

Resident and Community Engagement in Community Land Trusts

Emily Thaden and Jeffrey S. Lowe

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Abstract

Community land trusts (CLTs) are gaining ground as a model that effectively creates community control of property for affordable housing and community development. Resident and community engagement are critical for CLTs to accomplish their objectives. Six well-established CLTs were investigated to understand their reasons and practices for engagement. These included: 1) fostering leadership, betterment, and improved quality of life among residents; 2) creating community control of land and neighborhoods, 3) building community, 4) promoting civic engagement, 5) ensuring resident-driven organizational decision-making and strategic planning, and 6) bolstering organizational sustainability.

Factors that affected resident and community engagement were also identified. Informants from the six CLTs reported that effective engagement needed to: 1) accommodate the lifecycle of residents, 2) address capacity constraints, 3) involve partners for efficacy and efficiency, and 4) attend to challenges relating to growth and geographic spread. Results indicated that the CLTs did not prioritize the same objectives for engagement, and their orientations towards engagement were significantly influenced by the broader temporal climate when the CLT was established as well as by the local socio-political environment in which the CLT must operate.

About the Authors

Emily Thaden, Ph.D. is the Research and Policy Development Manager for the National Community Land Trust Network. She holds a doctoral degree in Community Research and Action from Vanderbilt University's Peabody College and a bachelor's degree from New York University. Dr. Thaden specializes in shared equity homeownership models and community land trusts; her relevant works have been published in *Housing Studies*, *Shelterforce*, *Land Lines*, and working papers published by the Lincoln Institute of Land Policy.

Jeffrey S. Lowe, Ph.D. is Associate Professor of Urban Planning and Environmental Policy in the Barbara Jordan-Mickey Leland School of Public Affairs at Texas Southern University. A member of the National Community Land Trust Network Research Collaborative, he holds a doctoral degree in Urban Planning and Policy Development from Rutgers, The State University of New Jersey, and a master's and bachelor's degree from Morgan State University and Howard University, respectively. Dr. Lowe's research focuses on social justice and racial equity concerns within the context of housing and community development planning processes and policies affecting lower-income groups. His research has been published in *Housing Policy Debate*, *Planning Practice and Research*, and *the Journal of Urban Affairs*. Also, Dr. Lowe is the author of *Rebuilding Communities the Public Trust Way: Community Foundation Assistance to CDCs, 1980–2000* (Lexington Press).

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Resident and Community Engagement in Community Land Trusts

Introduction

Community land trusts (CLTs) are gaining ground as a model that effectively creates community control of property used for affordable housing and community development. The governance and membership structures of the “classic” CLT model establishes stronger resident and community control of land than the traditional models of community development corporations (CDCs) or community housing development organizations (CHDOs). Beyond its organizational structure, CLTs are also recognized for their practice of stewardship, which ensures that their properties provides lasting benefits to the community and that residents are engaged and supported beyond sale or occupancy to promote positive outcomes.

However, there are significant variations among CLTs for enacting resident engagement and community control. Sometimes CLTs act in partnership and service to the community, whereby the broader community and residents of CLT properties are governing the organization and deeply engaged in the work of the organization. Sometimes, however, the CLT is used simply as a program or mechanism to retain affordability of property; consequently, “community control” is not much more than a symbolic message used by CLTs to explain their missions or intentions. Ultimately, the actualization of community control relies upon both the depth and breadth of resident and community participation and leadership within a CLT.

This paper explores the goals and practices used by six long-standing and reputable CLTs for resident and community engagement over their organizational development. Additionally, the paper explores the external and evolutionary factors that have affected their approaches and practices for engagement. The next sections will introduce the CLT model and explicate the elements of the “classic” CLT model that address resident and community engagement.

What the CLT Model Can Do

CLTs are nonprofit organizations that provide lasting community assets for lower income families and communities who are marginalized by the market. CLTs develop rural or urban agriculture projects, commercial spaces that serve local communities, permanently affordable housing (e.g. rentals, cooperatives, and owner-occupied homes), and conserve land or urban green spaces. However, the heart of the CLT model—and its greatest innovation—is the provision of resale-restricted, owner-occupied homes that remain affordable in perpetuity.

CLTs retain ownership of land while lower income households purchase only the improvements (i.e. the home) at an affordable price. The CLT stewards the public’s investment in the property and supports the homeowners. In addition to reducing the cost of the home for the purchaser, support services may include pre-purchase and post-purchase education, home purchase or refinance loan review and approval, home repair support, and financial counseling for homeowners at-risk of default. Additionally, the steward monitors homeowners’ compliance with occupancy, use, maintenance, and resale-restrictions. In return, the homeowners agree to

sell their homes at resale-restricted prices to keep homes affordable for future generations of lower income buyers.

Undeniably, the CLT model enables lower income households to attain access to affordable homeownership that permits residential stability and wealth-building. One study of three large CLTs in Burlington, Vermont; Duluth, Minnesota; and Boulder, Colorado found that the buyers of CLT homes on average made 46-52% of the median family income, and homes were purchased for no more than 75% of the property's appraised value. When homeowners sold their homes, the study found that buyers were able to build wealth: The individualized rate of return ranged from 22-31%, which was significantly greater than if owners had had rented and invested their down payments in either the stock market or a 10-year Treasury bond. Furthermore, the homes remained affordable to homebuyers at approximately the same income levels over resales. When residents did move, 68-72% (depending upon the program) moved into market-rate, owner-occupied homes (Temkin, Theodos, and Price 2010).

The CLT model not only helps homeowners *attain* but *sustain* homeownership because of affordability provisions and stewardship services. At the end of 2010, another study of 96 CLTs across the country found that conventional homeowners were 10 times more likely to be in foreclosure proceedings (respectively 4.63% versus .46%) and 6.6 times more likely to be seriously delinquent than CLT homeowners (respectively 8.57% versus 1.30%) (Thaden 2011). The same trends were found in 2008 and 2009 (Thaden 2011; 2010). Hence, CLTs have prevented the costs of foreclosure and neighborhood disinvestment for lower income households, neighborhoods, and municipalities.

More broadly, permanently affordable housing provided by CLTs (e.g. rental, cooperative, and homeownership units) buffers the adverse impacts of gentrification by preserving the affordability of homes for lower income residents, generation after generation. The affordability is maintained even when local housing values escalate or the affordability periods required by federal funding sources expire. Consequently, CLTs create an avenue for lower income households to reside in and benefit from high-opportunity, asset-rich neighborhoods. And by rooting capital locally through a CLT's residential and non-residential community development efforts, those most at risk of marginalization from the ebbs and flow of private market capital are protected (DeFilippis 2004).

In effect, the CLT model offers a way to retain ownership of land that is stewarded by and for the community so that the "highest or best use" of property can remain community-defined, community-controlled, and adaptable to changing conditions. The next section explains the rationale behind the classic CLT model's components that pertain to resident and community engagement and reviews variations within the field.

“Classic” CLTs and Variations

The “classic” CLT model prescribes critical elements for the organization's structure and accompanying bylaws, which are designed to keep the CLT in touch with—and aligned to—both the interests of residents and the community at large. First, the classic CLT maintains a membership, which includes renters, cooperative residents, and homeowners of the CLT's

properties (i.e. lessee members) and residents who live in the CLT's service area that elect to pay annual membership dues and demonstrate support for the CLT's mission (i.e. general members).

The membership is responsible for: 1) assessing membership dues, 2) approving the sale of land, 3) approving the establishment or alteration of the resale formula, which is the formula used to resale-restrict properties so homes remain affordable over time, 4) approving amendments to the certificate of incorporation or bylaws, 5) electing the board of directors, and 6) dissolving the corporation if needed. In summary, the membership holds the CLT accountable to its mission of preserving affordable community assets that are valuable to residents and the broader community for the common good (Swann 1978).

The board of directors for a classic CLT uses a "tripartite board" structure, which consists equally of: 1) lessee members, 2) general members, and 3) public members. Public members are typically representatives of government or public agencies that have a stake in community development and serving lower income people. Acting solely upon self-interest, lessee members protect the interest of lower income households (i.e. residential rights, stability, and affordability). For homeowners, these lessees protect the additional interest of building wealth from tenure. For general members, their interest is having the CLT provide high-quality, well-maintained community assets that stabilize, revitalize and sustain neighborhoods and serve the community's needs. For public representatives, their interest is having the CLT utilize public and private funding effectively and efficiently to provide affordable housing and community assets (i.e. preserving affordability and protecting public investment). Hence, the tripartite board structure balances the interests of various parties vested in the CLT.

However, some CLTs do not implement these components of the classic CLT model. According to a 2011 national survey of CLTs, only 42% out of 68 established CLTs had a membership, and the average size of memberships was 79 individuals (Thaden 2012). Approximately 25% of established CLTs reported no CLT residents on the board of directors. These variations may be partially explained by CLTs that are a program within a larger organization that has a pre-established board or those that have organizational cultures that do not prioritize resident and community participation or control.

While some CLTs are not adopting the classic CLT model, many CLTs incorporate an array of other governance structure, policies, or practices that result in resident and community engagement, leadership, betterment, or control. The literature on community control and resident engagement in CLTs has predominantly focused on the rationale and implementation of community membership and the tripartite board structure (e.g. Davis 2010; International Independence Institute 1972; National Community Land Trust Network 2011). However, some research—albeit scant—points to other engagement activities with residents, such as participatory planning for new development, community organizing initiatives, neighborhood events, community gardens, mini-grants for professional development, ongoing education classes, financial counseling, and review or support with capital improvements or home repairs (e.g. Ciardullo and Thaden 2013; Rosenberg and Yuen 2013; Thaden and Davis 2010; Thaden 2011). Little is known about the rationale or diversity of practices for resident or community engagement beyond the components of the classic CLT model. This study attends to this gap in the literature and additionally explores the factors that affect resident and community

engagement and community control in CLTs over the course of organizational development and growth.

Sample and Methods

A purposive sample of seven persons representing six CLTs located in different parts of the continental USA with some variance in board structure and resident and community engagement participated in this study. All participants were directors or upper-level staffers in their respective CLTs. All in all, the participants were predominately women (six) and white (five), representing CLTs located in almost every region of the United States. Specifically, one CLT is located in the Midwest, while the others are located in the Northeast (two), Northwest (one), and South (two—one urban and one semi-rural). The average age of these CLTs is 21.5 years old, with the oldest and youngest being in existence for 30 years and 12 years, respectively.

Most importantly, the CLTs represented do not all abide by the classic CLT model. All of the organizations (six) participating in this study were membership based. All but Dudley Neighbors, Inc. have a tripartite board composition, reflecting the classic CLT model. However, two of these CLTs do not have their memberships elect the board of directors for the CLT. Proud Ground's membership does not play an active role in decision-making nor does it elect the board of directors. Dudley Neighbors, Inc. does not hold elections for its board of directors. This CLT is an entity of a larger membership-based community (parent) organization. Accordingly, the democratically elected governing board of the parent organization appoints six of its members (four are land trust lease-holders) to the nine-member CLT governing board.

Attempting to understand the challenges experienced and the practices enacted by CLTs to achieve and enhance resident engagement and citizen engagement, required the researchers to suspend their existing knowledge and obtain new and descriptive data from CLT practitioners working day-to-day in the field. To be sure, the ability of researchers to defer prevailing understandings and perceptions is essential to comprehending contemporary phenomenon (Creswell 2013). As a National Community Land Trust Network (NCLTN) staffer and NCLTN research collaborative members, it is necessary for these researchers to acknowledge these experiences and focus on data collected from participants in the study. Moreover, given the nature of staff-member relationship, only the non-staffer researcher collected and analyzed data from informants via a focus group and one-on-one interviews.

Approximately two weeks before the 2014 National CLT Conference on April 27-30, invitations were sent to CLTs who met inclusion criteria. Specifically, CLT executive directors and/or high-level staffers received an invitation via email and asked to participate in a focus group. The focus group took place at the conference and lasted for approximately one hour and 15 minutes. The semi-structured interview protocol consisted of the following two questions: How does resident and community engagement connect with CLT goals and practices? What happens to resident and community engagement as CLTs age, professionalize, and expand?

Within the two weeks that followed, one-on-one interviews occurred with the executive director or another high-level staffer whose CLT was represented at the focus group. Typically, these

one-on-one interviews happened by telephone. However, two interviews transpired face-to-face. In total, six one-on-one interviews were conducted, with each one lasting between 35 minutes to one hour. All interviews were audio taped except for one. For that one exception, the researcher relied totally on pen-and-paper note taking during the telephone interview. These one-on-one interviews followed a similar semi-structured interview protocol to that of the focus group. In addition, the one-on-one interviews captured more in-depth perspectives through probing on responses about the daily experiences pertaining to the specific CLT. The questions contained on the protocol include: What have been the challenges and successes your CLT has experienced around resident and community engagement? What has your CLT done to forms of engagement with age, professionalization, and expansion?

The data analysis entailed examining the contents of the written transcriptions from the focus group and one-on-one interviews. In fact, reading the written transcripts several times gave rise to significant words, phrases, and sentences concerning resident and community engagement. These words, phrases, and sentences fostered the formulation of meanings from which emerged common themes among participants (Creswell 2013). Subsequently, an in-depth description of the common trends is presented in the results that follow. Interviews and focus group data was additionally supplemented with secondary resources, including websites, portfolio data provided by NCLTN, and relevant documentaries, reports, and documents on the case study sites.

Results

This section will first present vignettes of the six CLTs to provide portraits of their histories, organizational characteristics, and highlights of resident and community engagement practices. Next, the objectives and ensuing activities for resident and community engagement identified during the interviews and focus group are reviewed. Lastly, the factors affecting resident and community engagement are presented.

Vignettes

Athens Land Trust

Although the origin of the CLT movement in the USA can be traced to rural African-American Southwest Georgia, few CLTs exist in the smaller semi-rural places of the South. In 1994, the Athens Land Trust was established in consolidated city-county Athens-Clark County, Georgia. Located in the northeast portion of the state, and with a population of 115,452, Athens-Clark County is the sixth largest city in Georgia (U.S. Census Bureau 2014). Also, it holds the distinction of having the smallest geographic boundaries of any county in the state. Since the founding of ALT, in 1994, its mission has remained “to promote the quality of life through the integration of community and the natural environment by preserving land, creating energy-efficient and affordable housing, and revitalizing neighborhoods” (Athens Land Trust ND).

The organization’s portfolio consists of 121 rental units, 35 homeownership units, and over 11,000 acres of conserved land. Athens Land Trust also manages 16 community gardens and 3 urban farms. It has 19 staffers. The organization is governed by a tripartite board. Its membership

has approximately 35 residents and 250 general members. Much of Athens Land Trust's efforts for the enhancement of stewardship place an emphasis on engaging the prospective as well as the existing homeowners. For example, in addition to homeowners holding seats on the board of directors, others make up the homeowner committee. Some of the responsibilities of this committee entail reviewing plans for rehabilitation and new construction, and approving building materials as well as location of the units. Renters receive encouragement to become involved in the apartment complexes' resident association. For those renters desiring to purchase a house, Athens Land Trust offers homeownership classes.

Another source of significant engagement has been urban agriculture. One component of ALT's urban agriculture efforts in particular, the Young Urban Farmer Program, seeks to develop job skills, offer leadership training, and create intergenerational linkages. Furthermore, through this partnership with Classic City High School and Clark County School District, students receive a pay check from working in the urban farm established by Athens Last Trust and obtain a work history that could result in future employment opportunities.

Typical of most semi-rural places, the number of organizations working on quality of life concerns is small. As such, acknowledgement must be given to Athens Land Trust for successfully fostering a high level of resident engagement and community control in an environment with so few opportunities for partnerships. In addition to achieving the intentions of the CLT movement primarily alone, Athens Land Trust's predominately white staff has realized some progress gaining the confidence of the predominately African American community. After almost two decades of encouraging resident involvement and stewardship, perceptions are changing because of the sincerity, dependability and commitment to improving the quality of life through community control in Athens' lower-income black neighborhoods.

Champlain Housing Trust

The Champlain Housing Trust originated during a period of progressive response to steep rises in housing speculation and losses to some of the most cherished and valued public spaces in Burlington, Vermont. In 1984, City Council along with then mayor (and now U.S. Senator) Bernie Sanders awarded a \$200,000 seed grant for the establishment of Burlington Land Trust. With public resources and support from community organizations and tenant activists, Burlington Land Trust concentrated on meeting the sustainable homeownership needs of the municipality. At the same time, Lake Champlain Housing Corporation was founded to stimulate the production of affordable rental properties in the areas surrounding Burlington. These two organizations merged in 2006 to form the membership-based Champlain Housing Trust. Serving a three-county region in addition to the city of Burlington, Champlain Housing Trust ensures perpetual affordability and community ownership as a means of meeting the housing and community development needs in the area.

Champlain Housing Trust's portfolio includes 2,218 rental units, 530 homeownership units, and 33 commercial spaces. The organization has 85 staff members; the homeownership program has four staff members. Broader resident and community engagement staff includes a Director of Community Relations, a Coop and Community Organizer, and a Communications and Marketing Coordinator. Never straying away from its progressive roots in coalition building and citizen

engagement, CHT maintains a tripartite board structure and has a membership of approximately 5,000 individuals. Residents are encouraged to involve themselves in numerous CLT committees, and information is made readily available about activities and meetings that promote community building and social justice causes at the local, regional, and national levels. Over their 30-year existence, several Champlain Housing Trust members have been elected to Burlington's city council.

The work of Champlain Housing Trust towards more just and sustainable communities has not gone unnoticed the world over. It received the 2008 World Habitat Award from the United Nations for its efforts at making housing perpetually affordable. Today, Champlain Housing Trust fulfills stewardship over housing units of various types, including apartments, cooperatives, condominiums, duplexes and single-detached homes; for both owner and renter occupancy. Its commercial spaces are leased to address needed community services, including a day care, senior center, food pantry, and restaurants.

City of Lakes Community Land Trust

The initial impetus for perpetual housing affordability and community control of the land derived from a collaboration of three community-based organizations seeking to improve and sustain neighborhoods on the south side of the city. The collaboration morphed into the Minneapolis Community Land Trust Initiative, which determined that the entire city could benefit from the CLT model. Thus, the Minneapolis Community Land Trust Initiative created the City of Lakes Community Land Trust in 2002.

City of Lakes CLT has four staff members and a portfolio of approximately 150 homes. Governed by a tripartite board and maintaining a membership of approximately 225 individuals, City of Lakes CLT advances building community by facilitating sustainable homeownership. The emphasis on community building makes more prominent the role of stewardship throughout the process of ensuring perpetual affordable homeownership. Put another way, "if we help homeowners buy a home, we help them keep the home" (City of Lakes Community Land Trust 2012).

More than just rhetoric, City of Lakes CLT takes a homeowner-centric approach to engagement and operationalizing the above statement in accordance with a multi-point plan that guides daily operations. City of Lakes CLT provides pre-purchase and buyer education classes in addition to workshops pertaining to preparing a will and a trust. One of three staffers holds the position of Community and Home Engagement Manager; with responsibilities including providing post-purchase support, coordinating trainings and events, and creating peer-to-peer interactions among homeowners. She also coordinates the homeowner committee, which is endowed with a lot of decision-making power for requests that come from homeowners. Along with homeowner and leadership development trainings, City of Lakes CLT values homeowner input and holds at least six "fun" activities per year. Sometimes, events are a mix of business and pleasure. For instance, the most recent City of Lakes CLT annual meeting took place at a bowling alley.

Implementing the desires of engaged homeowners has enabled City of Lakes CLT to build community, and deliver educational and family activities that many households could otherwise

not afford to attend. This CLT believes caring for physical assets cannot occur deprived of building human capital and community, as increasing impact and sustaining quality of life improvements is achieved through engagement and stewardship.

Dudley Neighbors, Inc.

The founding of Dudley Neighbors, Inc. can be directly linked to resident engagement for community control of the land that straddles a portion of Boston's Roxbury and North Dorchester neighborhoods. In 1984, resident mobilization and organizing around issues of arson, disinvestment and displacement, and illegal dumping led to the establishment of the Dudley Street Neighborhood Initiative (DSNI). The history and process undertaken by DSNI, a neighborhood-membership based organization, of gaining eminent domain authority in the Dudley Triangle is well documented (Medoff and Sklar 1994). Furthermore, DSNI chose to remain a membership-based organization that carried out community organizing, but understood the importance of maintaining community control of the land and its physical development and use. Subsequently, in 1998, DSNI launched Dudley Neighbors Inc., a community land trust, to guarantee long-term community stewardship of the Dudley Triangle.

The organization owns or manages 77 rental units, 50 coop units, and 96 homeownership units. It additionally maintains two commercial spaces and a community greenhouse, garden, farm, and orchard. Dudley Neighbors Inc. has less than a handful of staffers. DNI is not governed by a tripartite board. The governance structure of Dudley Neighbors Inc. is interlocked with that of its parent—DSNI. As a membership-based organization that holds elections for the 35-member board of directors every two years, DSNI decided not to institutionalize a similar election process for Dudley Neighbors Inc. that might cause election fatigue among community residents. Alternatively, in order to safeguard resident engagement and community control, the DSNI board of directors appoints six of the nine-member Dudley Neighbors Inc. governing board. Of these selections, four are land trust homeowners. The remaining three seats reserve appointments to be made by the Roxbury Neighborhood Council, district city councilperson, and Boston mayor.

This year, Dudley Neighbors Inc. will commemorate 25 years of stewardship and community organizing. Its principal success has been resident engagement that remained focused on creating and implementing a vision for approximately 34 of 62 acres of land in the Dudley Triangle. Gaining community control of the land as well as sustaining significant direct participation in decision making for two-and-one-half decades helps to explain its impact.

Moving forward, Dudley Neighbors Inc. desires to become even more proactive in meeting and sustaining community aspirations through engagement. Recently, Dudley Neighbors Inc. created the Fair Chance for Family Success Initiative. The intent of the initiative is to partner with renter households living on the land trust to build assets and incomes that will meet their housing, education, and career goals. Residents living in some of the same rental complexes have been hired by Dudley Neighbors Inc. to lead the outreach efforts. Through this initiative, Dudley Neighbors Inc. hopes to build relationships with a new generation of households who will realize the added value of engagement and strive for a deeper focus on stewardship.

Durham Community Land Trustees

Gaining control of a community eyesore and rehabilitating it in a manner desirable to neighborhood use can serve as an important symbol in neighborhood transformation. Such a symbol exemplifies how to successfully undertake neighborhood change and allows for sharing a vision with others of what neighborhood transformation can be. West End residents of Durham, North Carolina understood this process upon acquiring an abandoned and dilapidated house that they then rehabbed into a high-quality home that would remain affordable in perpetuity. In 1987, these actions led to the establishment of Durham Community Land Trustees.

Durham CLT's portfolio includes 144 rental units, 60 homeownership units, three commercial spaces and one community garden. The organization has six staff members. In order to ensure community control continues, Durham CLT has a tripartite board structure and has 175 members. Like many other CLTs, Durham CLT offers a periodic newsletter to members and the community at-large. In addition, Durham CLT announces opportunities for community engagement and other activities via their website, through direct emails to members and word of mouth. Its success at fostering an engaged membership in this historically black community, particularly around housing, infrastructure, services and beautification projects, has continued as neighborhood residents have become more racially diverse.

Currently, Durham CLT works in six different neighborhoods in the city, primary targeting the West End, Burch Avenue and Lyon Park. As Durham CLT acts as a faithful steward now and for generations to come, identifying allies and working in partnership with other organizations seeking to revitalize the area has become a way of life. Durham CLT partners with Habit for Humanity through the West End Collaborative and has received support for additional community-driven quality of life improvements from erstwhile entities including the City of Durham, the Duke-Durham Partnership, the North Carolina Community Development Initiative, and NeighborWorks America.

Proud Ground

A high degree of citizen involvement in determining solutions that would mitigate the harming effects of the 1990s affordable housing crisis served as the catalyst leading to the establishment of Proud Ground. For many Portlanders, the gap between the housing prices and household incomes widened at a significant rate, thereby, placing homeownership out of reach. At the same time, gentrification resulted in the displacement of long-term residents living in the core neighborhoods of the city. Both community members and government officials were in agreement that something had to be done and decided to follow the example of a local CDC that successfully implemented the CLT model in its primary target area. As a result of this concurrence, in 1998, Proud Ground was founded to assist individuals citywide achieve and successfully sustain first-time homeownership.

Today, Proud Ground promotes homeownership not only in the city of Portland but also in Gresham and Washington counties. Its portfolio has over 220 homeownership units, which is stewarded by seven staff members. Notably, Proud Ground has a wait list of 360 individuals

interested in home purchase through the CLT. While Proud Ground has a tripartite board composition and membership, the membership does not elect the board of directors.

Living in the greater Portland area extends opportunities and accessibility for engagement in numerous activities and social justice causes. Accordingly, Proud Ground places an emphasis on encouraging resident engagement in activities that enhance stewardship. For instance, it invites members to establish individual development accounts that permit savings for future home renovations. Also, it encourages communication between new and longer-term homeowners in order to foster knowledge transfer about home maintenance and neighborliness. Proud Ground partners with several organizations and city and county governments to sustain households in neighborhoods (some for generations) threatened by displacement due to gentrification. The largest CLT in the Northwest, it sustains a large portfolio of good to excellent quality housing. Proud Ground is committed to continuing the important work of promoting homeownership and stewardship that will benefit existing residents and the generations to come.

Objectives and Practices

Six purposes and objectives for conducting resident and community engagement emerged from the qualitative data, which are presented below. These objectives are by no means mutually exclusive; in fact, informants described how conducting engagement activities often advanced multiple objectives. While no informant explicitly refuted any of the following reasons for engaging residents and community members, the CLTs prioritized objectives for engagement differently. Hence, significant variation existed among the CLTs for enacting resident and community engagement. Generally, each CLT's practices and activities tended to align with its primary reasons for conducting engagement.

Fostering Leadership, Betterment, and Improved Quality of Life Among Residents

All of the informants endorsed that resident leadership was critically important for their CLT. All informants had CLT homeowners (and in some cases renters) serving on their board of directors. Many had residents on other organizational or programmatic committees as well. For instance, Champlain Housing Trust, Dudley Neighbors Inc., and City of Lakes CLT provide leadership development and training for new residents who are elected to their boards of directors.

Beyond leadership roles within the CLT, all of the CLTs prioritize advancing the economic development of homeowners. Engagement with homeowners was critical to enable sustainable homeownership. Commonly referred to as "stewardship," these CLTs provide homebuyer education, loan review and approval, home repair support, and financial counseling. For instance, Proud Ground provides individual development accounts to help homeowners effectively save for future home repairs. Athens Land Trust and DSNI offer employment opportunities for youth (these are not exclusively for residents of homes in the land trust). These prevalent forms of resident engagement promote wealth-building and prevent foreclosures.

Some CLTs prioritize advancing the human and economic development of residents beyond the provision of affordable housing. For instance, City of Lakes CLT has provided grants from their Opportunity Fund, which offered homeowners, spouses, partners, or dependents financial

support to advance personal goals that may result in asset or wealth creation for their households (however, the fund does not currently have financial support). These mini-grants were used for trainings, professional conferences, school books, tuition, and business development (Thaden 2012).

All of the CLTs reported some resident engagement activities to enable the health and quality of life of residents. For example, Durham CLT has formed healthcare-related partnerships to improve treatment for some residents with Sickle Cell disease. Athens Land Trust has developed an extensive urban agricultural initiative to provide access to healthy foods in food deserts (Rosenberg and Yuen 2013).

Creating Community Control of Land and Neighborhoods

While all of the CLTs utilize ground leases and maintain missions to serve the community through the provision of land and community assets, the CLTs—at varying degrees—also formalize the broader participation of the community within their governance structure and bylaws for decision-making. A couple of the CLTs that prioritize neighborhood control of land and community decision-making serve only one or a small number of neighborhoods (e.g. Dudley Neighbors Inc. and Durham CLT). As the Dudley Neighbors Inc.’s staff member stated, “We’re not thinking about going out to 20 different neighborhoods in Boston, we’re thinking about our neighborhood”. Informants from these CLTs explained that community control of land with deep community engagement is more effective by being “very neighborhood based...and [having] residents plan the units.” Both of these CLTs have rich histories of “taking back the neighborhood” and have worked to transform the outcomes of neighborhood residents beyond the provision of affordable housing. For instance, DSNI has had a significant impact on commercial development, job creation, and youth programs and training (and much more).

Alternatively, Champlain Housing Trust, the largest CLT in the U.S., also has the largest community membership with approximately 5,000 individuals. Champlain Housing Trust abides by the “classic” CLT model, whereby its membership is engaged in important decision-making about the disposition of properties. In select neighborhoods, this CLT has conducted significant community revitalization in order to develop needed community resources and assets. For instance, it has partnered with social service organizations to develop affordable commercial spaces for senior centers, food pantries, legal services, and more (Rosenberg and Yuen 2013).

Building Community

Some informants indicated that “building community” for the sake of community was an objective of resident and community engagement. However, CLTs had different orientations to these community-building efforts. In some instances, the goal is to promote “community” among CLT stakeholders. One example was the annual meeting held in a bowling alley by the City of Lakes CLT. In other instances, the goal is to promote community within the neighborhood or city. Durham CLT, for instance, has multiple community events each year (e.g. parades, block parties, community garden development). Athens Land Trust has urban agricultural projects that “increases intergenerational interaction”, whereby high school students and many older residents

grow and sell produce together. Proud Ground encourages new and long-term homeowners to build relationships and transfer knowledge about home maintenance and neighborliness.

Promoting Civic Engagement

Some CLTs emphasized the importance of civic engagement as an outcome of resident and community engagement. Some residents who took on important leadership roles in their CLT also did so in their local communities. For instance, in the late 1990s four of fourteen city council members were residents of Champlain Housing Trust. The first youth representative on the board of directors of the DSNI (the parent of Dudley Neighbors, Inc.) became the organization's executive director, campaigned to be Mayor of Boston, and currently serves as the city's Director of Economic Development. A Durham CLT member received the North Carolina Governor's Award for Volunteer Service and several Proud Ground homeowners are actively involved in the Schools Uniting Neighborhoods (SUN) initiative. These examples substantiate that engagement on CLT boards, committees, and sponsored activities translate into residents operating as effective change agents beyond the CLT.

Ensuring Resident-Driven Organizational Decision-Making and Strategic Planning

Some informants emphasized the importance of residents driving the organization's strategic plan and decision-making. Residents do not refer solely to those living in CLT properties, but also include all of the residents within the CLT's service area. As one informant stated, "Anybody in the community can participate." Some informants stressed the importance of community membership in order to ensure that the organization continued to act in service and be responsive to the broader community. CLTs with active community memberships hold annual meetings of members. All informants agreed that organizational accountability relied upon CLT staff and board members conducting ongoing and broader engagement with community members and partners in order to gather information and feedback to inform strategic planning. All of the CLTs had residents of the land trust and broader community representation on their board of directors for "helping to determine our strategic direction."

Bolstering Organizational Sustainability

Some CLTs emphasized that a critical purpose of resident and community engagement was to enable the sustainability of the CLT. Organizational sustainability included the ongoing development of resident and community leaders to internally govern the CLT, as well as external advocacy and the cultivation of public support and resources. As one informant stated, "We've got to engage residents continuously because as soon as we stop, the city will be like, oh well, there's no one else interested so, we're going to come back with *our* plans." For example, over Champlain Housing Trust's thirty year history, many of the gains initially made in support of the CLT's mission—such as inclusionary zoning, city and state trust funds, and broad policies on investing public resources in permanently affordable housing—have been attacked by private property interests. These enabling policies would be eliminated without the ongoing education and engagement of lessee and community members, which has resulted in strong support for community control of land for social equity.

Another prominent example of community engagement that supports the mission of the organization is the ongoing community organizing and advocacy of DSNI to promote the organization's ability to garner resources for the community. The development and growth of Dudley Neighbors Inc. was founded upon community advocacy to obtain the power of eminent domain in the Dudley Triangle. A more recent example is the work of City of Lakes CLT and Durham CLT who have both been working in coalition to advocate for permanently affordable housing and equitable transit oriented development as their cities plan mass public transit systems. Resident and community stakeholders of these CLTs have played critical roles in public education and political advocacy to sustain and grow their CLTs.

Factors Affecting Resident and Community Engagement Practices

Reviewing and coding transcripts and notes resulted in the identification of four prominent factors that have affected the resident and community engagement practices of these CLTs over time. These factors and the relevant experiences of CLTs are presented below.

Lifecycles of Engagement

As informants of older CLTs reflected on their organizational development and histories of resident and community engagement, they noted that residents also develop and age. At different junctures in life, engagement among residents can be easier or more challenging. First-time younger homeowners frequently gain increasing familial and work-related responsibilities. Older residents sometimes have more free time during retirement but also face challenges related to aging. Additionally, residents who have intensively engaged in the CLT or other community-related work can experience burn out. One informant described the cycle as “going through a process of getting very involved...and then saying to heck with this either because they got burned out or some issue [like child rearing] and now we're seeing them coming back...saying: hey what's up, we want to get involved; or I have a son, can he get involved in a summer program or that kind of thing.”

The CLTs found that they needed to tend to the “life cycle of engagement” of residents, tailoring engagement opportunities to the demographics and personal circumstances of residents. As one informant noted, for older residents, Dudley Neighbors Inc. seeks to “identify some service agency, which is their way of saying [to the resident], How can we help? How can we help you age in place?” Athens Land Trust has found it effective to foster intergenerational engagement through its community farming and produce stands. An informant from Champlain Housing Trust emphasized the importance of expressing gratitude to resident and community leaders and creating opportunities for public recognition to ensure engagement feels valued.

Organizational Capacity

Informants emphasized the importance of adequate staffing resources needed to carryout engagement and to increase the scale and impact of the CLT. In fact, informants believed engagement to be very important to portfolio growth, and coveted to spur a higher degree of stewardship. Once CLTs have a sufficient amount of homeownership units, ground lease fees can help to offset the costs of some staffing for stewardship. Nevertheless, CLT s articulated

limitations in capacity in order to provide the desired level of stewardship and support to residents. Ground lease fees are not enough to provide broad and deep resident and community engagement.

All of the CLTs reported that finding additional dedicated resources for engagement was more challenging than identifying funding for portfolio growth. Portfolio growth has a physical dimension that often gets quantified and monetized; “In fact, you count the amount of time you spend on putting deals together and moving projects forward.” Many federal or public funding sources for affordable housing will either compensate nonprofits for development or for administration of development. However, few public funding programs will compensate nonprofits for their time and effort conducting resident and community engagement (which directly or indirectly enlarge CLT portfolios and improve outcomes through stewardship).

Only half of the larger and more established CLTs that comprised the sample had at least one dedicated staff person for resident and community engagement (Champlain Housing Trust, City of Lakes CLT, and Dudley Neighbors Inc.). One informant mentioned her specific responsibilities as Engagement Manager were “to fully engage with all of the homeowners as well as going out to engage the community.” Another chimed in that, “we recently hired [a stewardship manager] whose job is outreach, and she is reaching out to communities and making sure we are sharing information. It has got a similar focus [to yours], which is, just go out and talk to people and get them engaged.”

Most of the other informants, however, did not have a staffer dedicated solely to engagement. These CLTs find themselves “running around trying to do everything” and compensate for the lack of capacity by having “each one of our [staffers] having to do all of those things.” As one informant explained, you have to “make decisions about how you’re spending your time;” hence, organizational management, portfolio management and growth, and community engagement compete for staff time. Furthermore, there is a heavier reliance on board members to participate in encouraging resident and community engagement while staff attends to the CLT portfolio. One informant stated “I’m doing community projects. So, a lot of it is left up to my board of directors.” Another put it this way: “Engagement with all residents and the community is going to happen. And, we engage the board. It requires all of us.”

One informant indicated “to really, really, build engagement takes a lot of time. Like hand-holding. Yeah, and sort of bringing everybody up to the same level of understanding about making the decisions.” Upon reflection, informants acknowledged that, as their CLT gained more experience, they also gained capacity and strategy to conduct effective resident and community engagement. In reference to her CLT and local context, one informant asked, “If someone had time to spare and they wanted to be involved, what would we really encourage them to do?” Her point was that in order to have real engagement, one must truly understand “what is centric to [the individual resident’s or the community’s] engagement.”

Reflexive practices of engagement resulted in some CLTs supporting engagement activities that place greater emphasis on involvement beyond the CLT towards broader regional or national social justice concerns. As mentioned previously, advocating for enabling public policies that support equitable community development and the right to housing, ultimately, supported the

outcomes and impact of some CLTs (especially CLTs located in more politically progressive climates). Hence, some CLTs were concerned about achieving and sustaining capacity for inviting, linking, or sharing information with residents to engage in activities of their choosing (not those prescribed by CLT staff).

Partnerships

Informants emphasized the important role of partnerships in helping to foster engagement and advancing the CLT's mission and impact. Informants recognized that “we just cannot do it all” and there were long-term benefits of involving other players (with different expertise and tools) in community change. Also, creating partnerships allows for mutual learning to take place and further expands awareness about the CLT movement.

Several CLTs had development partners, as some CLTs do not do development. As one informant stated, “we help run the planning processes, but we end up partnering with CDCs or private developers or whoever to build it; and so, that takes some of that tension away.” The tension was the competing priorities of conducting development (especially with public funding sources) and conducting broad-based engagement for community control of land.

In addition to partnerships with developers, “There are some partnerships with the city and with the county.” For instance, Champlain Housing Trust increases its portfolio by partnering with the local government on its inclusionary housing program. City of Lakes CLT has a strong relationship with its state housing finance agency, which provides funding and mortgage financing to enable portfolio growth.

Lastly, as reviewed above, all of the CLTs have partnerships with other nonprofits or community institutions that promote reaching their objectives for resident and community engagement. These partnerships enable access to valuable services for residents, such as HUD-approved housing counseling, spaces or management for urban agriculture projects, or healthcare-related resources. Furthermore, these partnerships can, at least in part, reduce the need for CLT staff to “do everything.”

Scale and Scope

Mutual agreement existed among informants that the larger the CLT scale, the more impressed funders tend to be. However, CLT scale—bifurcated into organizational and geographical dimensions—was perceived to interact most with engagement.

Organizationally, the size of the CLT can be a mixed bag, “Because when you hit a certain scale you sometimes get...some extra funding or extra support; but then, it gets tight again until you get to the next level.” According to one informant, “We're being expected to deliver more, but they're not investing in what we need in order to be able to deliver...Fund positions”! Trying to fulfill the CLT's mission and daily operations within the context of a size-staff mismatch is a daunting task that results in missed opportunities to advance outcomes or impact. At least one informant lamented, “The fact is, we're so busy that we're missing some of the opportunities with funders.” Another informant, from Proud Ground, expressed with distress, “We've got 360

people sitting on our wait list and those families deserve a chance at this too. We're only so big and can only do so much." When staff capacity is limited, difficult decisions have to be made about whether to invest in stewardship and engagement or portfolio growth.

The geographic scale in which a CLT operates may also make a difference. Informants, the majority of whom represented CLTs working at the citywide level, seemed to agree that a smaller geographic area allows the CLT to focus on less-varied community interests and to take a more intensive place-based approach for concentrating limited resources. Additionally, existing social capital and neighborhood networks within "organic" communities can be tapped into and leveraged differently than "constructed" communities developed across larger service areas by a CLT. There appeared to be consensus that the mindset changes when thinking about working at the scale of the city or region versus at the neighborhood level.

Working at a citywide geographic scale, which consisted of at least 20 neighborhoods and 83 different neighborhood organizations, an informant shared that the director of City of Lakes CLT "was very intentional about going out to each of the neighborhood organizations" and explaining the intentions of the CLT and listening to concerns. As a result, some of the organizations became partners and "financially invested in the program for people who bought in [their] neighborhoods." Staff continues to meet with and update all the organizations on a periodic basis regarding CLT activity in the neighborhoods. Another informant explained that Durham CLT works in six neighborhoods, some of which are not contiguous, and "each neighborhood is so different." Although some of these neighborhoods sustain a stronger community fabric than others, "the first thing we try to do is to plug the new tenant or homeowner into the existing circuit in that neighborhood." Where the neighborhood associations are weak, she has worked to strengthen them by offering support and identifying residents who could provide leadership. Alternatively, the level of effort expended by a neighborhood-based CLT in supporting engagement does not need to be so expansive.

Discussion

Based upon interviews, focus groups, and secondary research on six well-established and relative large CLTs, this paper addresses the perceived outcomes and influences of resident and community engagement, the time and considerations necessary to carry it out; and how partnerships and scale contribute to successful attainment of CLTs' missions and objectives. This study found that engagement was uniformly noted as integral for stewardship to attain positive outcomes and for portfolio growth to advance impact.

However, to date, literature on resident and community engagement in CLTs has predominantly focused on the importance of: 1) a community membership to enable community control of land and organizational accountability, and 2) the tripartite board structure to balance the interests of lessees, the broader community, and the public. In terms of building and maintaining a community membership, more often than not, staffers noted a disparity between the CLT's aspirations and the reality on the ground. Perhaps unsurprisingly, "general members" of the CLTs were frequently modest in number and few were highly engaged. Hence, CLTs did not appear to operationalize "community control of land" solely by the bylaws or constitution of a

membership. If meaningful community control was actualized, additional resident and community engagement activities to supplement corporate membership appeared necessary.

Ultimately, these informants highlighted the importance of resident and community engagement beyond organizational governance. They identified a broad array of reasons for why their CLTs engage residents of their properties as well as the residents of the broader community. Most salient were three additional purposes for resident and community engagement: 1) to enable the human development and improve quality of life among residents, 2) to foster civic engagement within the community at large, and 3) to create socio-political will that would enable the sustainability and growth of the CLT.

Delving deeper into the complexities of engagement, informants provided insight into, not only how and which choices were made for engagement practices, but why particular strategies for enhanced engagement became prioritized. In essence, resident and community engagement practices of these CLTs come down to a matter of “time and place.” For all of the CLTs in the study, the broader *temporal climate* and the *local socio-political environment influenced engagement*.

Temporal Climate Influences Engagement

The legacy and evolution of resident and community involvement within the CLTs studied supports that the timing of establishment significantly matters to their ongoing orientation and practices of engagement. Older CLTs—established through the 1980s (Champlain Housing Trust, Dudley Neighbors Inc. and Durham CLT)—appeared to be rooted in the history of the civil rights era and originated in a climate of social movements and community activism from the grass roots. Carrying into the present, the orientation of these CLTs for resident and community engagement leaned towards structural change to transform land tenure arrangements towards justice. Hence, they tended to prioritize resident and community engagement activities that focused on community control of land and neighborhoods, resident leadership, civic engagement, and cultivation of socio-political will for the CLT.

Second generation CLTs in this study—established during the 1990-2000s (Athens Land Trust, Proud Ground, and City of Lakes CLT)—emerged during an era when neoliberalism had taken hold of the country. The ethos of the times was characterized by economic liberalism, privatization, devolution, individualism, and self-sufficiency. In response, CDCs and other nonprofits professionalized and accommodated the need to run “like a business” in order to survive or thrive (Stoecker 1997, Yin 1998, Stoutland 1999, Lowe 2008). As expected, second generation CLTs position themselves more as expert collaborators with measurable outcomes than community organizers endorsing resistance. Carrying into the present, their orientation may be characterized as running “against the tides” of rampant individualism, “self-sufficient” bootstrapping, and entrepreneurial homeownership. They counter hegemonic homeownership narratives and the forces of private market capital by tending to prioritize resident and community engagement activities that enable increasing impact, building community, and transforming the intergenerational outcomes of families through human and economic development. Unlike their predecessors, they are less likely to “take to the streets” or lead

confrontational (or controversial) resident and community engagement activities that may alienate partners, block access to funding sources, or hinder scale.

CLTs should be cognizant of their history and the broader socio-political climate that helped to shape their approaches for engagement. Temporal climates change, and CLTs must deliberately decide whether they want to or need to change with them in order to reach their objectives, conduct effective engagement, and advance their impact.

Local Socio-Political Environment Influences Engagement

Trends in the orientation and approaches for resident and community engagement used by the CLTs studied support that CLTs are affected by the broader temporal climate; however, they are also affected by the local context in which they operate. While a CLT's rationale and aims for resident and community engagement are important, its engagement practices are influenced in large part by the local socio-political environment. Hence, CLTs—as with other community-based organizations—must strategically and practically operate within the local climate in order to advance their missions and sustain their organizations.

Weir (1999) set forth a typology of local socio-political environments in which community-based organizations must function that entail the following three classifications: *elite-dominated*, *patronage-backed* and *inclusive-driven* places. While not every locality or community-based organization discretely fits into this typology, it is helpful to identify and deliberate upon the political constraints and environmental threats that may influence a CLT's orientation and strategies for engagement. Also, it is helpful to recognize their subsequent effects on developing community control of land and neighborhoods as well as advancing scale and impact to transform the outcomes of households and communities.

Elite-dominated places lack a rich history of community organizing and engagement and have few mechanisms for connecting community-based organizations to power. As a result, the likelihood for CLTs to remain small because of few channels for effective independent participation outside of the power structure is high. CLTs may opt to form and operate in coalition with local groups to minimize potential backlash to social justice efforts. They may also try to increase capacity by partnering with non-local groups. However, external collaborations could breed distrust among other community-based organizations and residents. Also, it could increase the efforts of the local political establishment to minimize CLTs engagement and impact because of the potential threat of neighborhood mobilization, opposition leadership, and community ownership of land. To provide an example from the study, Athens Land Trust appears to be operating with this type of local environment.

Patronage-back places have more substantive traditions of community organizing and engagement than elite-dominated jurisdictions. However, in patronage-backed places, community-based organizations must resist falling under the control of local politicians who often maintain authority or influence over the dissemination of much needed resources. Under this structure, it would not be uncommon for politicians to offer CLTs resources that would direct engagement towards activities nonthreatening (and beneficial) to neighborhood and

political elites. In this study, Proud Ground was assessed as operating predominantly within this type of environment.

Inclusive-driven places present community-based organizations opportunities to exercise power autonomously of the political establishment. What is more, the political establishment in inclusive-driven places views the community-based sector as valuable and constructive allies. As a consequence, CLTs engaged within this political environment participate in influential networks and gain access to public and private resources with a relative consistency than the experiences of those working inside elite-dominated and patronage-backed structures. Champlain Housing Trust provides an example of a CLT working within this type of local environment.

In the end, the engagement strategies used by a CLT must take into account their specific socio-political environment. As this study supports, there is not a one-size-fits-all approach for developing effective engagement and a thriving CLT. The challenge for each CLT is to find the “right” balance between pushing for practical *and* meaningful change within their local socio-political environment while not overly compromising the CLT’s objectives or its likelihood for sustainability and growth.

Conclusion

As a part of the larger social justice movement, the CLT model advances perpetual affordability of housing, land ownership, and control for the common good. This study found that resident and community engagement was critical for CLTs to act as effective stewards of community-controlled land, support the positive outcomes of residents, and advance their impact in neighborhoods or larger localities.

An array of purposes and practices for engaging residents and community members were identified that extend beyond balancing stakeholder’s interests and establishing community decision-making within the CLT’s governance structure (the dominant purposes identified in the literature on CLTs to date). Factors affecting engagement practices were also identified. CLT staffers reported that effective engagement needed to: 1) be tailored to the lifecycle of residents, 2) address capacity constraints, 3) involve partners for efficacy and efficiency, and 4) attend to challenges relating to growth and geographic spread.

While an array of objectives for engagement was identified by informants, the six CLTs did not have the same priorities for engagement or incorporate all objectives equally into practice. Hence, they tended to have different orientations towards engagement, which were significantly influenced by the broader temporal climate at the time each CLT was established as well as the local socio-political environment under which each CLT operates. External influences of both time and place imply that there is not one regime of resident and community engagement that may be effective across new and old CLTs in various localities.

That being said, it appeared that CLTs who enacted multi-faceted engagement to encompass all of the reasons identified for engagement may be less at risk of becoming purely technocratic. In light of socio-political constraints, it is particularly important that CLTs strategically,

deliberately, and practically plan their goals and approaches for resident and community engagement to, ultimately, advance social justice and structural change.

Due to the design and small sample size of this study, the results cannot be generalized. Future research should explore factors affecting resident and community engagement in CLTs more broadly and address which engagement practices most significantly contribute to various outcomes in CLTs, such as community control of land, resident outcomes, and scale. Specifically, this study found that some CLTs have corporate memberships that elect the board of directors and others have community memberships with very limited rights. The relationships between membership structure, engagement, and community control of land need further exploration.

In order for CLTs to be able to comprehensively implement their resident and community engagement plans, funding must be made available. The authors recommend that public policies should be formulated to provide financial incentives for stewardship and engagement, and foundations should invest in CLTs to conduct the engagement activities necessary to improve the impact and outcomes of CLTs that advance social change.

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COMMUNITY LAND TRUSTS GROWN FROM GRASSROOTS

Neighborhood
Organizers
Become
Housing
Developers

By Miriam Axel-Lute and Dana Hawkins-Simons

AS INTEREST IN URBAN LIVING GROWS, the cost of residential real estate in many hot markets is skyrocketing. According to the Joint Center for Housing Studies (JCHS 2015), in 2014 rental vacancy rates hit their lowest point in two decades; rents rose in 91 out of 93 metropolitan areas studied; and the consumer price index for contract rents climbed at double the rate of inflation—and 10 percent or more at the top end, in Denver, San Jose, Honolulu, and San Francisco. Despite some interruption from the mortgage crisis, asking prices for homes for sale have continued to rise as well, often beyond the reach of potential home buyers (Olick 2014); in Washington, DC, the median home value nearly tripled from 2000 to 2013 (Oh et al. 2015). As housing activists look for effective tools to prevent displacement of lower-income families from gentrifying neighborhoods and create inclusive

communities, many are turning to community land trusts (box 1) as a way to help build the nation's stock of permanently affordable housing.

Much like community development corporations (CDCs), many CLTs grew from grassroots neighborhood organizations. Traditional community organizing (distinct from broader “resident outreach”) creates a base of residents who are empowered to determine for themselves what they need and mobilize to get it; as a united front, these individuals are better able to counter-balance corporate or governmental opponents and other forms of institutional power. Strategic collaboration and strength in numbers are essential to the successful formation of a CLT. But the skills required to organize politically around local concerns are very different from the skills required to manage real estate. While both sets of skills are required to implement and sustain a CLT, growing these core competencies under the same roof might hamper the neighborhood-based organization's ability to pursue or achieve its core founding mission.

T.R.U.S.T. South LA CLT raised funds to enhance green space in the neighborhood where it maintains 48 permanently affordable rental units. Credit: Cooper Bates Photography

BOX 1 THE CLT MODEL

Under the CLT model, a community-controlled organization retains ownership of a plot of land and sells or rents the housing on that land to lower-income households. In exchange for below-market prices, purchasers agree to resale restrictions that keep the homes affordable to subsequent buyers while also allowing owners to build some equity. The CLT also prepares home buyers to purchase property, supports them through financial challenges, and manages resales and rental units.

CLTs thus bring sustainable home ownership within the reach of more families, supporting residents who want to commit to their neighborhoods for the long term. In gentrifying areas, they provide an effective way for lower-income families to retain a stake in the neighborhood because they take a single initial subsidy (which could come from a variety of

sources, often public programs such as the HOME Investment Partnerships Program or Community Development Block Grants) and attach it to the building, keeping the units affordable over time without new influxes of public money. In weak housing markets, they are beneficial as well (Shelterforce 2012), providing the financial stewardship that ensures fewer foreclosures, better upkeep, and stable occupancy. In 2009, at the height of the foreclosure crisis, Mortgage Bankers Association (MBA) loans were 8.2 times more likely to be in the foreclosure process than CLT loans, despite the fact that CLT loans were uniformly made to low-income households (Thaden, Rosenberg 2010), and MBA loans included all income brackets. Of the very few CLT homes that did complete foreclosure, none were lost from the CLT's portfolio.

How have community organizations that created CLTs navigated the challenge of building two seemingly incompatible skill sets? We examined the experience of five established CLTs in locations across the country to see how they addressed this challenge and how their focus evolved as a result. From Boston to Los Angeles, community organizers faced a range of conditions, from high-vacancy neighborhoods with almost no housing market to booming areas where displacement was the top concern. Yet all five organizations had remarkably similar reasons for starting a community land trust: each

CLT director spoke of wanting community control of land to prevent residents from either losing a home or being unable to afford one. Even those CLTs that began in weak housing markets were located near downtowns, university districts, or other popular areas, and recognized the potential for displacement as conditions in the neighborhoods improved. All agreed that a clear community vision is essential to the success of a CLT, but some groups take direct responsibility for creating and implementing that vision, while others are devoted to housing work on behalf of a parent organization charged with shepherd-

ing the larger vision. Approaches to organizing and housing development varied as well, but all agreed that these two activities can be a difficult mix.

DUDLEY NEIGHBORS INC., BOSTON, MA

The oldest organization in our study, Dudley Street Neighborhood Initiative (DSNI), formed in a cold market in the 1980s to fight illegal dumping on broad swaths of vacant land left behind by a wave of arson. The city was proposing a master plan for the area without seeking input from residents, and community members responded by organizing DSNI to assert the community's right to direct decisions about land use within its boundaries. They won that right and through DSNI decided that a CLT was the best tool to help the organization implement the community's vision. "A lot of times, groups want to jump into creating a CLT thinking it will magically solve a neighborhood's problems," says Harry Smith, director of DSNI's CLT, Dudley Neighbors Inc. (DNI). "But first we say: 'Have you written down a vision of development in your community, and can you say how a CLT fits into that?'"

Founded in 1984, DNI is an independent organization, but it maintains close ties to its parent organization. The two groups share staff, and DSNI appoints a majority of the CLT's board. The CLT is responsible only for providing affordable housing and community control of land,



freeing DSNI to make organizing and community planning its main priority. Neither DSNI nor DNI carry out development directly, but instead partner with local affordable housing developers.

Because of its long history and established relationships, DSNI engages in less confrontational organizing than it did in its earliest days. But it doesn't shy away from it if necessary. In fact, Smith reports that maintaining a CLT can be a unique political strength. When DSNI organizes around the fate of a particular parcel of land, "Having a land trust gives us an extra level of impact," he says.

SAWMILL COMMUNITY LAND TRUST, ALBUQUERQUE, NM

Located in Albuquerque, New Mexico, Sawmill CLT was born in 1996 when, after a decade of community organizing, low-income residents banded together to fight a nearby factory that polluted their air and threatened their health.



Above: Dudley Neighbors CLT in Boston provides affordable housing and community control of land on behalf of its founding organization, the Dudley Street Neighborhood Initiative (DSNI), freeing DSNI to focus on community planning and organizing. Credit: Travis Watson

Left: Sawmill CLT is one of the nation's largest community land trusts, with 90 home owner properties and 203 rental units on 34 acres of land in Albuquerque, New Mexico. Credit: Sawmill Community Land Trust

TABLE 1
PROFILES OF FIVE SAMPLE CLTS

ORGANIZATION	DUDLEY NEIGHBORS, INC.	SAWMILL COMMUNITY LAND TRUST	SAN FRANCISCO COMMUNITY LAND TRUST	T.R.U.S.T. SOUTH LA	COMMUNITY JUSTICE LAND TRUST
YEAR FOUNDED	1984	1996	2003	2005	2010
LOCATION	Boston, MA	Albuquerque, NM	San Francisco, CA	Los Angeles, CA	Philadelphia, PA
SERVICE AREA	One neighborhood	One neighborhood, expanding into second	City	One neighborhood	One neighborhood
FOUNDING GROUP	Dudley Street Neighborhood Initiative (DSNI)	Sawmill Advisory Council	Various citywide housing organizers	Esperanza Community Housing Corporation, Strategic Actions of a Just Economy, and Abode Communities	Women's Community Revitalization Project (WCRP)
CURRENT DIRECTOR	Harry Smith	In transition	Tracy Parent	Sandra McNeill	Nora Lichtash
STRUCTURE	Subsidiary	Standalone	Standalone	Standalone	Program
DEVELOPER?	Via partners	Yes	Yes, but existing property only	Via partners	Yes, via parent
HOME OWNERSHIP UNITS*	96	90	0	0	0
RENTAL UNITS*	52	203	9	48	238
CO-OP UNITS*	77	0	45	0	0
WHO DOES ORGANIZING?	Parent group	Self; supported civic groups	Founding partners	Self, in coalition	Parent group
LEADS ON COMMUNITY VISION?	No	Yes	No	Partners	No

* As of December 31, 2014. Source: National Community Land Trust Network

Affordable housing development is a complicated and expensive business that no community organization should take lightly if it is thinking about starting a CLT.

They wanted to assert control over future use of the space. After leaders attended a conference to learn more about CLTs, they held a series of community meetings on the topic. Though some residents aired concerns about the lack of land ownership in the CLT model, a community elder reminded them that they didn't truly have ownership of their property in any case, either because they were renting or were ill-equipped to control what happened on their land. Former executive director Wade Patterson says, "The fact that the work was specifically geared toward controlling housing costs assuaged concerns about gentrification and displacement. The fact that we got a house instead of another factory was something we couldn't argue with."

Sawmill CLT was created as a standalone organization dedicated to housing development, stewardship, and property management. It's one of the largest CLTs in the country, with 34 acres,

which includes rental, ownership, and senior housing. Recently, it won an RFP issued by the city of Albuquerque to revitalize an old motel in a new neighborhood in the city, and the CLT is figuring out how to enter the community respectfully from outside.

Albuquerque's Sawmill-area neighborhood associations, including the Sawmill Advisory Council, which launched the CLT, focus on "community building" through cultural events, says Patterson. The CLT supports neighborhood organizing by offering meeting space in one of its buildings and other support. Patterson says, "Our goal isn't to lead but to be behind them."

SAN FRANCISCO COMMUNITY LAND TRUST, SAN FRANCISCO, CA

SFCLT was launched in 2003, at a time when the city was already one of the hottest real estate markets in the country, and low-income residents were concerned about soaring rents and illegal evictions for condo conversions. Housing organizers were seeking a model that could prevent evictions and give lower-income residents more control over their living situations.

The CLT is a standalone entity, but it maintains a close relationship with the housing

organizers who founded it. When its partner groups organize to prevent evictions or condo conversions in an at-risk building (generally small apartment buildings), SFCLT steps in as a preservation purchaser and converts them to co-ops on CLT-owned land. SFCLT has in-house real estate expertise, but does not develop new buildings, and it contracts out any needed rehabilitation. It handles the financial aspects of the acquisition and the conversion, the stewardship of the land, and the training and support that helped residents form a co-op board and carry out co-op governance. "Housing groups refer everyone to us; we're the only housing organization that can help stabilize a multi-unit apartment building by buying it," says director Tracy Parent. SFCLT organizes its member base to support the broader issues that its coalition partners push for, but it doesn't "initiate organizing" on issues, according to Parent.

T.R.U.S.T. SOUTH LA, LOS ANGELES, CA

When T.R.U.S.T. South LA was formed in 2005, its target neighborhoods were filled with vacant lots and deteriorated housing, while surrounding areas were under increasing development pressures. While the founders—Esperanza Community Housing Corporation, Strategic Actions of a Just Economy, and Abode Communities—originally envisioned the CLT as primarily a housing tool, it has taken on a broader role in implementing a community vision. "Originally, we formed as a land acquisition group. Then our members wanted to organize," says executive director Sandra McNeill. The CLT has, for example, organized against a slumlord who was trying to evict residents from a building he had strategically let deteriorate in order to cash in on expiring section 8 affordability restrictions. It has also organized to raise funding for transportation and green space improvements in its neighborhood and participated in coalitions to support broader citywide policies such as increased funding for affordable housing.

The group now describes itself as "a community-based initiative to stabilize the neighborhoods south of downtown Los Angeles." T.R.U.S.T. South LA is a standalone organization that considers



T.R.U.S.T. South LA's mission is to "stabilize the neighborhoods south of downtown Los Angeles." Credit: Cooper Bates Photography

itself part of the development team on housing projects, partnering with others to purchase, finance, and construct or rehabilitate housing.

Although T.R.U.S.T. South LA does a lot of organizing, nearly all of its policy work is conducted in collaboration with other groups, including its founding partners. "Affordable housing developers generally aren't risk takers," says McNeill. "They may be involved in political work to ensure that funding streams are in place for affordable housing, but that's as far as most of them go."

COMMUNITY JUSTICE LAND TRUST, PHILADELPHIA, PA

Community Justice Land Trust in Philadelphia formed in Northeast Philadelphia in 2010 amid combined cold and hot market challenges. Although the neighborhood suffered from a large number of vacant and abandoned properties, it was surrounded on all sides by booming markets, and those rising prices and development pressures seemed likely to spread. The Women's Community Revitalization Project (WCRP), along with a coalition of local civic organizations, held dozens of public meetings to help the community members understand what forming a CLT would mean and to explore their concerns about resale restrictions. Attendees voted in favor.

CONTINUED ON P. 35



San Francisco CLT purchases small, at-risk apartment buildings and converts them to co-ops on CLT-owned land. Credit: Tracy Parent

Community Land Trusts Grown from Grassroots

CONTINUED FROM P. 25

Community Justice CLT is set up as a program of WCRP, which has its own in-house development and organizing expertise, including an entire department devoted to organizing.

But as WCRP's executive director Nora Lichtash warns, "Sometimes you lose relationships when you're organizing. . . . Sometimes people don't like to be pushed to do the right thing." Indeed, WCRP apparently pressured its local council person enough on certain issues that she declined to give the CLT vacant land it had hoped to secure for its first development. In the end, however, the council person helped the group establish a citywide land bank (Feldstein 2013–14), which furthers some of the same goals as the land trust.

Despite potential tensions like these, Lichtash believes that organizing and CLT functions should stay closely related. "It's important to remember that organizing and building affordable housing fit together," she says. "Your funders think you should be doing one or the other, but it's not good

for CLTs to be separated from organizing. You're building your capacity for present and future work. When you organize, you're respected because you have people power."

To Develop or Not to Develop: A Big Decision

Affordable housing development is a complicated and expensive business that no community organization should take lightly if it is thinking about starting a CLT. As DNI's Smith says, "If you do development work, it will take time away from organizing, which is cumulative. It takes time and a lot of sacrifice to form a truly representative, neighborhood-based organization. If you cut corners, you risk jeopardizing a lot of the power you've built up over the years."

The Boston experience, for example, begins with a cautionary tale. DSNI stepped in when the original developer for the CLT's first project backed out of the deal. It was "traumatic" for staff and board, says Smith. "It took so much time. It distracted DSNI from its core functions."

The idea of controlling development resources and accessing developer fees

can be seductive to grassroots groups, says WCRP's Lichtash. But they should proceed with extreme care. "Becoming a developer can muddy the waters," she says. "You have to focus on every detail in million-dollar deals. It takes you away from educational work."

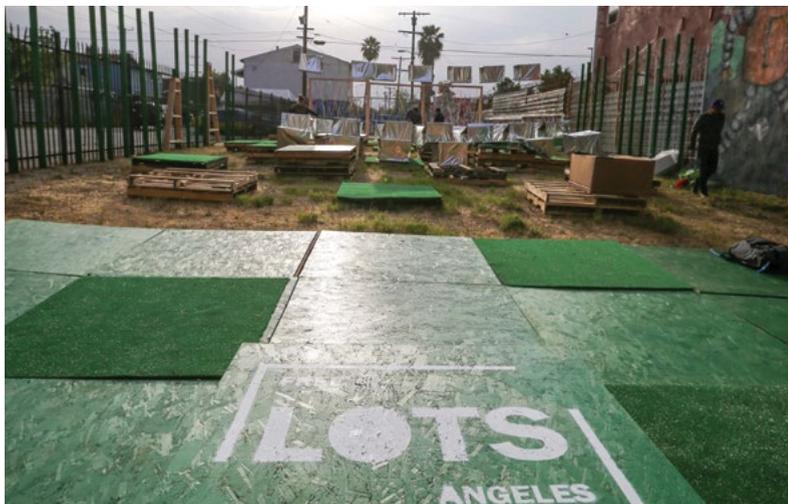
"Real estate work is very hard, speculative," Lichtash continues. "You think you're getting one thing and instead you get another. I tell people to partner for a long time first. It's hard to keep both tenants and funding sources happy."

Patterson of Sawmill agrees and adds that it's particularly difficult "to meet all the deadlines and reporting requirements on funding [for development]. I'm always shocked by the amount of administrative overhead that's required." He also advises that if you can't make the numbers work, "it's important to know you can pull out of a project if needed."

T.R.U.S.T. South LA's McNeill says, "Development definitely has its own language. It's complex stuff. Nonprofits that do it have large budgets and tend to have sizable staffs. I respect the skill it takes to pull off these deals. It's a very different skillset from what we do."

Another consideration is that affordable housing development is not an easy industry to break into these days. In the current funding environment, many of the subsidies that CLTs have traditionally used to develop and steward their units are being slashed, and mortgages for potential CLT home buyers are harder to find. McNeill says, "We've gone through enormous shifts in the housing industry. The reality is that there isn't an opening now for new organizations to get into the development business. It's definitely not the time."

Even the ongoing stewardship of a CLT requires a different kind of relationship with residents than an organizer would have. "Developer fees



Vacant lots and deteriorated housing were rampant in South LA when the T.R.U.S.T. CLT formed in 2005 to revitalize the neighborhood and preserve affordable housing there.

Credit: Rudy Espinoza

CONTINUED FROM P. 35

and rent collection could impact the relationship with residents and the power dynamic,” says Smith of DNI. “You’re responsible to leaseholders and non-leaseholders in your community, so there are tensions,” according to Lichtash of WCRP. And as SFCLT’s Parent comments, “Organizers often paint issues as clear moral choices,” but when you are involved as a property manager, “there are nuances.”

Eyes on the Prize

Once a community group has determined that a CLT is an appropriate tool for keeping housing affordable to local residents, the next questions should be: How will the roles be divided up? Who is taking the lead on implementing the broader vision? Is there an organization already in place that’s committed and able to take that on, or does one need to be created? Are there groups serving the community that already have development expertise and access to funding that could partner with a CLT or even fold one into their work? How can the new CLT partner with and support the community’s organizing work rather than distract from it?

Many newer CLTs are following the lead of groups like DSNI and T.R.U.S.T. South LA by setting up a separate organization to manage the stewardship and land ownership functions, and then drawing on the capacity of existing affordable housing developers through partnerships. While every locality is different, this approach seems like a wise place for groups to start, especially if they want to preserve their energy for the important work they started with: fighting for vibrant, equitable communities. □

Miriam Axel-Lute is the editor of *Shelterforce*, a magazine devoted to the field of community development. She has written extensively on both organizing and community land trusts. She can be reached at miriam@nhi.org.

Dana Hawkins-Simons is an award-winning journalist who has published groundbreaking investigations in *U.S. News & World Report*. She is also the former director of the Opportunity Housing Initiative at the National Housing Institute. She can be reached at dana@hawkins-simons.com.

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Community Land Trusts

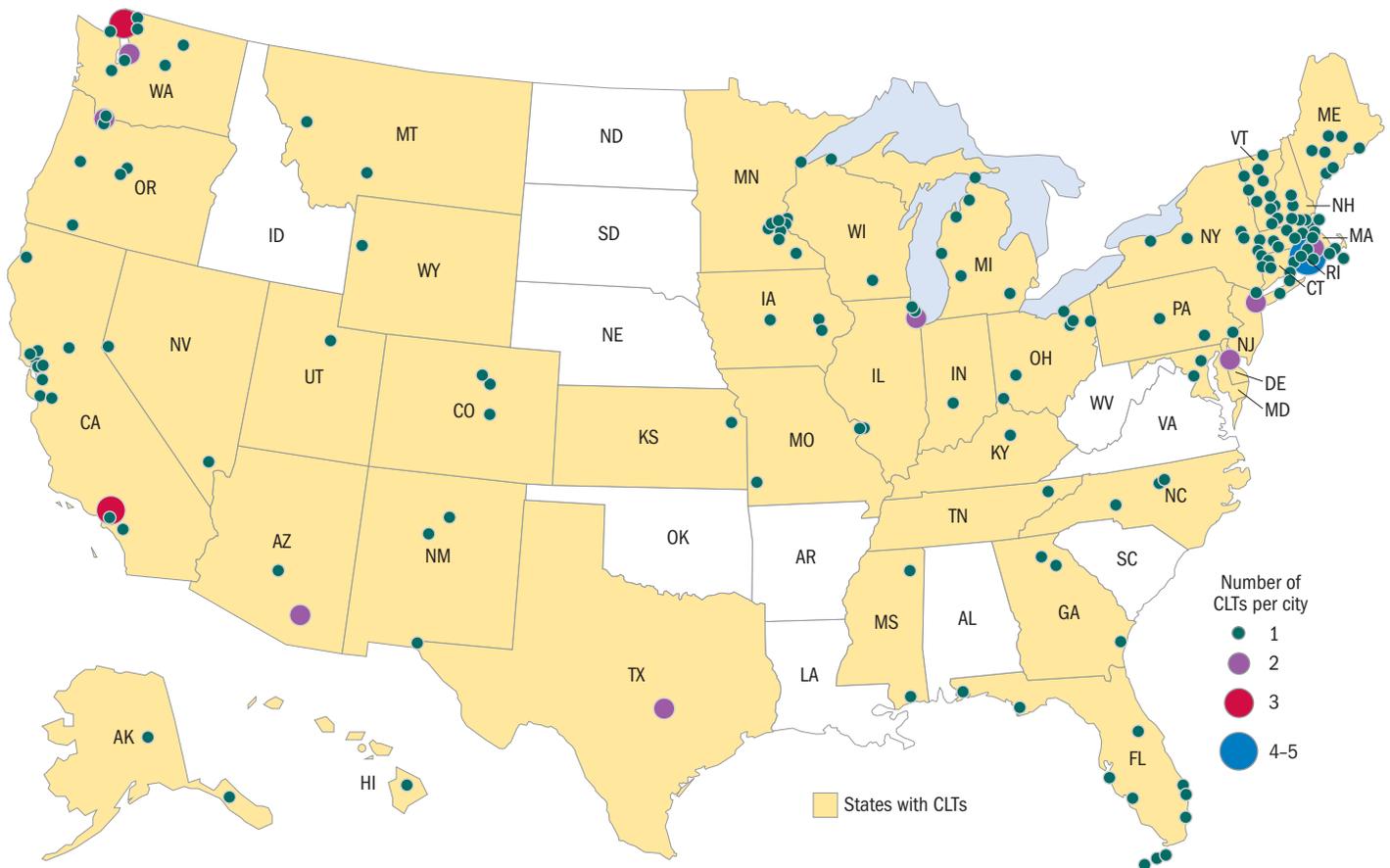
A Solution for Permanently Affordable Housing

Rosalind Greenstein and Yesim Sungu-Eryilmaz

With housing prices outpacing wage increases in the United States, the number of households that paid 50 percent or more of their income on housing rose by 14 percent, from about 13 to 15 million, between 2001 and 2004; of those 15 million households, 47 percent were owners and 53 percent renters (Joint Center for Housing Studies

2006). While this situation is apparent in many cities and towns across the country, it is most acute on the coasts and in some Sunbelt cities. San Diego, for example, had the largest increase in real median home values, changing from \$249,000 in 2000 to \$567,000 in 2005 (U.S. Census Bureau 2006). The widening gap between incomes and house prices moves ownership out of reach for many low- and moderate-income households, and greatly burdens renters.

FIGURE 1
Community Land Trusts Are Located Throughout the United States



The community land trust (CLT) is one mechanism that addresses this need for affordable housing, and it also can be considered an institutional mechanism for capturing socially produced land value. The CLT is typically a private, nonprofit corporation that acquires land parcels in a targeted geographic area with the intention of retaining ownership of the land for the long term. The CLT then provides for the private use of the land through long-term ground lease agreements. The leaseholders may own their homes or other improvements on the leased land, but resale restrictions apply. In theory, the CLT removes the cost of land from the housing price by separating ownership of the land from that of the house or other improvements.

Growth of the CLT Movement

The CLT movement is relatively new. According to a national survey of CLTs, most were formed over the last 20 years, with the pace of CLT formation increasing in the last decade (Greenstein and Sungu-Eryilmaz forthcoming).¹ There are now approximately 186 CLTs in 40 of the 50 states and the District of Columbia. CLTs are most concentrated in the cities of the Northeast (37 percent), the West (29 percent) and the Midwest (19 percent); only 15 percent of CLTs cur-

rently are located in the South (see Figure 1).

Several factors have remained important to the formation of CLTs over time. The efforts of individual members of the community have been a key factor in the formation of most CLTs, regardless of when they were formed. The efforts of local community groups was the third major factor in start-up support for the CLTs (see Table 1).

The impetus for CLT formation has shifted somewhat over the past four decades since the first CLT in the United States was founded in 1968 in rural Georgia. Over the past 25 years municipal governments have taken a greater interest in sponsoring CLTs than private businesses or other groups. For example, the City of Delray Beach, Florida and the Delray Beach Redevelopment Agency created the Delray Beach Community Land Trust in 2006 to own and manage land for the benefit of the Delray Beach community. In December 2005 the City of Chicago announced its intention to create a citywide CLT to be staffed by the City of Chicago Housing Department. In May 2006 Irvine, California announced its commitment to fund the Irvine Community Land Trust with more than \$250 million to create nearly 10,000 units of below-market-rate housing over 10 years.

According to our survey data, public officials provided a major impetus in the creation of 22

TABLE 1
Community Involvement Is Key to the Formation of CLTs

	Decade of CLT Formation				Number of CLTs
	1970s	1980s	1990s	2000s	
Number of CLTs formed per decade	4	24	39	52	119
CLT formation factors*					
Effort of local individuals	3	18	35	36	92
Financial support from the public sector	0	11	22	28	61
Effort of local community groups	3	12	19	26	60
Effort of local government or public officials	0	10	14	22	46
Effort of an organization outside the local area	3	9	13	19	44
Financial support from the private sector	2	9	16	16	43
Effort of local foundations and businesses	1	5	11	16	33

* Respondents could check one or more formation factors.

1 The goal of the national CLT survey was to provide important baseline data for the CLT model that is gaining national acceptance. The overall response rate for the survey was 64 percent.

of the 52 CLTs formed in the last six years (42 percent), and public financial support was important in more than half of these start-ups (see Table 1). This is in contrast to the first few CLTs in the 1970s, when public sector financial support was not reported as being important.

The municipalities and other entities that are exploring the CLT model are motivated by two features: permanent housing affordability and subsidy retention. CLT homes are made permanently affordable for low- or moderate-income homeowners through contractual controls embedded in the ground lease, even after the resale of the homes. When a CLT homeowner sells her house, the CLT retains the ownership of the land. Thus, subsidies to the CLT to purchase land stay with the CLT. Municipalities and private funders of below-market-rate housing find this subsidy retention to be both fiscally and politically attractive, since most other affordable housing programs—such as down-payment assistance, subsidy of closing costs, or forgivable second mortgages—do not incorporate perpetual affordability in their design.

While some of these programs may require the homeowner to repay subsidies when the house is sold, many do not, thus providing a windfall to the seller. In the CLT model, the selling price of the house is determined by the resale formula. These formulas vary among CLTs and are designed to balance the competing interests of the current owner to realize profits on their house investment with the interests of future owners to find an affordable home. The resale formula and the right of

the CLT to have the first option to purchase upon resale are the mechanisms that ensure permanent affordability for CLT houses.

To explore these and additional features of the CLT model, the Lincoln Institute gathered a group of scholars and practitioners in September 2006 to discuss recent research that addressed and raised critical questions about permanent affordability, the role of the community in the CLT model, subsidy preservation, and property taxation issues.

Provision of Affordable Housing

As interest in the CLT model as a mechanism for providing affordable housing expands, the evaluation of the model becomes very important. Currently CLTs largely serve low- and moderate-income households, but not very low-income households (see Figure 2). Steve Bourassa’s paper includes simulations of the costs to households of several CLT options relative to renting or fee-simple ownership given various assumptions about interest rates, house price inflation, and resale formulas (Bourassa forthcoming).

Since house appreciation is highly affected by local real estate conditions and interest rates, Bourassa concludes that CLT housing, when evaluated as an investment from only the homeowner’s point of view, may be a good investment only under certain conditions, just like market-rate, fee-simple housing. His paper raised the important policy question of whether any subsidies ought to go to home ownership when there remains such

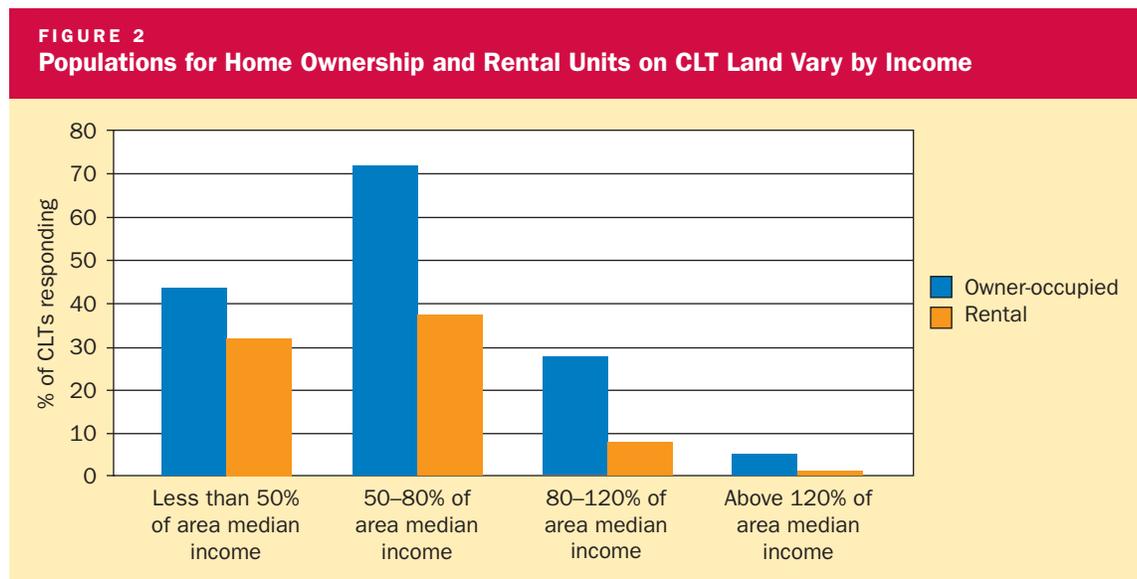
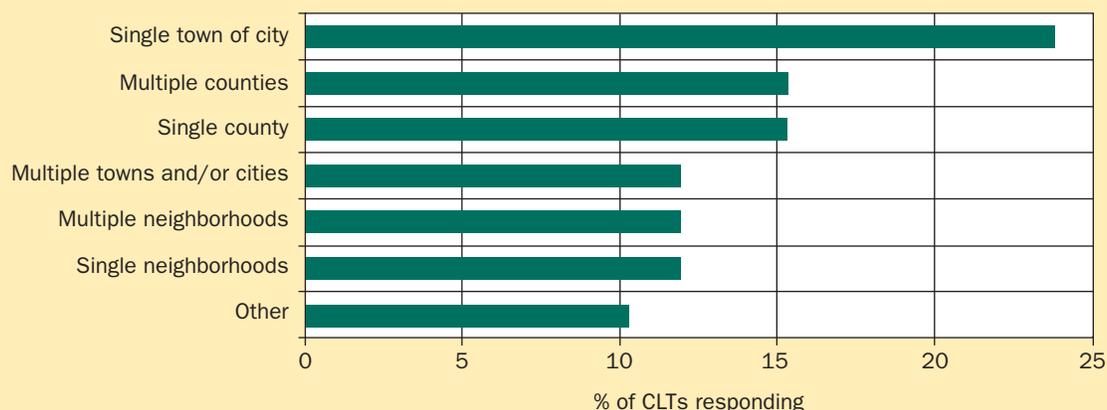


FIGURE 3
CLTs Serve Single and Multiple Communities



a great unmet need for assistance to low-income renters.

Tom Angotti and Cecilia Jagu (forthcoming) examined the costs and benefits of low-income, multifamily rental housing provided by three CLTs: Cooper Square Community Land Trust in New York City; Northern California Land Trust in Berkeley; and Burlington Community Land Trust in Vermont. Cooper Square emerged out of a decades-long community struggle to secure below-market-rate housing in lower Manhattan. The City of New York deeded the land to the CLT on which it built rental housing. While most CLTs do not face Manhattan's high land costs, rising costs in many metropolitan areas are likely to increase CLTs' stocks of multifamily housing.

Based on their analysis of Cooper Square, Angotti and Jagu argued that land trusts are able to provide rental housing at very low cost when compared to local markets, when there is strong local government support. However, reports from the field should cause CLTs to be quite careful as they enter the rental housing market. Bratt (2006) reports a series of challenges that experienced nonprofit organizations have faced in renting subsidized units, such as high turnover and vacancy rates, limitations on the ability to raise rents, overly optimistic revenue projections, and an inability to anticipate changing market conditions.

John Davis suggested that it is helpful to see CLTs, along with deed-restricted housing and limited-equity cooperatives, as shared-equity housing. In this sector, "occupants have more rights than are typically offered in rental housing and more restrictions than are typically imposed in home-

owner housing" (Davis 2006). The housing continuum then can include a variety of options for households with different needs based on income and family composition. While most CLTs have focused their resources on home ownership, according to the CLT survey, 46 percent of CLTs have some rental units in their housing portfolios.

Stewardship also plays an important role in the CLT philosophy. For example, CLTs steward land for community use and benefit, and they steward houses for low- and moderate-income families. The CLT typically is responsible for inspecting the house once a year. In addition, some CLTs dedicate a portion of lease fees to a capital reserve fund that stays with the house, not the leaseholder.

This philosophy of stewardship also has led CLTs to provide a package of homeowner services to the CLT leaseholders, who are frequently first-time homeowners or even first-generation homeowners. CLTs call this "backstopping." That is, they work with families who may face financial difficulties and or are on the verge of defaulting on their mortgage. When CLTs enter into landlord-tenant relationships, they bring this same stewardship philosophy to their renters.

The Role of the Community

The community served by CLTs differs among locations. According to the CLT survey, only 12 percent of CLTs described the community they served as a single neighborhood, whereas almost 25 percent encompassed a single town or city (see Figure 3). Reports on two case studies—the Durham, North Carolina CLT (Grey and Miller-Cribbs forthcoming) and First Homes of Rochester, Min-

nesota (Packnett 2005)—facilitated discussion of the definition of the community in the CLT model and allowed the seminar group to contrast a classic CLT with a variant on the model.

The Durham CLT, founded in 1987, targets multiple neighborhoods located between downtown Durham (former home of the “Black Wall Street,” the Hayti district, and the tobacco warehouses) and Duke University’s West Campus. Like most Southern cities, Durham had a flourishing African-American district, which was home to the social, cultural, spiritual, and commercial center of the community. As in many other cities, the Civil Rights Movement brought increased choices to individuals and, ironically, had a devastating effect on this historic section of Durham.

The Durham CLT develops affordable housing and engages in community revitalization in its service neighborhoods. Its elected board of directors is made up of one-third leaseholders, one-third community residents, and one-third representing the “public interest.” This tripartite board structure reflects the varied interests in a CLT property and is the structure referred to as the “classic CLT.” The CLT as the landowner and community steward of the land for affordable housing has an interest in the land that extends beyond the current users. The homeowner/leaseholder as the occupant of the land has an immediate interest, and the surrounding neighbors have a stake in the land since their own property values are affected by conditions in the neighborhood. The general

public also has an interest in the property as a mechanism to provide below-market-rate housing for their community.

First Homes, on the other hand, is a project of the Rochester Area Foundation. This program received half of its \$14 million in start-up funds from the Mayo Clinic, which saw the CLT as an effective tool to create affordable workforce housing in multiple surrounding counties. Its board of directors, appointed by the foundation, consists of both leaseholders and the public at large.

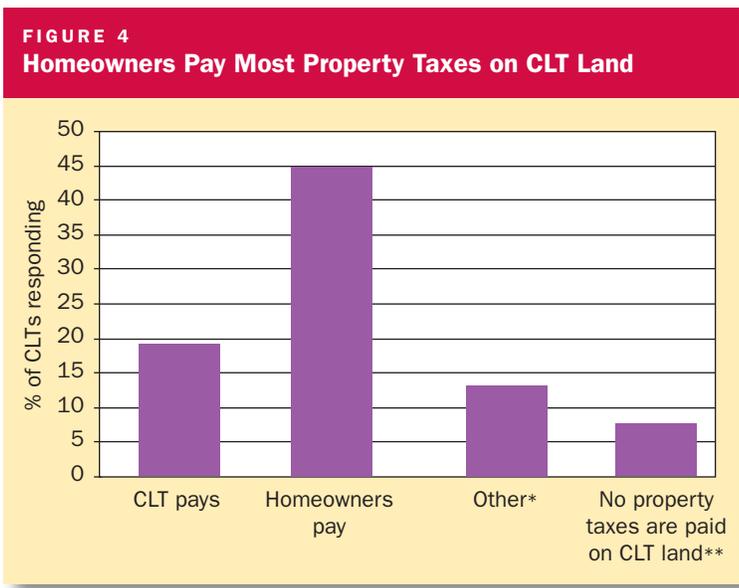
The different ways that board members are elected or appointed in these two cases affects the make-up and meaning of their respective communities, but we do not yet fully understand the implications of these differences.

Subsidy Preservation

Are CLTs a good investment for public and private agencies interested in promoting below-market-rate home ownership, and how does investment in CLTs compare to investment in other similar programs? How effective are CLTs compared to other affordable housing strategies in maintaining affordability for subsequent owners? Mickey Lauria and Erin Comstock (forthcoming) raised these questions and provided an empirical analysis of the Northern Communities Land Trust in Duluth, Minnesota, and the Minnesota Urban and Rural Homesteading Program, another affordable home ownership program in the same locality.

They reported three preliminary findings. First, less money was required to subsidize the purchase of a house through the CLT program than through a conventional mortgage assistance program, because the CLT does not have to subsidize the owner’s purchase of the land. Second, the CLT used subsidies more efficiently than the Homesteading Program. Considering that both programs served the same household income group, it cost the CLT around \$100,000 less to assist a low-income household to buy a house. Furthermore, for every one household assisted by the Homesteading Program, the CLT can assist an average of four households.

Lauria and Comstock’s third finding indicated that CLTs preserved affordability for subsequent low-income buyers in Duluth. For the most part, affordability was not only preserved upon resale of the CLT home, but it actually increased. That is, on average, homes were resold to households earning 4 percent less than the original purchasing



* Other includes cases where both the CLT and the homeowner pay the taxes.
 ** None of the CLTs that pay no property taxes make payments in lieu of taxes (PILOTs).

household, and furthermore homes were sold at prices less than the original purchase price.

Restricted Resale Value and Property Taxation

Property tax laws and procedures vary greatly across and within state jurisdictions, and CLTs must operate within the realities of local taxing environments. Because many CLTs are incorporated as a 501(c)(3) nonprofit organization, they can sometimes claim exemption from local taxes on their land. However, according to the national CLT survey, less than 10 percent of CLTs pay no property taxes on their CLT land. Forty-five percent of CLTs reported that property taxes on the land are paid by the homeowners (see Figure 4).

Alexis Perotta (forthcoming) found similar results and further explored issues in assessment and taxation of CLT homes and land. Her study surveyed 27 CLTs in 17 states to discover how property is assessed. Most cities are not in the practice of assessing land and improvements separately. However, in the case of CLTs, where the ownership of land and buildings is split between the CLT and the leaseholder/homeowner, her research found that land and property are assessed separately, although the same tax rate is usually applied to both assessed values. Her study also raised the issue that can occur when land and property are taxed without considering either the restricted resale value or the separation of land from improvements. The assessed value of a CLT house should reflect the contractual controls that reduce the value, and consequently the CLT land should be taxed at a reduced rate (Davis 2006).

Conclusion

The CLT model is an attractive institutional mechanism for providing and maintaining the stock of affordable housing, but more research is needed to evaluate the CLT model. From an economic perspective, research is needed about the effectiveness of the CLT model as a vehicle for creating initial affordability, preserving long-term affordability, and retaining the public's investment with respect to different populations served and varying market conditions.

From the legal and financial perspectives, understanding key policy issues such as the taxation, subsidization, and the mortgaging of CLT houses is needed. From a social perspective, questions of neighborhood stability and homeowner mobility

ABOUT THE AUTHORS

ROSALIND GREENSTEIN is senior fellow and chair of the Department of Economic and Community Development at the Lincoln Institute of Land Policy. Contact: roz@lincolninst.edu.

YESIM SUNGU-ERYILMAZ is a research associate in the same department. Contact: yesim@lincolninst.edu.

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are important. Research may determine the extent to which the CLT model is effective in foreclosure prevention, in creating personal wealth for individual homeowners at different income levels, and in retaining community wealth in locations with mixed social, economic, and political characteristics. Such research would provide recommendations for policy changes at the local, state, and federal levels. **I**

**Community Land Trusts and Low-Income
Multifamily Rental Housing:
The Case of Cooper Square, New York City**

By Tom Angotti
With the assistance of Cecilia Jagu

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Working Paper**

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Abstract

Community land trusts have often promoted owner-occupied single-family housing in rural areas and small towns, but many CLTs have sizeable numbers of multifamily rental and cooperative units. As CLTs are engaged in a national dialogue about “scaling up” production, there is renewed interest in multifamily options in cities. This paper examines the costs and benefits of a multifamily project by the Cooper Square Community Land Trust in New York City. Comparisons are made with new construction and rehab projects of the Burlington Community Land Trust (Burlington, Vermont) and Northern California Land Trust (Berkeley, California). The Cooper Square CLT is a unique case that has so far not been studied. It provides low-income housing with guaranteed long-term affordability in a dense urban setting where gentrification is removing affordable units from the housing stock. Tenant and neighborhood organizing that started over four decades ago, which has resulted in a broad array of community-controlled land, has been a key to Cooper Square’s success, as has support from City government. Cooper Square uses City subsidies more effectively than other programs.

About the Authors

Tom Angotti is Professor of Urban Affairs & Planning at Hunter College, City University of New York, and Director of the Hunter College Center for Community Planning & Development. He is editor of *Progressive Planning Magazine* and *Planning Practice & Research*, and Land Use columnist for www.gothamgazette.com. His book *We Won't Move* is forthcoming from MIT Press, and he previously authored *Housing in Italy* and *Metropolis 2000*.

Tom Angotti
Professor of Urban Affairs & Planning
Hunter College/CUNY
695 Park Avenue
New York, NY 10021
tel: 212/650-3130
tangotti@hunter.cuny.edu

Cecilia Jagu is a student in the Masters in Urban Planning program at Hunter College, City University of New York.

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Community Land Trusts and Low-Income Multifamily Rental Housing: The Case of Cooper Square, New York City

Introduction: Community Land Trusts and the Single Family Home

Judging from the promotional literature and websites of Community Land Trusts (CLTs) across the nation, it might appear that the highest priority for community-based housing developers is single family owner-occupied housing. The earliest CLTs started in rural areas, small towns and cities where single family homes are the most common housing type because land is relatively inexpensive. Among the approximately 160 land trusts in the U.S., affordable homeownership has been one of the major objectives, if not the main objective. CLTs provide unique opportunities for first-time homebuyers with modest incomes, preserve affordability when homeowners sell, and maximize the benefits of public subsidies (Davis & Demetrowitz, 2003; Burlington Associates, 2005). On the other hand, public subsidies for the development of affordable homeownership through conventional means usually benefit only the first homeowners, and there are few guarantees of long-term affordability. In such cases in which there are little or no resale restrictions, turnovers may have an added effect of contributing to increases in both land and housing values in areas where affordable homeownership is losing ground. The CLT model and its resale restrictions, if broadly applied, can limit increases in land and housing values over the long term and help stabilize neighborhoods facing the traumas of speculative land development. In a recent study John Emmeus Davis (2006), demonstrates how the CLT model can be part of a broader strategy for “Shared Equity Homeownership.”

Despite the apparent emphasis of CLTs on the promotion of homeownership, a sizeable proportion of the housing provided by the largest CLTs today is for rentals. CLTs have developed rental housing to meet the needs of low-income households, many of which are not in a position to qualify for mortgage financing. The interest in rental housing may also expand as CLTs grow in larger cities where multifamily building types are common. While multifamily housing projects may have different forms of tenure -- including condominium ownership, limited-equity coops, mutual housing, and rental -- the larger multifamily building type clearly lends itself more to rentals than do single family homes.

Since the Reagan presidency, national housing policy has, at least rhetorically, favored subsidies that promote affordable home ownership over those that finance the construction and maintenance of low-income rental housing. Homeownership is a priority of public policy not only in low-density areas but also in central city neighborhoods. Many local non-profit developers welcome homeownership because it promises to rectify past inequities and racial discrimination in mortgage finance. However, the benefits of homeownership are mixed and even with substantial subsidies homeownership by itself is unable to meet the needs of very low-income populations. Many households cannot qualify for financing even under liberal rules, some are highly mobile, and many have little interest in homeownership. Myths about homeownership sometimes make it the

panacea for all urban ills and create the illusion that rentals are only for poor people (Kemeny, 1986). Upwardly mobile and the very wealthy in fact often prefer rentals; for example, 70% of the housing units in the nation's wealthiest neighborhood, Manhattan's Upper East Side, are rentals. It is now becoming clear that, decades after the shift to homeownership promotion, the proportion of U.S. households owning homes has increased only incrementally and at 69% has possibly reached a ceiling.

CLTs and Multifamily Housing

Recently a dialogue about the need to “scale up” production has emerged in the CLT community, and this brings up the question of whether CLTs should shift their focus and give greater priority to the development of multifamily projects. Until recently, the successes of CLTs have been limited to small cities and towns and rural areas, and compared to more conventional non-profit housing providers CLTs have produced very few units overall. In this highly urbanized nation, CLTs have only a limited presence in large metropolitan areas (Greenstein and Sungu-Erylimaz, 2005). This may be changing as larger cities such as Chicago begin to establish CLTs.

Multifamily developments in general are more economically feasible in larger cities where land costs tend to be much higher. But in areas with high land costs, there are also intense pressures on existing affordable housing. Because CLTs can help preserve low-income housing in areas with rising land costs and rents, they can be an important instrument in urban housing policy. By producing more housing in multifamily buildings CLTs can achieve economies of scale, and at the same time help promote Smart Growth and sustainable, innovative approaches to dense urban development, help stabilize neighborhoods vulnerable to the displacement of affordable housing, and serve as models for local community development corporations (CDCs). In older urban neighborhoods CLTs could consider rehabilitation of existing units, which may require lower capital costs per unit if light and moderate rehab strategies are adopted. This could help save existing rental housing units and, especially when coupled with new construction strategies, maximize the overall number of low-income units.

Existing government low-income housing subsidies, especially those for homeownership, are typically of limited duration, have weak or no resale restrictions, and affordable housing units created under these programs often remain affordable for short periods of time. When government subsidies are not renewed (in both homeowner and rental situations) households may be forced to move because they can no longer afford to stay. CLTs are a powerful alternative because they promise long-term affordability. CLTs can operate with different forms of tenure – fee ownership with deed restrictions, limited-equity cooperatives, etc. – and thus can be used with a variety of existing subsidy programs, both rental and ownership. But since homeownership is often out of reach for many very low-income households, and CLTs can secure long-term affordability for this population, CLTs can be especially useful for low-income rental housing.

There are good reasons to be wary of major new increases in CLT production. The history of CDCs is littered with the remains of community-based developers that tried to

leap into large-scale development without the management capacity to do so. Some failed to balance development with their social missions and ended up earning the enmity of their community support base -- the case of Banana Kelly in the Bronx (New York) was significant, one of the first and oldest CDCs in the city and country that not too long ago imploded with ambition and corruption. CLT principles include core values of community and resident empowerment as well as long-term affordability (Davis, 1994; Institute for Community Economics, 1982), and if those values are jettisoned CLTs can become deal makers that only mimic the private real estate market and place profit before people.

This study examines the costs and benefits of low-income multifamily rental housing provided by the Cooper Square Community Land Trust in New York City. Cooper Square is a unique case of a land trust in a densely developed Manhattan neighborhood that so far has not been studied in depth. All of its 303 housing units are in multifamily buildings, most of them attached and within a three-block area. The buildings are owned and managed by a mutual housing association. Our study finds that the success and survival of the Cooper Square CLT were made possible by decades-long political organizing and support from local government that drastically reduced land and financing costs. The CLT is one element in a broader housing and neighborhood preservation strategy that has deep historical roots in the tenant movement and organizing against abandonment and displacement by urban renewal programs.

There is ample potential in New York City for creating many more CLTs. While Cooper Square's unique history cannot be repeated, if communities are organized and city government provides support, CLTs could help protect a good deal of existing affordable housing and at the same time guarantee the long-term affordability of new housing.

We compare the Cooper Square experience with selected multifamily housing projects in two other land trusts: Burlington Community Land Trust (Burlington, Vermont) and Northern California Land Trust (Berkeley, California). The Burlington and Berkeley cases also benefited from supportive political environments. Burlington set the national standard for CLTs because of its successes, operates in an area about the size of Manhattan's Lower East Side, and has a significant stock of multifamily housing. The Northern California trust had roots in a rural area and in recent decades established itself in a relatively low-density suburban part of the San Francisco Bay Area. It is perhaps typical of the many smaller CLTs, but operates within a large metropolitan region. Its multifamily buildings are relatively small and, in contrast to Cooper Square, they are scattered among multiple sites in a relatively low density urban area more typical of U.S. cities than New York.

From the vantage point of New York City, Burlington and Berkeley look like small towns. At the 2000 Census, the Burlington area had a population of barely 170,000, compared to some 21 million in New York and 7 million in the San Francisco-Oakland-San Jose Area. However, while the scales of the metropolitan areas are radically different, Manhattan's Lower East Side, Burlington and Berkeley have roughly comparable numbers of residents, around 150,000.

Our research shows that these land trusts are able to provide multifamily housing at very low cost when compared to local markets, but in all cases this depends on strong local government and/or neighborhood support. We shall show how the successes of Cooper Square are bound up with and part of a broader social and political trend within its neighborhood favoring social ownership and control of land. Cooper Square could be a model for multifamily development in a city that is losing affordable housing units and subsidies at a rapid pace due to gentrification. So far, however, the Cooper Square experience is not well known, either in New York City or beyond, a situation that this study will hopefully help to remedy.

When land trusts are one among many tools used to stabilize land values, including public ownership, rent controls, and land use controls, their benefits are maximized. This hypothesis is consistent with the framework introduced by John Emmaus Davis in “Beyond the Market and State” (1994), where he postulates the need for multiple forms of social housing (see also DeFillipis, 2004). We maintain that it is also necessary that communities consciously exert control over land by using a variety of tools, thereby obtaining a social purpose for land. Thus, “social land” or “community land,” is an important concept for preserving and developing neighborhoods in large cities. Community land is land which local residents and businesses control collectively either via public or non-profit ownership or their power to influence tax, fiscal, zoning, and land use policies the influence the way land is used. It has to do with control over economic and financial institutions that otherwise determine local land use and development patterns. It is an issue of political control, not simply one of legal ownership of the land. While it is not within the scope of this paper to fully elaborate this concept, we will attempt to show how the Cooper Square CLT has been part of a broader decades-long struggle in Manhattan’s Lower East Side for community control over land. Since this is the only CLT in the neighborhood, however, it is clear that one of the more powerful available tools to secure community land – the CLT model – has not been fully utilized.

THE COOPER SQUARE COMMUNITY LAND TRUST

New York City has the largest stock of low-income public housing, publicly assisted housing, and limited-equity coops in the nation, housing close to 800,000 people or ten percent of the city’s population. It has a significant pool of SRO and supportive housing and over 80 community development corporations that produce and manage almost 100,000 units of low-income housing. Over the years, much of this housing developed in response to a dynamic real estate market that placed pressures on affordable rental housing needed to house a large working class and immigrant population. The city’s powerful Real Estate Board of NY (REBNY) boasts that New York is the “Real Estate Capital of the World,” and they can point with pride to a dynamic downtown market that has historically had ripple effects on nearby affordable neighborhoods. New York’s history of liberal social policy has been in many ways defined by conflicts between these forces (see Freeman, 2000).

The Lower East Side of Manhattan is one such neighborhood. This classical immigrant working class neighborhood is sandwiched between the Wall Street and Midtown business districts. While bordered by the two most desirable business districts, it is also the quintessential new immigrant neighborhood. The tenant movement started there in the early 20th century, and grew with support of the Socialist and Communist parties, both of which had large constituencies in the neighborhood (Lawson, 1986). The nation's first public housing was built there in 1934, and some of the largest projects every built in the city soon followed. The Lower East Side was the site of several large limited-equity coop projects financed in part by union trust funds. Reflecting its radical political history, the Lower East Side's community board (one of 59 appointed neighborhood boards in the city that vote on land use matters) has been one of the few in Manhattan to welcome homeless housing, supportive housing and SROs when many others tried to keep them out. This large stock of low- and moderate-income housing and an organized tenant movement placed a great deal of land outside the private market and for decades acted as a brake on gentrification and speculative land development. In addition, New York City has had the longest history of local rent controls, and a large proportion of the neighborhood's renters have been protected from eviction and precipitous rent increases. In the last half century, the neighborhood's political leadership fought off several developer-driven proposals for zoning changes that would have allowed for high-rise market-rate development in the area. When large-scale abandonment hit the Lower East Side and other low-income neighborhoods in the 1970s, thousands of squatters and homesteaders further expanded the inventory of land and housing that remained outside the purview of a relatively weak private land market. With current moves to privatize public housing and end public support for moderate-income housing, this situation may well change in coming years, but for now the Lower East Side still has one of the largest and most diverse arrays of affordable housing in the city.

As other nearby neighborhoods like Greenwich Village rapidly gentrified since 1960, the Lower East Side's median income relative to the Manhattan median did not change. However, gentrification did occur and continues to occur in a portion of the Lower East Side due to speculative redevelopment of private rental housing and the conversion of rentals to private coops and condominiums (with no resale restrictions). Between 1960 and 2000, the neighborhood lost 29% of its population and 6% of its housing units; 11% of all rentals were lost. The population that left was disproportionately low-income households, who tended to live in rental units, many of which were converted to condominiums. These changes were the combined result of abandonment and gentrification, and illustrate why preserving rental housing is a top priority among neighborhood leaders. (Sites, 2003; Abu-Lughod, 1994)

The Cooper Square CLT was created in 1991, but its roots go back to 1959, when planning czar Robert Moses proposed to level an 11-block area in the Lower East Side and replace it with what might now be dubbed "affordable housing" – union-sponsored coops. The Cooper Square Committee (CSC) of residents and businesses organized in opposition to the Moses project stating that even at below-market prices the new coops would be out of reach of the majority of current residents. In 1961, the Committee completed its own plan for the urban renewal area that included preserving existing

housing and building new low-income housing. After ten years of advocacy, the City accepted their Alternate Plan for Cooper Square (Cooper Square Committee, 1961), the first community-initiated plan to be adopted in the city. Shortly thereafter, the City's fiscal crisis and the federal shift in housing policy away from low-income housing left the neighborhood advocates with few programs with which to implement their plan. Their first low-income project was completed in 1984 using project-based Section 8 funds. It took over two more decades to see the entire urban renewal plan implemented. Currently construction on the remaining vacant lots will result in new mixed-income housing and community facilities supported by the CSC. Negotiated by a new Cooper Square leadership, the latest phase of new housing has almost 70% market-rate units, but even with this new development 60% of all housing in the urban renewal area is still far below-market and houses tenants falling under 50% of the Area Median Income.

The buildings in the neighborhood that had been slated for removal under the original urban renewal plan remained, thanks to the opposition of the CSC. However, with the cloud of eminent domain hanging over them, and in the absence of any intervention by the City, these buildings were abandoned by their private owners, in part a product of "planner's blight." Building abandonment in the Lower East Side was also a widespread phenomenon outside designated urban renewal areas. In the 1960s and 1970s, New York City landlords walked away from hundreds of thousands of units of multifamily housing occupied by low-income tenants in the South Bronx, Harlem, Central Brooklyn, and the Lower East Side. Lacking heat, hot water and other services, some tenants left; others took over their buildings and kept them operational.

Squatters and homesteaders were particularly active in the Lower East Side. The abandoned buildings joined the growing stock of *in rem* housing (taken by the City for non-payment of taxes). In a matter of a decade the City wound up owning over 150,000 housing units city-wide. Despite calls by housing activists for a land banking policy (Homefront, 1977), the City's policy was to dispose of the units, either to the tenants or to non-profit or private developers. The Division of Alternative Management Programs (DAMP) of the City's housing agency, through its Tenant Interim Lease (TIL) program, was responsible for managing the units and planning their ultimate disposition, not for maintaining them in perpetuity. The problem they faced, however, was that most tenants, particularly those in the Lower East Side, were too poor to afford even a minimal down payment, and the formation of stable tenant-run entities in each building was a difficult and long-term task for which the City was ill equipped. The Urban Homesteading Assistance Board (UHAB), a non-profit group established in 1973, successfully guided 27,000 families in 1,300 buildings in the formation of limited-equity coops, and other buildings were either vacated and demolished or sold.

The Cooper Square Committee wasn't just looking to acquire units from the City. It was led by community organizers and tenant advocates who were committed to stopping displacement and preserving existing housing, and they became housing developers only to confront the practical problems they faced when their members found themselves taking more and more responsibility for their buildings. Frances Goldin, Cooper Square's main organizer for decades, had been a founder and leading activist in the Metropolitan

Council on Housing, the city's largest tenant organization. Cooper Square helped tenants organize to get the City to provide services in the *in rem* units. They helped tenants fight evictions.¹ After fighting off efforts by the City to get rid of the *in rem* units and all responsibility for them, in 1990 the CSC faced a more friendly approach in the new administration of Mayor David Dinkins, New York's first African American mayor, and whose home base, Harlem, was the Lower East Side's closest ally in the political battles for low-income housing and community control of vacant land.

The CSC created the Cooper Square Mutual Housing Association (MHA) in 1991 to manage 303 units of multifamily housing and 23 commercial units in 19 buildings, mostly within three blocks of the urban renewal area. The MHA has a central management covering all the buildings, and is governed by a board made up of two-thirds tenants and one-third appointees of the Land Trust. The cost per household to join the MHA was (and still is) \$250. The Cooper Square Community Land Trust was founded in 1991 at the same time as the MHA, with a board made up of one-third tenants and two-thirds community residents or public members.² The Land Trust owns the land on which the MHA buildings reside.

The Cooper Square MHA is one of several mutual housing associations in New York City (see Krinsky and Hovde, 1996). Despite other efforts to organize land trusts we found only two currently functioning in New York City – Cooper Square and an East New York (Brooklyn) land trust, also affiliated with a mutual housing association. The housing in the latter land trust consists of several hundred units in 113 buildings that were once *in rem* and occupied by low-income tenants. ACORN (Association of Community Organizations for Reform Now) was the main community organizer and the Pratt Center for Community & Environmental Development (PICCED) provided technical assistance, as it had with Cooper Square.

According to CSC leaders, the principal influence in founding the mutual housing and CLT was the mutual housing model from northern Europe. Dutch students and professionals who interned at CSC made the case for the mutual housing model, which was also supported by housing specialists at PICCED. While there was some initial connection with emerging land trusts in other parts of the U.S., the Cooper Square CLT emerged in relative isolation and has not been a part of national coalitions or had any consistent contact with other land trusts. This isolation may be a product of the dramatic differences between Cooper Square's central city context and those of other land trusts. At present, they are in the process of seeking State approval for cooperative ownership of the buildings. The new limited-equity coops would remain affordable in the long term under the land trust. In effect, they would continue to function more or less as they have under the mutual housing model.

The Cooper Square units are undoubtedly among the lowest cost housing in what is now a partially gentrifying neighborhood. Two bedroom apartments, for example, rent at \$431 per month, affordable to households at less than 25% of the Area Median Income (AMI). Since 1991, rents increased only once, in 1994, by slightly more than 3%. We will discuss the significance of these low costs later on.

Since we compare CSC projects with multifamily projects in Burlington and Berkeley, we offer brief background sketches of the other two CLTS.

Burlington Community Land Trust (BCLT)³

The BCLT is the largest established land trust in the U.S. and arguably the standard against which other land trusts are measured because of its size, durability and track record of successfully developing and maintaining affordable housing. While BCLT is often looked to for its successful home ownership development programs, it is not often recognized for the lessons it offers to urban community land trusts aiming to develop low-income multifamily rental housing.

BCLT fosters homeownership through a program to counsel prospective homebuyers and includes in its portfolio 172 homes. However, over 57% of BCLT's housing stock is low-income rentals and limited-equity coops -- about 375 units in all, of which 49 are SROs. According to a recent study of BCLT renters, their median income is less than 50% of the Area Median Income, the apartments and households tend to be smaller, with more children and single parents, fewer elderly, and fewer cars (Gent and Sawyer, 2005). Because of its extensive experience with low-income rentals, BCLT might serve as both a benchmark against which the unique experiences of Cooper Square can be compared, and an indicator of where more developed land trusts may be heading in the future.

BCLT's recent merger with the Lake Champlain Housing Development Corporation, a regional non-profit that manages 1,100 affordable rental units, resulted in the largest regional community land trust in the nation, The Champlain Housing Trust. This will presumably create new opportunities for growth and scale economies in development and management. It remains to be seen whether the new housing corporation will focus development activities in strategic communities where the land trust, along with other forms of non-market ownership, can have a wider effect on stabilizing land values, or spread out over a larger region, thus benefiting individual households without necessarily helping to stabilize land values in communities. While BCLT, acting in concert with the City administration, has focused development in the Old North End and a few other areas, it remains to be seen where the new merged entity will prioritize intervention.

The Northern California Land Trust⁴

The Northern California Land Trust (NCLT) was founded in 1977 in Berkeley, California with the ambition of expanding throughout the San Francisco Bay Area. The trust had its roots in the New Life Farm in Lodi, California, two households set up by peace activists with a vision of improving links between city and countryside. Peace Gardens, a six-unit cooperative in Oakland, started by war tax resisters, was the first urban project.

NCLT currently has 94 units of housing in 14 projects, most of them in Berkeley. 38 of the units are coops, 32 are condos, 23 are rentals and there is one single family home. The trust is moving towards a condo and coop base and converting 10 rentals to coops,

leaving only 13 rental units. These totals do not include five commercial units and two units on the New Life Farm. Twenty new condominium units are under construction. NCLT recently rehabilitated and resold 75 foreclosed single family homes under the former HUD 203k program, plus another 11 single family units.

The three NCLT projects all provide affordable housing to low-income tenants. Unlike Cooper Square, they are relatively small buildings in scattered locations. Fairview is near a concentration of some 7,000 square feet of NCLT commercial space that is rented at below-market rates to local businesses and service providers. Still, NCLT's projects are for the most part as sprawled as the metropolitan region. While a proposed transit-oriented development at the nearby Ashby BART (rapid transit) station might offer NCLT opportunities for economies of scale, the future of that project is by no means certain.

Selected Projects for Comparison

We selected six projects for comparison with Cooper Square, three from BCLT and three from NCLT (see Table I). Two of the projects – Maple Tree and Waterfront -- are the largest BCLT multifamily projects and among the most recent new construction projects. The others are rehab projects – BCLT's BHRIP and NCLT's Fairview, Addison and Blake Street. The rehab projects are in relatively low-density areas and average around 3-5 units per building.

Projects	Year completed	Number of Buildings	Number of Units	Square Footage
Cooper Square	1996	19	303	221,010
New Construction				
BCLT Waterfront	2004	1	40	55,425
BCLT Maple Tree	2002	1	50	41,644
Rehabilitation				
BCLT BHRIP	1997	13	33	26,428
NCLT Fairview	1996	1	9	5,640
NCLT Addison	1996	1	10	5,200
NCLT Blake Street	1998	1	5	3,786

Table I. Cooper Square and Comparison Projects

New Construction

- *Maple Tree Place* (BCLT). This project is made up of 50 units of low-rise multi-family housing built in 2003. It was built next to a new suburban shopping mall in response to community concerns about the insularity of the mall development. 37 of the units were developed using tax credits and 13 are rented at “market” rate but with project-based Section 8 rent subsidies. Many of the tenants work in the mall.
- *Waterfront* (BCLT). This project has 40 units in a single building first occupied in 2004. This is the first land trust building to be LEEDS certified. 28 of the units have tax credit financing, 10 have project-based Section 8 subsidies, and 12 rent at “market” rates, but 8 of these 12 have some other form of subsidy such as Section 8 vouchers.

Rehabilitation

- *BRHIP* (Burlington Redevelopment Housing Improvement Program), BCLT. This project totals 33 units of rental housing in 13 buildings. Unlike the other two BCLT projects in our study, these were existing buildings rehabilitated with land trust financing. Located in Burlington’s Old North End, a low-income neighborhood, the BRHIP project was part of a broader City strategy for neighborhood improvement in a low-income area where only 30% of households were homeowners and many failed to qualify for financing.
- *Fairview* (NCLT). Fairview is an 8-unit SRO in Berkeley established as a limited-equity coop in two buildings. Fairview started in the 1970s as a collective household in a privately-owned building. According to one of Fairview’s original tenants, “after ten years of rent strike” the owner walked away from the building in the early 1990s for a modest settlement. To begin with, rents were relatively low as a result of Berkeley’s strict rent regulations;⁵ when tenants withheld all rent, that removed any incentive for the owner to invest in maintenance and forced the tenants to organize themselves to cover most operating and maintenance costs. As a result of deferred maintenance, the building value had depreciated, but clearly the land cost had grown over the years. Thus, at least in theory, conversion to a CLT reduced the land value dramatically. The tenants saw NCLT’s land trust model as a way to get financing to improve their buildings. Fairview’s collective household, which was one of many in Berkeley’s mini-culture of communal living,⁶ wasn’t bankable because tenants did not have fee ownership of either land or building.
- *Addison* (NCLT). Addison is a 10-unit project in Berkeley established as a limited-equity coop in two buildings. Addison’s tenants wanted to buy their property from an owner who was anxious to sell to them instead of a third party,

but the tenants had trouble qualifying for loans. Unlike Fairview, Addison was located in a low-income area with relatively flat land values.

- *Blake Street* (NCLT) includes five units of very low-income rentals in two buildings. Blake's tenants had very low incomes and were mainly seeking a way to improve their living conditions, and the land trust was able to secure financing and services for this purpose.

Development and Financing Costs

As shown in Table II, the development cost (in 2006 dollars)⁷ for gut rehabilitation of the CSC units is less than for the two new construction projects but somewhat higher than the other rehabilitation projects, with the exception of NCLT's Addison. This is consistent with the experiences of many other non-profit developers. The higher rehab costs for CSC may have something to do with high labor costs in New York City. Like some of the other rehab projects studied here, the CSC units have no mortgage financing or interest costs and there was no direct cost for acquisition of the land. A single no-interest renewable loan by the City of New York covered gut rehabilitation of the CSC buildings.

The highest development costs of all the projects are for BCLT's Waterfront and Maple Tree, both of which are new construction. Despite a relatively low land cost due to contributions from the City of Burlington, BCLT's Waterfront development cost is high, and includes a modest additional cost to cover green building and LEEDS certification.

The lowest development cost per square foot, in NCLT's Fairview, may be due to a conscious choice by tenants to undertake only a light rehabilitation. Also, some tenants were contracted to do the work themselves, presumably at a lower cost than if it were contracted out.⁸

Projects	Land Cost	Land/SF	Mortgage	Development Cost	Development Cost/SF
Cooper Square	\$26	\$0	\$0	\$26,569,416	\$120.22
New Construction					
BCLT Waterfront	109,958	2	3,401,744	7,525,776	135.78
BCLT Maple Tree	872,269	21	2,701,714	6,186,985	148.57
Rehabilitation					
BCLT BHRIPP	278,623	10	1,513,707	2,457,274	92.98
NCLT Fairview	62,476	11	0	426,021	75.54
NCLT Addison	67,196	13	577,884	658,519	126.64
NCLT Blake Street	121,492	32	190,016	383,831	101.38

TABLE II. Development Costs (All amounts in 2006 dollars)

As with Cooper Square, Fairview and Addison had unusually low land costs. Both were the result of owner abandonment, though in somewhat different circumstances.

Abandonment in New York City's Lower East Side had been widespread, and the buildings involved were within a contested urban renewal area. The Berkeley buildings, on the other hand, were in relatively stable low- to moderate-income suburban-style neighborhoods – not the affluent Berkeley hills, but also not densely populated areas of concentrated poverty.

In the mid-1990s, NCLT acquired Fairview, Addison and Blake with the help of 30-year low-cost loans by the City of Berkeley, which made possible major renovations in each of the projects. The terms of the City loans are quite favorable: no annual payments need to be made unless there is a positive cash flow (which can be avoided rather easily by adjusting member payments), and after the 30-year term the loan may be renewed. In this sense, the favorable financing of NCLT projects allows the land trust to lower operating costs in much the same way that CSC has done.

In the case of Fairview, the City loan helped to pay tenants for their labor in the rehabilitation of the units. Fairview's \$100,000 loan included \$46,500 for rehab costs and \$45,000 to purchase the property. The coop tenants performed much of the moderate rehabilitation, so what was formally a housing subsidy also doubled as an employment program. While details about wages and income levels of Fairview tenants are not available, we can assume that the wages were set at relatively low, non-union scale and that construction employment was only temporary or part-time. In any case, since tenants are not required to report changes in their incomes, there is no way to monitor the use of these benefits.

Addison's \$150,000 loan financed rehabilitation of the property. In addition to a \$20,000 down payment from the tenant cooperators, Addison took out a \$280,000 loan from a commercial lender to purchase the property from the private owner. While this was a relatively low price (only \$30,000 per unit) it also represented an additional burden on Addison's tenants that Fairview tenants mostly avoided. Construction was contracted out and Addison tenants did not work on the rehab. Since Addison was located in a low-income neighborhood that has experienced gentrification since 1997, the market value of land in the area has increased dramatically.⁹

Blake Street's \$150,000 loan included \$45,000 for rehab costs and \$85,000 for property acquisition. The steep financing costs combined with a tenant profile including very low income and some physically or mentally challenged tenants mean that Blake Street has a significant annual net operating loss -- about \$6,500 per year (\$1,300 per unit).

Benefits to Households

While there has been a good deal of discussion and research about the benefits of homeownership to low-income households, there has been very little recognition of the benefits of below-market rental occupancy. Homeownership provides opportunities to households for equity accumulation, contributes to stability of tenure, and may provide other social and psychological benefits to household members, and contribute to neighborhood stability. Although the benefits to low-income homeowners may not be as great as for middle- and upper-income homeowners, and they may be more vulnerable to foreclosures and financial losses (Rossi and Weber, 1996; Belsky, Retsinas and Duda, 2005), the focus on homeownership tends to underplay the benefits of rental housing.

Cooper Square clearly provides housing at significantly less than market rent. While homeownership opportunities may create opportunities for savings and equity accumulation, Cooper Square and other CLT tenants also have opportunities to expand household disposable income and savings.

In Table III we calculated the annual household potential for savings as the difference between the Census median rent and the CLT median rent.¹⁰ These numbers are conservative since they do not take into account rent vouchers available to tenants, which further lower household payments. Since rents in CLT housing tend to cluster closely around the median, the comparison most likely understates the differences with the market. Also, we assume that no household in the census tract pays more than 30% of income on rent when many do in reality.

Table III shows that the average Cooper Square household had a potential for saving over \$4,000 per year on housing costs. CSC tenant benefits are much greater than for the new construction projects – BCLT’s Waterfront and Maple Tree. This may be a consequence of the higher development costs for new construction. The benefits are fairly similar to NCLT’s Addison and Blake Street, but much less than NCLT’s Fairview and BCLT’s BHRIP. Fairview’s favorable rents may have something to do with relatively low monthly operating and maintenance costs, but this does not appear to be the case with BHRIP.

CLT tenants in the limited equity cooperatives (Fairview and Addison) may realize modest equity gains over the course of their tenancy. However, the potential for household savings due to low rents may be even greater. In homeowner or coop options, similar benefits might be folded into equity gains and not realized until sale of the unit.

Projects	Median Rent 2006 \$ (1)	Census Median Rent 2006 \$ (2)	Annual HH Savings Potential Since Development (3)	Total Since Development (4)
Cooper Square	405	771.1	\$4,393	\$43,932
New Construction				
BCLT Waterfront	762	737.6	-293	-586
BCLT Maple Tree	533	737.6	2,449	9,797
Rehabilitation				
BCLT BHRIPP	182	737.6	6,667	60,005
NCLT Fairview	344	883.3	6,472	64,716
NCLT Addison	500	883.3	4,600	45,996
NCLT Blake Street	501	883.3	4,588	27,526

(1) Based on 2006 data from CLTs

(2) Based on Census Bureau data from 2000

(3) Based on assumption that tenants have moved in first year of development.

Difference between the median market rent and CLT rent

(4) Savings per year multiplied by number years since development

TABLE III. Median Rents And Household Benefits

We used the Census rent figures instead of figures for units currently on the market; the latter are consistently higher. If CLT tenants in Cooper Square had to leave their apartments and find comparably-sized housing on the market, they would likely face rents about five times as high as the rents they currently pay, as shown in Table IV and Figure 1.

Apt. Type	Cooper Square Rent	Market Rent (Craigslist)
Studio	\$285	\$1,400
1 Bedroom	379	1,600
2 Bedroom	431	2,200
3 Bedroom	578	3,000

TABLE IV. Cooper Square CLT vs. Market Rents

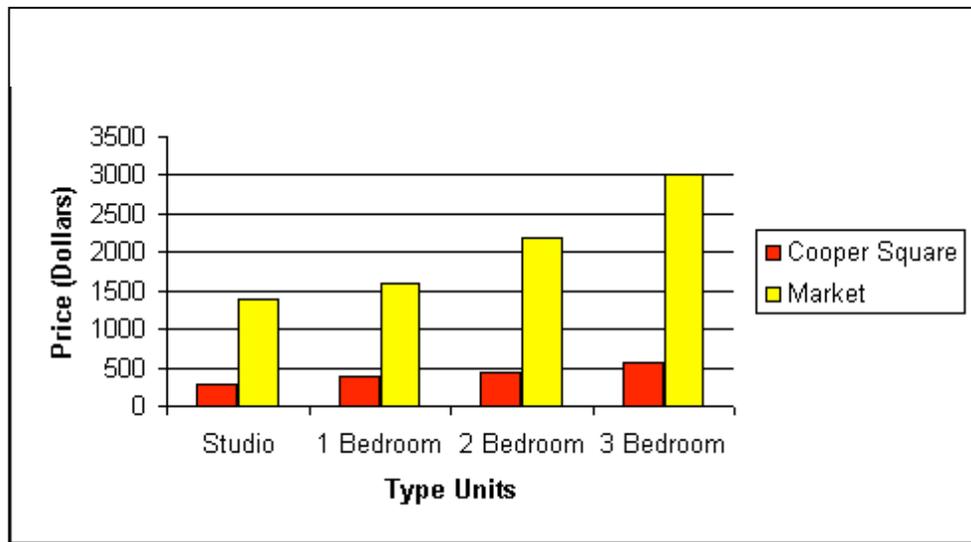


FIGURE 1. Cooper Square vs. Market Rents

While we were not able to get precise data on rent increases over the course of the projects, it is clear that rent increases are far below increases normally found in market rents. Cooper Square's rents, for example, increased less than 4% in 10 years in a market that almost doubled in the same period. The average annual increase allowed under New York City's rent stabilization is normally around 3-4% annually.

We do not know how households utilize the increases in disposable income, though one might assume that a portion is spent in the local community and contributes to overall community development. Savings by owner-occupiers, on the other hand, tend to be in the form of equity gains that are realized at sale and often get reinvested in real estate, except when owners borrow against their equity to make purchases. It may be significant that the rental savings in at least half of the CLT cases would easily cover a 10% down payment to purchase a home after only ten years. It would be interesting in future research to track renters who have left CLT rental units and learn how many of them bought homes.

Affordability

CSC's multifamily housing serves very low-income households. This is generally true, however, for all of the projects studied here, as shown in Table V. All of the projects are serving households falling below 45% of the Area Median Income, and most frequently under 30%. Throughout New York City over 25% of all households pay more than 50% of their incomes for rent; Cooper Square's extremely low rents are thus even more

advantageous than shown by our calculations. BCLT's BHRIP and NCLT's Fairview serve tenants with even lower incomes than CSC.

PROJECT	Median CLT		CLT HH
	AMI 2006 \$	Rent 2006 \$	Income as % of AMI (1)
Cooper Square	\$70,900	405	22.8%
New Construction			
BCLT Waterfront	\$70,500	762	43.2%
BCLT Maple Tree	\$70,500	534	30.3%
Rehabilitation			
BCLT BHRIP	\$70,500	182	10.3%
NCLT Fairview	\$83,800	344	16.4%
NCLT Addison	\$83,800	500	23.9%
NCLT Blake Street	\$83,800	501	23.9%

(1) Definition of Area Median Income (AMI): HUD estimates the median family income for an area in the current year and adjusts that amount for different family sizes. The AMI is estimated for a family of four including two children. The table assumes that households pay 30% of income for rent.

TABLE V. Area Median Incomes And CLT Rents

Operating and Maintenance Costs

Cooper Square's operating and maintenance costs per square foot are comparable to those in other projects, both new construction and rehabs (see Table VI). Only BCLT's BHRIP had significantly higher costs. BCLT management acknowledged the higher costs and attributed it in part to the scattering of the units and to their rental tenure. Management at both BCLT and NCLT suggested that coop maintenance costs tended to be lower because tenants take responsibility for some management tasks without compensation. Cooperators may also economize on such things as fuel or energy costs because they see a direct link between these costs and their monthly payments. On the other hand, strictly rental units rely on central maintenance for more things, and the added costs may well outweigh any scale economies of central maintenance.

Projects	Annual O & M Cost	Cost/S F
Cooper Square	\$1,465,759	\$7
New Construction		
BCLT Waterfront	443,746	8
BCLT Maple Tree	248,063	6
Rehabilitation		
BCLT BHRIP	280,670	11
NCLT Fairview	37,152	7
NCLT Addison	40,000	8
NCLT Blake Street	27,166	7

TABLE VI. Operating And Maintenance Costs

NCLT’s management considers Blake Street among the costliest to maintain, and the project operates at a net loss when expenses are calculated on a per unit basis. However, when looking at costs on a per square foot basis, we find only marginal differences between Blake Street and the other projects under study. It is not clear whether this is due to a large unit size in Blake Street, but it does suggest that any conclusions that higher operating costs are necessarily due to scattered-site low-density configurations, as in the case of BHRIP, require further study.

Effective Use of Public Subsidies

Does Cooper Square more effectively spend public subsidy dollars than other forms of low-income housing in New York City? There are different ways of looking at this question. One is to consider the extent to which public subsidies are recaptured. For example, when new homeowners that received subsidies sell their homes, the subsidies may be recaptured and used to support other new homeowners. Subsidy recapture has not been a major policy priority for many public programs (see Cohen, 1994; Olsen, 2000) nor has it been the case in New York City. Another way to look at the effectiveness of subsidies is to compare the number of years of affordable housing each dollar of public subsidy will buy. While it would take much more extensive study to compare Cooper Square to all other programs in the city, we are able to make some rough approximations to the issue here. Our preliminary analysis suggests that the Cooper Square CLT more effectively spends public subsidies than other City programs for low-income multifamily housing.

The largest new housing production program in New York City since the 1980s financed the construction of new “affordable” housing mostly on City-owned vacant land through the New York City Housing Partnership, a public-private collaboration financed by the City. This program, backed by the city’s real estate industry, involved building on City-owned land, which was provided free. Due to widespread housing abandonment in the neighborhoods where this land was located, the land had little or no market value, and there was no direct cost to government for the land. The same was true for the land in the Lower East Side that Cooper Square occupied. The typical public subsidy for the

homeownership program was about \$25-35,000 per unit for one to three-family homes. The City's New Partnership Homes program, which incorporates many more multifamily buildings than the original homeownership program, has produced 20,000 units of housing and another 1,000 are under construction. The City contributes up to \$10,000 per unit and the State of New York up to \$40,000, and the City holds a no-interest second mortgage on the property.

In these programs, resale restrictions are minimal: owners can sell after three years, and after ten years they can sell without repayment of the second mortgage. Homes were generally sold to households earning up to 120% of the AMI, and sometimes as high as 160% (every project is a unique "deal").

In these programs almost none of the public subsidy is recaptured. Any increases in house value accrue to the individual households. The City gets the land back on the tax rolls, but since houses with four units or less, the majority of the original Partnership program, tend to be underassessed, we estimate it would take over 45 years to recover the initial public investment from tax revenues, though some or all of this repayment may be used to finance City services. In cases where the new housing was in neighborhoods that would later gentrify, the program turned out to be a windfall for the original owners but the housing quickly lost all pretext at being affordable.¹¹ In cases where the new housing was in neighborhoods that did not gentrify, usually communities of color farthest from the center of the city, owners were often saddled with property they could not maintain, and were vulnerable to refinancing scams and foreclosures, the bane of communities that were once redlined (see Bajaj and Nixon, 2006). In addition, most original Partnership homes were 2-3 family structures; the renters received no direct benefits and their units were not covered by rent and eviction controls.

The development cost per square foot for Cooper Square is about the same as for Partnership units. But Cooper Square is likely to remain affordable for decades to come and the Partnership units are guaranteed to remain affordable for only three years.¹² Using very conservative assumptions that Cooper Square provides affordable housing for only 50 years, and Partnership homes remain affordable for ten years, the Cooper Square units cost on average \$1,900 per year in subsidies, compared to over \$3-5,000 for the Partnership units. This doesn't take into account the rental units in the Partnership projects, which received equal amounts of subsidy but from the day of sale rented at market rate with no guarantee of affordability; however, the portion of subsidy that goes towards development of the rental unit effectively helps increase homeowner affordability and enhance the homeowner's ability to resell and realize equity gains. Thus, one result of this program has been to expand the economic gap between homeowner and renters.

No matter how we annualize this cost, the City clearly got a better deal in the long run by investing in Cooper Square than it did with its Partnership project; the land trust essentially allowed for retention of the public subsidy. This does not change significantly even if we reduce the benefit by the average \$1,500 per unit in tax abatements each Cooper Square apartment received over ten years (these abatements may no longer apply

once Cooper Square becomes a legal coop; all of the other coops we studied pay local taxes but usually at a reduced rate).

An unknown proportion of the Partnership units are no longer affordable, but even a cursory review of the location of these units leads to the inescapable impression that most have been swallowed up in the overheated surge in the city's real estate market over the last decade. Every unit of Partnership housing that is no longer affordable means a net loss of an affordable unit in a city that has a seemingly endless need for them. If the City were to pay the price for that loss today it would require another \$150,000 – the cost to develop the average new affordable unit. Also, to the extent that Partnership houses contribute to land value increases in the neighborhoods where they are built – indeed, such is the aim of the City's policy – they push other housing out of the reach of low- and moderate-income families.

Partnership units typically used prefabricated components while Cooper Square's solid masonry buildings, many of them already a century old, clearly have a longer lifetime and are more energy efficient than large numbers of Partnership homes because they retain heat in the winter and cool air in the summer. Visitors to New York City can easily corroborate this, and while going through Cooper Square's rowhouse inventory only a few blocks away they will find First Houses, the nation's first public housing project, a high quality rehab demonstration that should have become the model for all public housing.

HomeWorks, a more recent addition to the City's housing programs, is a rehab program roughly modeled on the Partnership approach. Since it is a rehab program, it is worth comparing to Cooper Square. Through HomeWorks 215 City-owned properties have been redeveloped in Manhattan, especially in Harlem, and 200 in Brooklyn. Many of them are rowhouses, like Cooper Square's buildings, in densely developed areas like the Lower East Side. Income-eligible owners compete for the buildings through a lottery and once they purchase the homes the only restrictions are that they must live on the property for six years or pay a penalty. New owners have reported dramatic short-term capital gains, and the program appears to serve more as wealth-creation for a small number of households than as a stable source of affordable housing. Capital growth has been especially significant for those who bought just before the onset of the most intense land value increases. One owner resold his property for \$1.34 million after just two years, and while facing a \$30,000 penalty he received \$900,000 in profit.¹³

We did a rough overall comparison of Cooper Square to the average TIL building (see page 8 for an explanation of TIL).¹⁴ The average capital contribution by the City for rehabilitation under this program was \$55,000 per unit. The average TIL building was managed by the City for 16 years before being sold to a limited-equity coop, with training and support from the non-profit Urban Housing Assistance Board (UHAB). The cost for purchase by each household is \$250, the same as for Cooper Square's MHA.¹⁵ While this could easily be a formula for long-term affordability if it reduces monthly charges to tenants, one thing is missing: resale restrictions. After conversion to coops, the tenants can decide to go private if they pay the City 40% of the price of the sale. In areas with

rampant land speculation, this is a weak incentive, and the temptation to evade the restrictions by making all-cash side deals or conceal contracts from the City is high. Sales in coops financed by the City's financing agency are income-restricted but these restrictions expire with the City's 20-year financing. A major problem is that the City does not have an adequate system to monitor TIL buildings once they've been converted to coops.

Some TIL buildings experience just the opposite problem: inability to sustain themselves financially due to low tenant incomes or poor management. A 1998 audit of 45 TIL buildings by the New York City Comptroller found that 28 were in tax arrears and 15 were in danger of tax foreclosure. These buildings may qualify for limited tax abatements, but clearly all the dreams of solving the housing problem by putting buildings back on the tax rolls have not become reality, and the promise that public spending on affordable housing is bound to yield future tax revenues has also proven illusory.

In sum, programs created to prevent land banking by the City have turned out to be the biggest lost opportunity to create affordable housing for generations to come. With minimum capital cost and financing, the City could have preserved this stock of City-owned property following a model similar to Cooper Square. However, to do this the City would probably have to change its policy from one of disassociating itself from buildings and their tenants to a posture of support, similar to the way Burlington and Berkeley dealt with their CLT partners. Land banking and the Cooper Square model may not be applicable in areas that already have extremely high land values, since it depends on relatively low cost land, but even when land values are high CLTs can help retain public subsidies and limit the need for future subsidies.

In general, Cooper Square's financing is similar to federally-subsidized public housing, where there are no land or finance costs to the developer. However, unlike public housing Cooper Square requires no operating subsidies. Cooper Square rents are low enough so that most tenants do not have to rely on Section 8 vouchers (only 25% do), thus reducing annual public subsidies to a minimum (mostly property tax abatements). The minimal use of Section 8 deprives Cooper Square of a potentially lucrative source of income, since the gap between the AMI and tenant incomes is substantial. However, since the federal government has been reducing the number of new Section 8 vouchers, in the long term this program may not be sustainable. The Cooper Square model may end up being a better key to long-term sustainability for low-income housing.

BCLT's projects and NCLT's Blake Street rely heavily on Section 8 subsidies. In the case of BCLT's Waterfront and Maple Tree projects, relatively high new construction costs require the use of other subsidies, like low-income housing tax credits (LIHTC). From the point of view of the local communities and community-based housing developers, every unit that can be produced without these subsidies is a net gain because those subsidies can be used elsewhere to multiply the number of units of low-income housing. States and municipalities have finite allocations of Section 8 and LIHTC subsidies, so the total benefit to them, in terms of numbers of units, can never go beyond

these allocation limits. The Cooper Square model can therefore be a useful option in helping to maximize the number of affordable housing units given a finite amount of public subsidies.

New York City is now losing affordable units faster than it is building them (Scott, 2006). The current administration has set a goal of creating 165,000 units of affordable housing yet if existing affordable units continue to be lost at the current rate, losses will outweigh gains. A recent study by the Community Service Society found that between 1990 and 2005 almost one-fourth of all federally assisted apartments were lost, and perhaps over 10% of all non-market housing. City and State-funded limited-equity coops (Mitchell-Lama coops) are disappearing at the rate of over 4,000 units per year. This program, which might have financed the Robert Moses project in the Cooper Square Urban Renewal Area, allows building owners to opt out of the program after 20 years. A stone's throw from Cooper Square, one of the oldest limited-equity coop projects recently went private, and apartments were sold at over 10 times their original value with monthly maintenance payments nearly tripling. Up to now, the New York City Housing Authority has lost only a small number of units through Hope VI projects but the authority is exploring rent increases and privatization strategies to deal with declining operating subsidies from Washington. Finally, the latest revision to the city's rent law allows landlords to remove apartments from rent regulation once rents exceed \$2,000 per month – placing more affordable rental units in gentrifying neighborhoods at risk.

Conclusions: Community Land and Low-Income Multifamily Housing

The Cooper Square CLT is helping to insure long-term affordability at a time when many public subsidy programs either fail to restrict conversion to market-rate housing or are being cut back. CLT protections do not now apply to most of the city's affordable housing stock. This presents new opportunities for “scaling up” and using land trusts to safeguard these units. CLTs could produce and protect many more multifamily rentals and coops in large cities where land costs are high, and it is clear that this potential is far from being realized.

Our study shows that rehabilitation of existing multifamily units is marginally less expensive than new construction, and maintenance of multifamily projects isn't necessarily cheaper. However, in central city neighborhoods like New York City's Lower East Side, where land costs were originally low and there was a significant stock of abandoned housing units, rehabilitation proved to be a feasible approach. Effective management in concentrated rather than scattered-site multifamily housing can lower costs, although this benefit does not appear to be substantial. Low-income tenants in Cooper Square also benefit from significant additions to their disposable incomes. There are also non-material benefits such as building community and a sense of solidarity that are not as easily attained in scatter-site homeownership projects. As former NCLT director Mary Carlton told us, “it's hard to build community out of such disparate properties.”¹⁶

The net result of Cooper Square's long-term struggle to preserve and develop low-income housing in an 11-block urban renewal area is a mix of 60% low-income and 40% market-rate housing, a far cry from the typical 80% market/20% "affordable" split now common in developing neighborhoods. This is even more dramatic when considering that current definitions of affordability used by the City may go as high as 160% of federal AMI and in some cases exclude all households earning under 50% of AMI.

In Cooper Square as in the other areas studied, local political support is essential to CLT development. In New York and Burlington, the CLTs are part of broader community-based development strategies that reinforce non-market, community control of land – *community land*. In Cooper Square, minimal land and financing costs combined with decades-long organizing by tenants to secure support from the City. This support ranged from allowing tenants to stay and manage the property to providing funds for rehabilitation and favorable tax status. The result was 303 units of stable low-income housing, plus affordable commercial units, in a dense neighborhood sandwiched between two business districts where land values are currently growing rapidly. Skeptics might assert that not every neighborhood and community organization has the political savvy, long-term vision, and determination to fight the long fight that Cooper Square has, but a careful look at many other neighborhoods in the city will show that Cooper Square is not alone (Angotti, forthcoming). Furthermore, the persistence of Cooper Square and many other community-based organizations has created more favorable conditions for the growth of land trusts in the city. And with a City administration today that is talking about preserving long-term affordability, and considering wider support of CLTs, many neighborhood groups may be relieved of the need to wage such persistent struggles.

Cooper Square's experience could apply to other New York neighborhoods that are now relatively affordable but face potentially dramatic increases in land values. Land may not be "free" as it was three decades ago but it may be much less expensive now than it will be ten or twenty years from now, when any public subsidies will have to contend with a thoroughly prohibitive land market. The CLT model can also be adopted by CDCs in these neighborhoods as a sort of insurance policy to protect their units from drastic changes in markets and public policy.

But the CLT model could also be relevant under just the opposite conditions, in neighborhoods with stagnating or declining land values. The financial pages of local newspapers now predict an overall decline in the local housing market in the coming years. The prospect of a new period of cyclical decline could open up possibilities for the City to reconsider its stubborn rejection of land banking as a strategy. If the market takes a dip, the City's current use of linkage and inclusionary zoning bonuses to produce new affordable units will slow, and the City will be forced to shift its focus on building new affordable housing to areas with little market interest instead of those facing rapid gentrification.

In sum, whether the next short-term cyclical swing is up or down, and whether the City decides to concentrate its subsidies in relatively stable or gentrifying neighborhoods, the CLT model could help preserve and create more low-income multifamily units over a

longer period of time with the same limited public investment. At a time when the City administration is launching an unprecedented long-term strategic planning process, the advantages of CLTs should not be ignored.

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¹ Based on multiple interviews with Frances Goldin; Walter Thabit, the planner responsible for the Alternate Plan; and Valerio Orselli, former director of the Cooper Square Committee and current director of the Cooper Square Mutual Housing Association.

² This is different than the "classic" CLT membership which includes three instead of two classes of directors. We were not able to find a reason for this difference.

³ Interviews and data were generously provided by BCLT Director Brenda Torpey; Gail Beck, Director of Property Management; and Amy Demetrovitz, Project Developer, during a three-day visit to BCLT in May, 2006.

⁴ Ian Winters, NCLT Director and NCLT staff member Hank Obermeyer provided useful information and access to NCLT files.

⁵ Berkeley's rent controls are no longer in force and vacancy decontrol applies to those units originally covered.

⁶ Another NCLT property, East-West, the only one in San Francisco, was an intentional community made up of students of Zen poet Alan Watts.

⁷ Development costs are defined as costs to the developer (the land trust). They include all costs for land, construction, and financing. The costs do not reflect the value of free land, discounted interest, tax relief, or other government subsidies.

⁸ Development costs for Cooper Square are 20% lower than average development costs for New York City (about \$150 per square foot). Costs for Waterfront were 17% higher than the average for Burlington (\$115 per square foot) and Maple Tree was 30% higher. In all of the rehabilitation projects, development costs were below average. The lowest was Fairview, about half the area average (\$140 per square foot).

⁹ Interview with Addison Board member Liza, July 4, 2006.

¹⁰ This is admittedly a crude measure and does not take into account many variables, including differences between contract rent and total housing costs, variations among neighborhoods and between cities, and disparities in household incomes.

¹¹ In the interest of full disclosure, the main author of this article became part owner of a two-family Partnership home built in 1986. He bought in 1996 at about twice the price paid by the original owner, today the property is worth about 8 times its original value in a rapidly gentrifying neighborhood, and if sold at current market value the new buyer(s) would need to be making over twice the AMI.

¹² Aside from Maple Tree, with a development cost of \$109 per square foot, the other projects studied have development costs slightly under the cost for the Partnership homes.

¹³ Josh Barbanel, "Reaping a Profit, With the City's Help," *New York Times*. September 3, 2006. Real Estate Section, 1,10.

¹⁴ We attempted to secure hard data about tenants and tenancy for individual TIL buildings but were unsuccessful, both because reliable data is not systematically kept and coop boards are reluctant to share it. However, we did speak informally with housing officials, organizers and some TIL tenants.

¹⁵ This price was set decades ago by the City's housing agency as an incentive to get low-income tenants to buy.

¹⁶ Interview with Mary Carlton, September 23, 2006.