT home. Publicizing the CLT to prospective eligible homebuyers is an important task. Reaching out to other social service and nonprofit housing organizations is one way to achieve this. Another way is to provide services for the community at large. Burlington CLT offers homeownership workshops for the public in order to attract prospective homebuyers.

## Cultural Context

Sometimes, a CLT needs to address cultural barriers to the concept of a land trust. Not owning the land under one's home can be a daunting prospect for anyone, even with the assurance of a 99-year lease, but for some communities the dual ownership aspect of the CLT can be especially worrisome. For Mexican-Americans who have experienced deceptive land agreements, for African-Americans not far removed from the reality of sharecropping, and for new immigrants who have dreamed of owning housing for the very first time, the CLT's permanent ownership of the underlying land can present a significant challenge to the successful marketing of a CLT's homes.

## Working with Local Government

Since CLTs generally do not have the resources to compete in the market for high-priced land or to serve very low-income households without outside subsidies, they must look to local government for help. Most CLTs rely heavily on local government for the funds to develop their projects and, in some cases, for the funds to

sustain their operations. Some cities and counties have been significant donors of land and buildings as well. There are constant challenges in working with the public sector:

- City officials need to be educated on the structure and merits of a community land trust. In particular, cities with a history of subsidy recapture instead of subsidy retention must be persuaded of the merits of "locking" subsidies into an affordable housing project in order to lock in affordability, one generation after another.
- A legal protocol and funding must be developed through which the city can transfer land, if that arrangement has been proposed.
- The resistance of city agencies must be countered. In Albuquerque, the City's initial resistance to the community land trust was based on the City's lack of experience partnering with nonprofit developers and a concern that it might lose its investment. To meet the City's concerns about possible failure, the development contract provides for ownership of the land to revert to the City if the Sawmill CLT becomes defunct.

### **Maintaining the Mission**

Portland's CLT has experienced a different type of challenge in its work with the City. The City played a part in initiating PCLT, convinced that the community land trust could retain public subsidies for affordable housing and community development over the long term. The City has expressed interest in transferring many of its holdings to PCLT. For Mary Bradshaw, Executive Director of PCLT, this is a "double-edged sword." Some of the land the City would like to develop is for commercial purposes and is not explicitly intended to serve the CLT's target population of households earning under 80 percent of the Area Median Income. For PCLT, retaining the subsidy over time is very important, but an equally important goal is to honor community priorities and to serve community needs that may be different than those set by the City. Currently, PCLT is trying to convince the City to develop a small business incubator on a land trust parcel as opposed to a commercial development serving larger corporations.

### **Confronting the Market**

While CLTs are able to take parcels of land out of the market, building perpetually affordable housing on them, their success is limited by the amount of housing they can acquire. In gentrifying areas, it is more difficult to acquire and develop land.

In Burlington, the CLT's capacity is not sufficient to solve the problems in the current housing market. While housing prices have escalated, government funds for affordable housing have decreased and private funders are unable to subsidize these projects at the level previously supported by the government. The 32% increase in the price of a single-family home since 1990 has made it increasingly difficult for families who qualify for Vermont Housing and Conservation Fund grants to even find a home on which to spend the grant. The vacancy rate for rentals is currently hovering at 0.6% and half of the county's renters pay more than 30% of their annual incomes on housing.

In Portland, PCLT feels fortunate to have received \$400,000 from the Anti-Displacement program, but given the tight housing market, those funds will only help about a dozen families. Moving a family that makes below \$50,000 into the position of purchasing a home is extremely difficult without a great deal of

subsidy. PCLT also faces the problem of a severe shortage of land available for new development, a result of Portland 's urban growth boundary.

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# Success Factors

## Combining Strategies

### How do CLTs relate to limited equity housing co-ops?

Co-op housing is owned by a corporation that is controlled by the people who live in the housing. Thus co-op residents do not own their homes individually, but each household owns a share in the corporation and has a proprietary lease to their own apartment. When a residents want to move away, they can sell their share - and their rights as co-op residents - to another buyer. In the case of limited-equity co-ops, the price for which shares can be sold is limited by the corporate bylaws to keep the housing affordable. (In market rate co-ops, shares can be sold for whatever the market will bear.)

Some CLTs, like the Burlington CLT, CATCH ( Concord, New Hampshire), and the New Columbia CLT (Washington, DC) have developed limited equity housing co-ops on land leased from the CLT. These CLTs can provide important support services to the co-ops, and the land lease can help to ensure long-term affordability by requiring that restrictions on the sale of shares remain in place.

### How are CLTs different from conservation land trusts?

Both CLTs and conservation land trusts control land use for the benefit of people in the future as well as the present, but they are primarily concerned with different types and uses of land. Conservation trusts are concerned with controlling rights to undeveloped land to preserve open space, ecologically fragile or unique environments, wilderness, or productive forest or agricultural land. CLTs, on the other hand, are mainly concerned with acquiring developed or developable land for specific community uses - particularly residential use. These concerns are not mutually exclusive, and some land trusts, notably in Vermont, combine these purposes, preserving some land in a natural state while leasing other land for development.

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# Financing

In producing affordable housing, CLTs usually rely on the same resources as other affordable homeownership programs - including grants from government programs, contributions of property from both public and private sources, and volunteer labor. CLT projects do sometimes gain greater access to these resources because the CLT is able to extend their benefits for the long-term - not only for rental housing but for owner-occupied housing as well. In Vermont, both the City of Burlington and the State have adopted policies that provide subsidies only for housing that is permanently affordable.

## Federal housing programs provide for CLTs

The 1992 Housing and Community Development Act makes specific provision for CLT funding under the federal HOME program (which provides block grants to municipalities and states to be used for affordable housing programs in their jurisdictions). The Act defines CLTs as “community housing development organizations” (CHDOs) under the HOME program, thus qualifying them for additional project funding, operating support, and technical assistance.

Residents pay property taxes on their homes if they own them. CLTs usually pay taxes on their landholdings, with the cost usually covered by lease fees from those using the land. CLTs and their residents can request reduced property tax assessments based on the resale value of the home. This is determined by the CLT's resale formula rather than the market value of the property.

## Mortgages Without Land

CLTs have been able to negotiate mortgage agreements that address the basic concerns of lenders while protecting the CLT's long-term interest in the property. These agreements typically allow the CLT to take action to prevent foreclosure and the sale of the property on the open market. Such mortgages give the lender a claim on the borrower's house and leasehold interest. The CLT's fee interest in the land is not mortgaged. These "leasehold mortgages" have been insured by FHA, and have been purchased by Fannie Mae and a number of state housing finance agencies, as well as banks. CLT homebuyers have also received mortgage loans through the Rural Housing Services program of the federal Department of Agriculture.

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# Policy

There are several key provisions that promote the developmental climate for community land trusts .

- **Priority Designation.** Policy supportive of community land trusts prioritizes or requires permanent affordability. In qualifying for funding, donations of land, or other municipal concessions, community land trusts should have an advantage over affordable housing without resale restrictions, with resale restrictions that are forgiven over time or restrictions that expire in 20-30 years.
- **Retaining Full Value of the Subsidy.** Policy and funding should be structured to require or at least reward subsidy retention in the housing itself rather than recapturing of subsidies with interest. In the latter scenario, the value of the subsidy is greatly diminished over time as the market appreciates. In contrast, CLT subsidy retention maintains affordability by removing the land from the equation and controlling the value of the improvements.

Programs in different political and economic environments vary in their choice of policy directions.

Permanent affordability has been a scoring advantage in competing for Federal Home Loan Bank funds and CLTs have benefited from this priority. Community Development Block Grant and federal HOME funds have been primary sources of CLT financing. Both of these programs have often placed a strong emphasis on permanent affordability. *Encouraging these funding programs to maintain permanent affordability and subsidy retention as program goals or requirements should be a high priority in public policy advocacy.*

- **Reducing Debt .** CLTs typically remove the entire cost of the underlying land from the selling price of housing and other improvements with long-term controls placed over value and use. To maximize long-term affordability, the community land trust should be enabled to acquire the land debt-free. This can be accomplished through grant funds as well as land donations. CLTs should be prioritized when municipalities mandate private developers to make land donations or develop affordable units in exchange for density bonuses, approvals and other local concessions.
- **Combining Strategies.** As discussed in the section on housing cooperatives, placing co-ops on CLT land provides a safeguard to the co-op's permanent affordability because the CLT will monitor its resale restrictions and is a safeguard for co-op members because the CLT can support the co-op in providing long-term stewardship of the property. Developing rental or co-op housing through the Low Income Housing Tax Credit (LIHTC) program on land held by a CLT ensures permanent affordability and stewardship of the property over many generations rather than for the limited 15-year period required by the LIHTC program.
- **Tax Assessment.** CLT-owned land and improvements on CLT land that have resale restrictions placed on them should be assessed and taxed based on their actual resale value, not on comparatives that are made up of properties whose resale price is not restricted.

**Operating Support.** Operating support-an issue for any nonprofit affordable housing developer-is crucial for community land trusts. At least three years of start up operating support is critical because the organization cannot generate developer's fees, property management income, or ground lease fees until it has developed property. Because they take on the task of building membership and stewarding land over the long term, CLTs need a stable base of support to build organizational capacity for these multiple roles.

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# Case Studies

## Sawmill Community Land Trust

Albuquerque, New Mexico

### Background

In the Sawmill community, one of the oldest Hispanic neighborhoods in Albuquerque, New Mexico, it is not unusual to also find residents of Polish, Irish, German, and Native American descent. Sawmill contains a mix of industrial, commercial and residential land uses. The community was once home to the American Lumber Company, the largest industry in the state. Environmental problems stemming from a particleboard factory recently have plagued this close-knit neighborhood, where families have lived for generations. Some of the city officials and state representatives who supported the development of the Sawmill Community Land Trust are former residents or descendants of families from the neighborhood.

In the past decade, land costs have increased rapidly in Albuquerque, making it hard to develop and secure affordable housing opportunities for lower-income families. Sawmill is adjacent to Historic Old Town, one of the state's leading tourist attractions, and next to downtown Albuquerque. Property values in Sawmill have increased rapidly since 1995, where undeveloped land in the Sawmill neighborhood has risen from \$1.05 per square foot to its current high of \$4.10. A home that sold for \$26,500 in 1981 cost \$125,000 in 2000. "Today, in Albuquerque, you cannot buy an affordable house," says Max Ramirez, Board President of the Sawmill Advisory Council (SAC).

Increases in land values and home prices accompanied vigorous investment activity in Sawmill. As Jessie G. Sais, Office Manager of the SCLT explained, "This pocket of poverty all of a sudden turned into a pocket of gold." Since 1996, new developments in the area include the 60,000 square foot commercial and retail Rio Grande Plaza; two former industrial sites converted into wholesale businesses; an expanded Sheraton Hotel Convention Complex; and two new museums. Law offices, salons, and other small businesses began replacing entire blocks of single-family homes. "We originally got organized around a pollution issue," explained Debbie O'Malley, Executive Director of SCLT. "After having a couple of successes . . . we started to notice other issues." Community members began to rally in earnest to preserve their affordable housing.

### Developing the Community Land Trust

Sawmill CLT was incorporated to protect the character of Sawmill in the face of encroaching development and ensure the continued affordability of a neighborhood of long-time citizens of Albuquerque. According to O'Malley, the community land trust was "the only tool we found that educated communities, kept land under community control, [and] empowered residents to do self-governance." The community land trust would allow local families to "age-in-place." As children become adults, they could afford to remain in the area if they chose, close to their families. Elderly people could comfortably remain in a familiar environment.

SCLT, founded as a 501(c)(3) nonprofit organization in 1996, replaced the Sawmill Community Development Corporation (CDC) as the development arm of the Sawmill Advisory Council (SAC), a grassroots organization

formed in 1986 to counter pollution problems caused by a particleboard factory. SCLT contacted the Institute for Community Economics, a national nonprofit organization considered the experts in developing community land trusts to assist them in preparing to respond the Request for Proposals to develop the project. When 27 acres of land became available for development, the neighborhood was concerned that the factory would expand and aggravate the problem. SAC convinced the city to buy the land to avert increased pollution.

Initially, SAC did not plan to develop the land itself. Rather, the group reached an agreement with the city that any future development of the parcel required its input and approval. However, in the five years it took to rezone the land for residential use, SAC recognized a unique opportunity to develop perpetually affordable housing if it incorporated as a community land trust. During this interim period, the Sawmill CDC built seven infill affordable housing units elsewhere in Sawmill, demonstrating its capacity and gaining the trust of the community. Attractive, New Mexico vernacular-style homes assured the community that the work would be of quality.



The Sawmill CDC went forward to incorporate as a community land trust and developed a plan for the land through a four-day community charrette (where groups gather to review design alternatives for a particular project). With the help of students from the University of New Mexico Design and Planning Center, residents identified their vision for housing, commercial spaces, services, and open space.

### Organizational Features

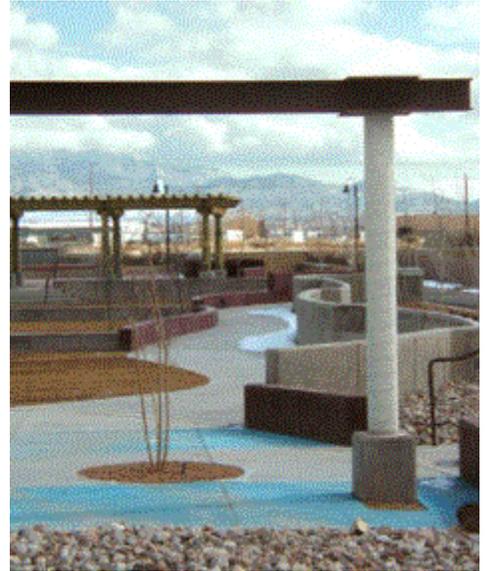
SCLT's mission developed to provide permanently affordable housing and job opportunities in a safe environment, primarily for residents earning up to 80 percent of the area median income.

After completing a comprehensive community visioning process, SCLT began to plan its multi-faceted community - *Arbolera de Vida* ("Orchard of Life"). The plan calls for 100 housing units, including single-family homes, townhouses and senior apartments, together with a plaza, park, community center, senior center, commercial space, and 17 acres of open space with bike and walking trails. To date, almost all of the 25 homes built in the first phase of development have been sold, ranging from \$54,700 to \$125,000. With an average appraised value of \$125,000, each unit is subsidized at an average of \$27,000.

The SCLT resale formula gives the SCLT homeowner that wants to sell a fair return on investment while

ensuring that the home is affordable to the next low- to moderate-income family. (See the Limited Equity Housing Cooperatives tool.) The term of Sawmill's renewable lease for the land is 99 years, and there is a \$35 monthly administrative fee for each household. In addition to administrative fees, SCLT will accrue revenue from commercial rents and leases to cover operating and maintenance costs of the SCLT. When there is a surplus, funds will be used for community projects such as a community bank, a loan fund for small businesses and home repair, and a scholarship fund for local students.

Financing for SCLT comes from a range of sources, including HOME and Federal Home Loan Bank dollars. In addition to providing the parcel of land - which was acquired through Community Development Block Grant funds - the city provides about half of SCLT's operating funds. The remainder is financed through grants. In addition to the City, SCLT partners with a CDC on homebuyer training; with YouthBuild to construct housing; and with other affordable housing developers in a citywide roundtable.



### Accomplishments

For Debbie O'Malley, the fact that SCLT has almost completely sold the Phase 1 houses to low income residents is the greatest achievement. "If you earn at least \$19,000 a year, you can buy a house here," she says.

Last year, Renati West was paying \$700 a month for a public housing project unit half a mile from Arbolera de Vida. With a modest income from a full-time job, she could not afford to buy a house in the open market. She would not have been able to find a manageable mortgage or cover increasing property taxes. Through SCLT and a subsidy, West was able to purchase a house worth \$104,000.

A major challenge facing Albuquerque homebuyers has been rising property taxes, which tripled between 1995 and 2000. SCLT negotiated an agreement with the tax assessor to make the land trust holdings tax exempt. Now, property taxes are assessed only on the building improvements and not on the land in the Arbolera de Vida project. "I knew a lot of people who were paying very high taxes," said West, "and thought I would never be able to own a house." Now, she lives in a home so attractive that "people think I've paid \$150,000 to \$200,000 for it!"

Another accomplishment of SCLT is the diverse ethnic mix of Arbolera de Vida. The community is home to Hispanic, African-American, Native American and European descended families. While racial tensions sometimes surface in changing neighborhoods, in Arbolera de Vida this is less of a concern because it stems from the creation of *new* housing. "When we see each other," West claims, "we just see our neighbors." The

development's amenities, such as the recently dedicated plaza and the 1.5-acre park now under construction, are not for SCLT homeowners only, but will serve the residents in the homes surrounding the land trust. Changes are apparent already, according to West. "We're a neighborhood now, not a subdivision."



## Challenges

"It was no small feat to put [a community land trust] together," O'Malley emphasizes. First, city officials had to be educated on the structure and merits of a community land trust. Then, a legal protocol and funding had to be developed through which the city could transfer the land to SCLT. Community Development Block Grant (CDBG) funds were used because New Mexico is an "anti-donation" state: the city cannot give away property unless the funds through which it acquired the property specifically allow the transfer.

The city's initial resistance to the community land trust was based on a concern that it would lose its investment. Also, the city was hesitant to partner with a nonprofit organization. Ken Balizer, of Albuquerque's Development Services Department, recalls: "I had to convince my bosses, the chief administrative officers and the mayor. They [worried] 'Can we really enter into a relationship with a neighborhood to plan for 27 acres in the middle of our city? What are people going to think? Is it going to work? Will we fall on our faces?'"

To meet the city's concerns about possible failure, the development contract provides for ownership to revert to the city if SCLT fails or disbands. Residual tensions with the city reflect the difficulty of transforming a community organization, with its critical and advocacy roles, into a partner with a city government. "We have to continually massage those relationships," O'Malley acknowledges.

Another challenge SCLT faces-common to many community land trusts-is educating the community and assuring potential homebuyers that the community land trust model is a viable option for them. According to Renati West, there are a large number of eligible community members who do not know about SCLT. A final challenge faced by SCLT is the cheaper competition from housing development in the suburbs. SCLT says that this challenge compels them to develop a quality product that rivals suburban homes and draws buyers to the city core. The Sierra Club recently cited SCLT as a "Smart Growth Success Story" in a 50-state survey of innovative initiatives that stem suburban sprawl.

## Keys to Success

SCLT clearly would not exist if there had not been a strong working relationship with the City. Balizer notes, "Having a partnership between the City and a neighborhood organization to do a development of this magnitude has not been seen before in Albuquerque ." The combination of city's resources and SCLT's persistence won out. O'Malley explains, "You have to know where you're going, you have to be relentless. and you need to have an attitude that problems can be solved."

Another key to the success of this initiative, according to O'Malley, was the high level of community

participation throughout the five-year planning period. "As a result of that, the neighborhood is very supportive of this project." Renati West said that unlike her experiences with other agencies in Albuquerque, she found that she could just walk into the SCLT office and immediately get assistance from staff. "They were always there for me." Today, there is a strong sense of ownership among SCLT members like West, who regularly sing SCLT's praises in the community; and the SCLT Board of Directors is extremely active and supportive.

Finally, the success of SCLT can be linked in part to its Hispanic residents, who already had a favorable view of community-owned land. Many residents view the land trust as they did Spanish Land Grants, which served the community by securing land and water rights. With the drive to control the land once again, people supported SCLT as a way to restore an old way of life. This is not the case, however, with new immigrants from Mexico, many of whom are arriving in Albuquerque and dream of participating in the traditional housing market, though it remains far beyond their reach.



### **Future Plans**

SCLT is completing the first phase of its development plan - mainly housing units - and is beginning the second phase, with increased attention to community infrastructure, including a park, bike trails, a child and senior day-care center, and a community center. The final phase will include commercial development. In keeping with SCLT's mission to provide jobs as well as housing, potential commercial projects will be evaluated according to key criteria: employment opportunities, local ownership and/or management, hospitality to seniors and youth; and contribution to a sustainable regional economy.

In the future, SCLT hopes to acquire and develop other properties in Albuquerque. Currently, its bylaws restrict SCLT to a specific section of the city, but the goal is to eventually become citywide. Rather than confined to specific pockets, Debbie O'Malley says, "I think it'd be wonderful to have affordable housing everywhere in the city." In the meantime, Arbolera de Vida - once a vacant industrial site - is the first step to achieving that goal.

### **Portland Community Land Trust**

Portland, Oregon

#### **Background**

Portland, Oregon has long been known as a progressive city, and it has been lauded for such innovative planning strategies as its urban growth boundary. Despite such energetic planning, Portland allowed several urban core neighborhoods to deteriorate through the 1970's and 1980's. These neighborhoods are mostly comprised of African-American, Latino, Southeast Asian residents, as well as immigrants from the former Soviet Union.

Through the 1990's, Portland experienced enormous growth, causing real estate prices in prime neighborhoods to skyrocket. This growth coincided with a commitment from the City that Portland would be a "city without ghettos." This focused a significant revitalization initiative on its poorer northern

neighborhoods. As urban renewal dollars flowed in, the residents experienced a dramatic rise in land values, due in part to the revitalization efforts but compounded by the decreasing availability of land within the confines of the urban growth boundary. Families with long histories in these neighborhoods started to be driven out by upwardly mobile, mostly white professionals who are willing to buy or rent their houses at tremendously high prices. North and Northeast Portland are now considered some of the least affordable neighborhoods with housing prices having doubled since 1990.

The City of Portland, growing increasingly concerned about its lack of affordable housing, hired the consulting firm, Deloitte and Touche, to conduct a housing survey. The report noted the unavailability of homeownership opportunities for lower-income people, even those with stable work histories, steady incomes, and savings. While the city had been devoting sizable amounts of money to subsidizing homeownership, there were no long-term benefits to the wider community. Deloitte and Touche recommended a community land trust as a strategy to retain public subsidy and self-renewing affordability.

### **Development of the Community Land Trust**

The Portland Community Land Trust (PCLT) was created in 1999 as an anti-displacement tool to provide stable, affordable homeownership in rapidly gentrifying Portland neighborhoods, mainly those within the new Interstate Corridor Urban Renewal Area (ICURA) in North and Northeast Portland. According to Mary Bradshaw, PCLT's Executive Director, the goal was to balance the intensive revitalization efforts with efforts to maintain affordability. "We specifically targeted our advocacy efforts to make sure that as this tax increment money comes in, it won't fuel displacement." PCLT targets potential homeowners in specific neighborhoods with family incomes between 50 and 80 percent of the area median income.

When the City issued its report recommending a community land trust, a number of affordable housing groups, as well as politicians and community residents responded favorably. Housing advocates proposed the establishment of a new organization to expand community land trusts throughout the city. The Institute for Community Economics (ICE) provided both technical assistance and start-up funding to the Portland CLT. The technical assistance ranged from basic organizational development to aiding the PCLT as it developed its programs. A \$25,000 grant enabled PCLT to develop a land lease, rent office space and buy office equipment. ICE currently is aiding the PCLT in developing a multi-family homeownership model where current tenants can convert to homeownership either as a condominium or a co-op.

### **Organizational Features of PCLT**

PCLT develops properties across the city in partnership with other community organizations. The largest, the 7.5 acre Rosemont Commons in North Portland, will provide 100 units of housing for low-income seniors; 18 large family units; 50 single-family homes (including ten Habitat for Humanity homes, for families at 30-60% of the area median income); seven other subsidized homes (for families at 60-80% of area median income); and 33 market rate units. A second site, under development by the Franciscan Enterprise in Northeast Portland, was acquired through the county.

PCLT's buyer-initiated program, supported by a \$400,000 grant from the city, is part of a \$1.5 million Anti-Displacement Program in ICURA. It qualifies low-income families to obtain mortgages to buy a house in one of several designated neighborhoods. The PCLT grant purchases the land beneath the house, it becomes part of the community land trust, and the homes become subject to a covenant limiting resale value to the accrued equity plus 25 percent of appreciated value. Several other community land trusts, including

Burlington, Vermont, offer this kind of program that focuses more on outreach, counseling, and financing for prospective homeowners and less on the development of new properties.

One participant in the Portland CLT is Percy Winters, one of many people experiencing the challenge of renting in Portland. He started looking for a house to buy in 1995, when his landlord wanted to occupy the property. Winters researched programs to help low-income families purchase homes, but found most of the programs unaffordable. When he came home in 1999 to his children crying by the landlord's newly posted "For Sale" sign, he became re-energized to find the recently established PCLT. Today, Winters is Vice Chair of the Board of Directors. "The reason I joined the board," he said, "is because a lot other programs bring some subsidy to the table, but not enough to bring the price down to [what people] can afford." Currently, he is looking for a home to purchase in his current neighborhood.

## Accomplishments

When PCLT was created, it acknowledged Portland's rich fabric of nonprofit housing developers and forged its role to act as a long-term land steward. PCLT is a young organization, but according to Jason Seivers, a PCLT Board member, "It has made a grand entry on to the stage of housing support groups in the city." The first 13 units will be completed by the end of 2001. Significant public support has been garnered. Bradshaw points out, "[We have been able] to coordinate some really diverse political opinions and get them all bought into a land trust here in Portland," points out Bradshaw. "[Support from the] City Council and the Mayor is a huge accomplishment because their agendas are diverse."

Landing Portland's Anti-Displacement Program funds to capitalize its new buyer-initiated program, and getting Multnomah County to prioritize subsidy retention for tax foreclosed properties gives PCLT a significant foundation

## Challenges

**Cultural Context.** One of the tasks that faced PCLT during its initial phase was engaging a diverse constituency of members and directors. A related challenge for PCLT is educating itself about the cultural barriers to the land trust concept that exist in different cultural communities. Mexican-Americans, for example, have learned from experience to view land agreements with caution. The ownership structure of community land trusts reminds some African-Americans of sharecropping. And, among new immigrants, the drive to achieve the "American Dream" of single-family homeownership has prevented some families from considering a type of ownership where the land will not belong to them.

**Equity Tradeoffs.** PCLT has invested substantial resources in educating housing advocates and the general public about the benefits of the community land trust model. Some nonprofit housing organizations resisted a community land trust because it did not build equity for low-income communities the way conventional homeownership strategies do. PCLT has mostly overcome the resistance by making the case that it is serving a population that would not have homeownership opportunity in the current conventional market. PCLT developed a resale formula that allows PCLT homeowners to accrue some equity while gaining stability in their housing and their neighborhoods. Bradshaw believes this raises an ongoing challenge. "We need to broaden this discussion," she asserts, "by mobilizing advocates for increased wages and better educational opportunities -[that's] why these people cannot afford housing in the first place."

**City influence.** Increasingly, the city has seen the community land trust as an answer to retaining economic

development subsidies in the long term and wants to transfer many of its holdings to PCLT, including commercial use properties. PCLT is negotiating with the city to develop a small business incubator as opposed to a commercial development serving larger corporations.

**Land Values.** A final challenge is simply the cost of providing housing for low-income families in Portland. The Anti-Displacement program funds of \$400,000—given the housing market in Portland—will only help about a dozen families. Helping a family with an income below \$50,000 purchase a home requires significant subsidy, but PCLT is committed to the long-term investment.

### **Keys to Success**

Support from the city and cooperation among other housing advocacy groups has been invaluable to PCLT. Seivers thinks it is due, in part, to a "more open-minded and progressive attitude here [in Portland]." "PCLT developed its niche carefully, positioning itself as a cooperative partner with an ability to complement the work of existing organizations and not supplant their efforts.

PCLT's initial success is also based on its efforts to develop a strong organizational infrastructure. "When you're talking about entering into a 99-year renewable lease," says Bradshaw, "it needs to be with an organization that's going to be here. [We need to be financially stable and diversified and build strong members and a community base that make sure we go on into perpetuity. Who ever thinks about this stuff? With a land trust, you have to."

### **Burlington Community Land Trust: Creating Diverse Housing Opportunities**

Burlington, Vermont

#### **Background**

One of the largest and most influential community land trusts in the United States is located in Burlington, Vermont, a university town of about 40,000 on the shores of Lake Champlain. For the past two decades, economic growth and progressive public policies, combined with an attractive New England setting, have made Burlington a desirable—and increasingly expensive—place to live. Despite being a pristine college town, Burlington is home to low-income residents living in decaying neighborhoods. In the early 1980s, the city embarked on a much-needed program to revitalize the waterfront neighborhoods, including the historic Old North End. In light of neighborhood improvements, and the fact that this area was very near Downtown Burlington, some community members began to worry that long-time residents would be displaced by gentrification. "We wanted to be able to revitalize those neighborhoods," says Brenda Torpy, Executive Director of the Burlington Community Land Trust (BCLT), "without making them unaffordable to the people who lived there."

#### **Strategy and Rationale**

Community activists proposed a land trust as a strategy to preserve affordable housing for current residents as well as for all future residents. Peter Clavelle, the Mayor of Burlington, explained the City's interest. "By supporting the CLT model, a number of things are done," he said. "One is taking the profit motive out of housing. The investment remains with the community and the long-term affordability of the housing is guaranteed."

BCLT initially focused on revitalizing and creating affordable homes in the Old North End neighborhood, BCLT expanded into other neighborhoods. Realizing that housing problems are regional and that work in the suburbs is as crucial as in the urban core, BCLT has acquired properties throughout its county-wide service area. Since its establishment, BCLT's holdings have grown to nearly 500 units of housing and its membership has increased to more than 1000 people. Torpy explains that one goal of BCLT is to provide a wide range of housing options to meet the diverse needs of the region's residents. "We have folks living in shelters; single-room occupancy; very affordable rentals; housing cooperatives; affordable condominiums throughout the city and county, and affordable single-family homes." BCLT housing co-operatives provide many families their first opportunity to purchase a single-family house, and the community land trust helps co-op members with this process. Additionally, BCLT has used the co-op model to reach specific groups, such as artists, who can benefit by living and working in former industrial buildings.

While BCLT's initial focus was on affordable housing, it has expanded its activities to include comprehensive neighborhood revitalization. BCLT has cleaned up blighted properties, created a park, and provided facilities for a variety of community organizations such as a "food shelf" facility, legal aid, and a technology center. New projects include a community health center and the rehabilitation of a brownfield site. As do residents, community organizations either rent from BCLT or own their buildings on land leased from BCLT.

### **Developing the Community Land Trust**

The Burlington Community Land Trust emerged out of meetings of citizens concerned about escalating home prices, city officials, and consultants from the Institute for Community Economics. BCLT's emergence and subsequent strength was in large part a function of the support it received from the Burlington city government - a newly-elected, progressive administration. The city provided a \$200,000 seed grant to BCLT to get the land trust underway, and the city employees' pension fund set up a \$1 million line of credit. Initially, property was acquired with the help of the city: one of BCLT's first parcels of land came from a developer who, it is said, agreed to donate land for six houses as part of his negotiations with the city.

Since its initial stages, BCLT has been supported by a range of funders. For a time, BCLT used Community Development Block Grant funds to purchase land, until land became too expensive. Currently, single-family homes are often built with funds from Vermont's Housing and Conservation Trust Fund, which subsidizes their acquisition of land under homes that were purchased by lower-income households in the conventional real estate market. One participant in this program was Bob Robbins, the current Board President and a homeowner on BCLT land.

In looking for a single-family home, he used a traditional realtor, located a house, and then purchased it with the help of a grant and a special mortgage through which the community land trust assumed ownership of the land. For him, this was a practical solution, since his family was looking to live in a relatively affluent neighborhood and "conventionally, we'd have no way of coming up with a down payment." For multi-family developments, BCLT uses Low Income Housing Tax Credits, HOME funds, and Federal Home Loan Bank funds. The land trust also solicits individual donations for operations and non-housing projects.

In addition to a close partnership with public entities, BCLT works in tandem with a network of community organizations such as the Lake Champlain Nonprofit Housing Development Corporation. BCLT also collaborates with groups in the fields of mental health, AIDS, family service, and homelessness.

## Accomplishments

The massive revitalization efforts were visible when, according to Mary Houghton, BCLT's Finance Director, "people started complimenting us on paint jobs on properties that we didn't own. There's a sense in the community-I hear bankers and the Chamber saying this-that you can see a difference in the Old North End because of BCLT. We're very proud of that," says Torpy. In 1994, the Old North End was awarded Enterprise Zone status by the U.S.

Department of Housing and Urban Development, and BCLT played a lead role in implementing strategies for that program. The Old North End has been rehabilitated and preserved for "multi-generational" families as well as a new wave of refugees from Bosnia and Southeast Asia.

BCLT has made an impact throughout the city by becoming one of Burlington's largest residential property owners. In turn, it has successfully served a population often ignored by traditional housing policy. Richard Kemp, a BCLT member, states, "Essentially, we were not supposed to succeed because we were dealing with single mothers, welfare mothers, moderate and low income people. And we're successful."

A true measure of a community land trust's success is the extent to which low-income residents are able to stay in revitalized neighborhoods after resales occur. "We're old enough to have had a number of resales," explains Torpy, "and we've seen it work. The second time around we typically serve a lower income family and we don't need any additional government subsidy. At the same time, the seller is taking some equity with them, as well as experiencing all the tax benefits and security that homeownership offers."

The efficacy of BCLT (and other Vermont CLTs) has led to a number of important state and local policy changes. Vermont adopted policies that provide subsidies only for housing that is perpetually affordable, resulting in federal CDBG and HOME funds going primarily to community land trusts. Additionally, Burlington voters passed a tax to support affordable housing, and much of that money flows through BCLT. Finally, an extremely important achievement for Vermont's community land trusts is that the Vermont Housing Finance Agency established a "Perpetually Affordable Housing Program" that provides reduced-rate mortgages for low-income purchasers of resale-restricted, perpetually affordable homes.

## Challenges

The 32% increase in the price of a single-family home since 1990 has made it increasingly difficult for families who qualify for Vermont Housing and Conservation Fund grants to even find a home on which to spend the grant. The vacancy rate for rentals is currently hovering at 0.6%, with an estimated half of the county's renters paying more than 30% of their annual incomes on housing. BCLT's reach is not nearly enough to solve the problems in the current housing market. Houghton explains, "We can stabilize housing prices for our residents, but the larger market is skyrocketing; it's in a cycle we can't begin to keep up with." She continues, "It takes a huge amount of money." While housing prices have escalated, government funds for affordable housing have decreased and private funders still hesitate to support the community land trust's projects.

## Keys to Success

A major factor in BCLT's success lies in their outreach investment to build a strong membership base. In addition to regular communications, trainings, and special events, BCLT offers low-interest loan pools for home improvements and a range of workshops for members. As a consequence, members develop a long term relationship with the organization and are willing to take on leadership positions. Additionally, BCLT's Homeownership Center, open to members as well as non-members, allows the organization to reach a

broader cross-section of potential homebuyers and cultivate more community support.

A final key to BCLT's success is sound financial management practices that garner critical support from banks and maximize cash flow. They have also enlisted creative strategies for subsidizing homebuyers and for developing new properties. For example, a partnership with the U.S. Department of Housing and Urban Development (HUD) has enabled families to use Section 8 vouchers to apply to mortgage payments and has allowed BCLT to buy several houses foreclosed by HUD to rehabilitate and sell.

### **Future Plans**

In light of the current patterns of growth in Burlington, BCLT is starting to look region-wide for ways to pre-empt the rising costs and "stay ahead of the market," says Robbins. "We're starting to work on expanding into counties that are to the northwest, where basically the population is starting to move," adds Houghton. Fortunately, for BCLT, support among community residents has been steady throughout its history and continues to grow. And while gentrification set the stage for the emergence of BCLT, the challenge now is to raise the funds to develop enough properties that its impact can be felt not only within specific neighborhoods but within the entire region. As it broadens its focus to a regional level, BCLT is fostering dialogue between smart growth advocates and affordable housing advocates, searching for ways to create perpetually affordable housing while staving off sprawl.

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# Resources

## Available from the Institute for Community Economics

To order items from the following list, call ICE at (413) 746-8660, fax (413) 746-8862 or print and mail in [order form](#).

### The Community Land Trust Legal Manual

This manual, prepared by ICE's community land trust legal task force, provides community land trusts and their lawyers with information about legal issues regarding organizational structure, separate ownership of land and buildings, ground leases, and equity limitation. Includes model documents. 240 pages, 1991. Revision due out in 2001.

\$100.00 (\$50.00 for CLT Network members) Ç prices include revised edition when available.

### Managing the Money Side: Financial Management for Community-Based Housing Organizations

For CLTs and other community-based housing organizations, *Managing the Money Side* identifies the types of financial problems that can overwhelm an organization without an adequate accounting system. The manual then leads readers through the process of developing sound budgeting, accounting and reporting systems. Written for ICE by Kirby White and funded by Metropolitan Life Foundation. 136 pages, 1994.

\$50.00 first copy (discounts: \$35.00 Ç Community Organizations; \$25.00 Ç CLT Associates; \$20.00 Ç CLT Affiliates) \$20.00 for each additional copy

### A Guide to Resident Selection and Education for Community Land Trusts

From the initial step of reaching out to potential residents, to the selection process itself, to ongoing education and support for leaseholders, this guide will inform readers of the steps in an effective resident selection process. 61 pages, 1991.

\$8.00 (\$6.50 for CLT Affiliates and Associates)

### Community Land Trust Homeownership Program Manual

By Burlington Community Land Trust. This technical assistance guide focuses on BCLT's "buyer-initiated" CLT homeownership program. It addresses legal, marketing and financing issues, qualification and education of homebuyers, resales, bargain sales, leaseholder services, and more. 81 pages, 1994.

\$22.50

### Articles from ABA Journal of Affordable Housing, Focus: Long Term Affordability, Spring, 1992

This series of articles includes: *Community Land Trusts and Ground Leases*, by David Abromowitz, 3 pages; *Cooperatives and Mutual Housing Associations*, by David H. Kirkpatrick, 2 pages; *Resale Restrictions and Leverage Controls*, by Michael F. Keeley and Peter B. Manzo, 3 pages; and *Long-Term Affordability and Tax Credits*, by Jeffrey Kuta, 3 pages.

\$1.50 for the series of articles (includes postage)

### The Burlington CLT as a Private Complement to Public Land and Housing Programs: A Policy Proposal

By the Community and Economic Development Office, City of Burlington. Proposals for city programs to cooperate with and encourage the development of the BCLT. 12 pages, 1984.

\$2.50 (includes postage)

### **Video: Homes and Hands: Community Land Trusts in Action**

Produced by the Academy Award winning filmmakers of Women's Educational Media, in collaboration with ICE, *Homes and Hands: Community Land Trusts in Action* is a dynamic introduction to the community land trust (CLT) model. It features the stories of CLTs in Durham, North Carolina, Albuquerque, New Mexico, and Burlington, Vermont. Homeowners, board members, CLT staff and local city officials tell their stories of how a CLT has made a difference in their communities. The video provides an excellent introduction to the CLT concept and how it addresses land and housing issues in diverse communities across the United States. Comes with a 23-page companion guide. This Guide available in English or Spanish. 1998. VHS format. \$100.00 Institutions, \$60.00, Community Organizations, \$20.00, Developing CLTs, \$10.00 , additional copies for CLT Associates and Affiliates

### **BROCHURE: Introducing Community Land Trusts**

A concise, compelling brochure introducing community land trusts, explaining the importance of community control of land and including a description of the essential features of CLTs, endorsements from people involved in CLTs, and stories of three successful CLTs. This is a useful tool for local CLT organizing and includes a space to fill in a local contact name. 1993. Also available in Spanish. 1999. \$25.00 for 100 copies, \$.20 each after 100 (ask for free sample)

### **The Community Land Trust Handbook**

The *Handbook*, prepared by ICE and published by Rodale Press, includes a description of the community land trust model and its theoretical basis, nine case studies of early CLTs, and practical advice on organizing, financing and developing a CLT. With pictures, illustrations and an easy-to-read format, this book is a key resource for anyone interested in CLTs. 228 pages, 1982. \$7.00

### **Contested Ground: Collective Action and the Urban Neighborhood**

By John Emmeus Davis. This book examines the domestic property interests of people within urban neighborhoods and the organization. 32 pages. 1999. \$10.00

### **Of People and Land: Telling Our Stories, Building Homes, Creating Community**

By OPAL Community Land Trust. This book is a heartfelt portrait of 18 families and the community land trust that brought them together in one neighborhood Full color photos of the families, their neighborhood, Opal Commons, and their island home in Washington State 's San Juan Island . The narrative reveals the struggles and triumphs of individuals with no prior experience in non-profit housing. They form a group, define common goals, secure funding, build their first neighborhood of 18 homes, and go on to build a second neighborhood of 24 additional homes. During their first ten years, they form strong community bonds and create a successful organization. 32 pages. 1999. \$10.00

### **Joining the CLT Network**

The CLT Network has two levels of membership.

- CLT Network Affiliate Membership for approved CLTs.
- CLT Network Associate Membership for any group or individual who supports the CLT model.
- Applications for either level of membership are available from and should be returned to:

The CLT Network Steering Committee  
c/o The Institute for Community Economics  
57 School Street  
Springfield MA 01105 -1331  
(413) 746-8660 Fx (413) 746-8862