



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.

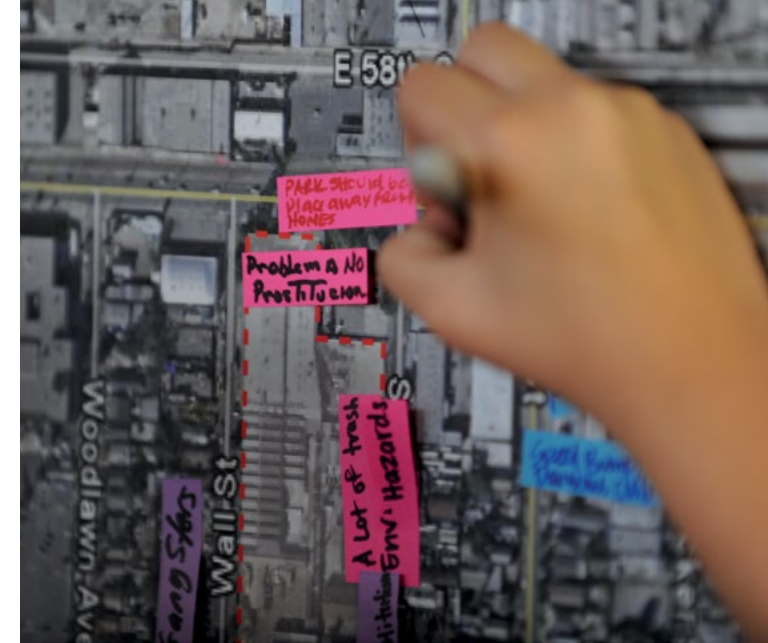
The CLT is a standalone entity, but it maintains a close relationship with the housing

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.

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

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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

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. □

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