

Community Land Trusts

Community land trusts provide affordable housing by separating the value of land from the value of buildings. Households pay for only the building or dwelling unit, and the CLT retains ownership of the land in this form of shared equity housing.

When the household sells, the CLT typically has the right to repurchase the unit at a price determined by a formula based on the value of improvements made by the household, the change in local housing prices, and the duration of tenancy. The CLT then resells the building or unit to another low-income household, and continues to own the land. This chain of sales ensures that the unit provides affordable housing services on a sustainable basis.

The first CLT in the United States was established in 1968, and by late 2006 the number had grown to 186, providing approximately 6,500 dwellings evenly split between owned and rented units. CLTs now appear to be on the cusp of a rapid expansion as their method of operation and sustainable results have become more widely known. Currently, a number of U.S. cities are planning new CLT projects that will be larger than any existing CLT.

Given the growing interest in and scarcity of current systematic knowledge about CLTs, the Lincoln Institute recently carried out a survey of all CLTs in the United States. The survey finds that two-thirds of operational CLTs are in the Northeast and West, and 52 of 119 responding CLTs were established since 2000. Individuals and community groups predominated as founders of the early CLTs, but local governments and public sector financing now play an increasing role in forming CLTs.

CLTs are generally modest in size, with an average of about 50 units. Overall, two out of three CLT dwellings are single-family detached or attached units; three out of five are rehabilitated buildings, with the balance newly constructed. Two-thirds of CLTs have four or fewer full-time staff, and 60 percent have annual operating budgets less than \$200,000.

CLTs are normally formed as membership organizations, including both CLT residents and people from the surrounding community. CLT members vote on important matters such as changing the bylaws and policies. Thirty percent of



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CLTs are overseen by a board whose members are evenly divided among CLT leaseholders, community members, and government or nonprofit representatives.

Providing affordable housing is the main activity of 85 percent of CLTs, but many also provide support to homeowners, including training in home maintenance and financial management. About a third of CLTs focus their efforts on a neighborhood, while others

encompass a whole city, county, or larger area. Three out of four CLTs target households whose incomes are at or below 80 percent of local median income.

Survey respondents had a total of 620 resales of owner-occupied units, and 60 percent of CLTs had at least one resale. Surprisingly, older CLTs had lower resale rates than newer CLTs. The shared equity aspect of CLTs is often debated because CLT homeowners receive only part of the gains from their housing price appreciation.

Steven Bourassa addresses this issue by exploring the economic return to households of purchasing a CLT unit versus renting in the open market. He finds that CLT purchase is more economical than renting, except when interest rates are high and housing price inflation is low. Of course, full property ownership has a higher return than CLT shared equity ownership when housing prices rise, but full ownership is not affordable to low-income households in most communities. CLTs thus provide a useful model for a sustainable housing affordability program in many circumstances. **L**

REFERENCES

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