



Above: TownePlace Suites, a hotel purchased by the Champlain Housing Trust that is being converted into 72 affordable rental units in Williston, VT.

What are Community Land Trusts?

A community land trust (CLT) is a private, nonprofit corporation created to provide secure affordable access to land and housing for the benefit of the community. The CLT provides access to ownership of housing for people who would otherwise be priced out of the housing market. CLTs are unique in that they separate ownership of land and homes. CLTs permanently own the land on which homes and other facilities are built, while individuals own the structure on the land pursuant to a long-term renewable ground lease.

At the time of the initial sale to the CLT homeowner, the CLT will issue a warranty deed for the improvements (i.e., the home) and will execute a long-term (usually 99 years), renewable ground lease to the homeowner for the land on which the home sits. The local government should look to the terms of the ground lease to determine the income restrictions imposed (e.g., low or moderate income) and the length of time for which the ground lease shall apply. In certain situations, the ground lease may provide for the lifting of the affordability restrictions – generally, in deference to the entity that has financed the CLT homeowner's mortgage. However, it should be noted that the Community Land Trust's main mission is to preserve the affordability of its CLT homes and therefore it will generally do everything in its power to prevent the CLT home from being returned to market rate.

Typically, CLTs are used in neighborhoods that are experiencing or anticipate gentrification. In many communities, population growth and economic investment are driving up real estate prices so that fewer low- and moderate-income residents can afford to buy homes or rent in the communities where they work, thus posing a problem to both the workers and the business base in that community. Limited public funds are available to subsidize housing costs. However, the gap between the amount of subsidy needed and the amount available for affordable housing continues to widen as housing costs increase.

Considerations

Zoning

The development of Community Land Trust housing does not differ from the development of any other type of affordable or market-rate housing. Therefore, all applicable local zoning laws and regulations will apply.

Building Permits and Compliance with Municipal Codes

The acquisition, development, and sale of CLT housing does not differ from the acquisition, development, and sale of any other type of affordable or market-rate housing. Therefore, all applicable building permits and compliance with local building, safety, and other codes and regulations will apply.

BRPC PROGRAM

Community Planning Program
berkshireplanning.org/programs

Benefits of a Community Land Trust

1. CLTs help neighborhoods resist gentrification

When CLTs place land in control of communities, they are also taking land and housing out of the speculative market. That means that CLT housing remains affordable even when gentrification pressures mount, which protects families from displacement.

2. CLTs give more families the opportunity to own homes

CLTs create much-needed opportunities for families to buy homes at affordable prices. When they decide to sell, they will keep a portion of the appreciation but will sell at a below-market price, making the home affordable to another family of limited means.

3. CLTs give community members a meaningful voice in development decisions

Community members and CLT renters and homeowners are always involved in the governance of community land trusts. This helps direct the CLT toward development that is in the interest of its community and that reflects the values of its residents.

4. CLTs enable lower-income households to build wealth

A family that owns a house or co-op on a CLT benefits by steadily gaining equity in their home. The family can then use this equity as a down payment on a market-priced home. In this way, CLTs act as a steppingstone for low-income families to go from renting to building wealth — which they can pass on to their children.

5. CLTs help to prevent foreclosures

CLTs take an active role in preventing foreclosure. They work with homeowners to make mortgages affordable and sustainable and provide financial literacy education. They can also assist with major home repairs and intervene when a homeowner is at risk of falling behind on his or her mortgage. As a result, CLTs typically experience low foreclosure rates. At the height of the foreclosure crisis, homeowners living in CLTs were 10 times less likely to be in foreclosure than homeowners in the conventional market.

6. CLTs make taxpayer dollars for affordable housing go further

Every affordable apartment or house is funded with significant government investment and when affordability restrictions expire — often in as little as 15 years' time — the owner of the apartment gets to cash out. In the CLT model, tax dollars that are applied to the initial home construction are preserved for subsequent homeowners. This means public investments have a longer and larger impact in a CLT.

Success Stories

Burlington Community Land Trust

Between 1984 and 2002, the Burlington Community Land Trust (BCLT) in Burlington, Vermont developed 259 moderately priced single-family houses and condominiums. All of these homes were sold to first-time homebuyers subject to durable controls over their occupancy and resale, controls designed to maintain their availability and affordability for low-income households far into the future. The first resale of a BCLT home occurred in 1988. By the end of 2002, the BCLT had overseen the resale of 97 houses and condominiums.

Dudley Neighbors Incorporated

Dudley Neighbors Incorporated (DNI) is a Community Land Trust created in the late 1980s as part of the revitalization process undergone by the Dudley Street area in Boston, which was severely abandoned. It was created from the Dudley Street Neighborhood Initiative (DSNI), a community organization that already existed at the time and whose purpose was to promote the region's development, spearheaded by the residents and with ample participation from all.

DNI currently owns over 30 acres of land in Roxbury and North Dorchester. The properties total 227 affordable housing units, 97 of which are single-family homes, 77 units managed by cooperatives, and 53 rental units. In addition to housing, the CLT also operates several other community facilities, such as parks, gardens, commercial spaces, community greenhouses, playgrounds, squares, and even an urban farm with food production for local consumption.