

**BEYOND AFFORDABLE HOUSING:
WHITHER COMMUNITY LAND TRUST?**

A thesis submitted by

Trang Vuong

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Advisor: Weiping Wu

Reader: James Carras

ABSTRACT

This thesis explores the Community Land Trust (CLT) model, a form of tenure that combines common ownership of land and individual ownership of structures. Using both US and non-US literature, this thesis investigates how CLT corporations, organizations, and programs (CLTs) work in diverse forms of ownership, organization, and operation and create multiple benefits beyond affordable housing. It then analyzes challenges to CLTs in four categories: perception and skepticism from various stakeholders, insufficient recognition by and imbalanced partnership with governments, financial difficulties, and organizational competency. The thesis concludes with a recommendation for stronger support from policymakers at national and local levels. It also suggests what practitioners need to do to start and sustain their CLTs. Besides, it calls for further program evaluation, quantitative studies, scholarly critiques, and international perspectives to better measure the impact of CLTs.

PREFACE

From 2015 to 2016, while I am at Tufts University studying the Community Land Trust (CLT) model as one of the instruments for affordable housing and community development, the public discourse is turbulent in the United States presidential elections. A final result will not be determined until the end of the year, yet the updates demonstrate how numerous voters support Donald Trump to *make America great again* without recognizing in what way such greatness would be shared among different racial, economic, and social groups. A bitter truth is the advocacy for equity and inclusion, is sometimes, if not often, less appealing than the display of wealth and fame. Many citizens have faith in corporatization and commodification although current economic engines and uneven growth have been proven to be problematic for society, especially in urban life: dispossession, displacement, insecurity, and instability. The campaign attracts my interest more than I thought since another candidate, Bernie Sanders, was the very mayor that initiated and supported a new CLT in 1980s, the early time of this ground-up model. The *Burlington CLT*, later changed to *Champlain Housing Trust*, is the largest and probably the most influential CLT in the world. Sanders was also the Congressman that helped activists to insert their definition of CLTs into the *Housing and Community Development Act* of 1992. He is the second most popular presidential candidate in the Democratic Party, and apparently his influence makes the CLT story more visible to the public. The present debate about socio-politics is another mosaic pattern of a volatile world in which I see ongoing history of and challenges for the CLT model and its umbrella ideology of social justice and economic development.

Trang Vuong

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ACRONYMS

CDBG	Community Development Block Grant
The CLT	The Community Land Trust (model)
A CLT or CLTs	A Community Land Trust entity (corporation, organization, or program) or entities
FHA	Federal Housing Administration
Freddie Mac	Federal Home Loan Mortgage Corporation
Fannie Mae	Federal National Mortgage Association
HOME	Home Investment Partnerships
LEC	Limited Equity Cooperative
NSP	Neighborhood Stabilization Program
TOD	Transit-oriented development

States Cited in this Thesis

AZ	Arizona
CA	California
CO	Colorado
FL	Florida
GA	Georgia
ID	Idaho
IL	Illinois
KS	Kansas

KY	Kentucky
LA	Louisiana
MA	Massachusetts
MN	Minnesota
MS	Mississippi
MO	Missouri
MT	Montana
NM	New Mexico
NJ	New Jersey
NY	New York
NC	North Carolina
OH	Ohio
OR	Oregon
PA	Pennsylvania
RI	Rhode Island
SC	South Carolina
TN	Tennessee
WA	Washington
WI	Wisconsin

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CHAPTER 1.

INTRODUCTION

The Community Land Trust (CLT) model is a hybrid form of tenure that brings the advantages of leasehold into freehold system. It is a potential approach to affordable housing, urban revitalization, and community building, organizing and (re)development. The model challenges the prevalent mechanism of land commodification and speculation. It is appealing to me that the CLT is a work in progress rather than remaining static.

This chapter demonstrates the thesis purpose, research questions, and significance of the topic. It contains a roadmap of the document with brief description of each chapter and methodology to conduct the thesis.

1. AN INTRODUCTION TO COMMUNITY LAND TRUST

A CLT is a not-for-profit, place-based corporation, organization, or program established to ensure permanently affordable housing and lasting community assets - originally and usually by retaining perpetual ownership of land and providing the long-term ground lease to local residents, particularly the lower income and disadvantaged (Canada Mortgage and Housing Corporation, n.d.; Cirillo et al., 1982; Crabtree et al., 2013; Davis & Jacobus, 2008; Greenstein & Sungu-Eryilmaz, 2005; Heisler, 2009; National CLT Network, n.d.-a; Swann, Gottschalk, Hansch, & Webster, 1972; UK National CLT Network, 2012; United Nations, 2013). The CLT model is a hybrid form of tenure that combines common ownership of land and individual ownership of structures on that land (Davis, 2010). This combination is called dual ownership, a concept necessary to understand

the model and one of the features that distinguishes the CLT model from other types of land trusts. The model brings the advantages of leasehold into freehold system.

To guarantee housing affordability, CLTs retain a long-term option to rebuy the homes at a formula-driven price when their owners choose to sell or the owners have to sell at a resale-restricted price to another lower income buyer (Davis & Jacobus, 2008; National CLT Network, n.d.). These owners can earn solely a portion of the increased property value and this percentage varies among CLTs (Democracy Collaborative, n.d.-a). That is how a CLT avoids market rate prices for future low- to moderate-income households and preserve perpetual affordability for generations. Theoretical ‘classic’ CLT characteristics can be categorized into three O’s - Ownership, Organization, and Operation. Rather than being constant, they have been tailored to adapt to local needs and conditions, these adaptations have created ‘variations’ in practice.

While well-known as a device for housing affordability, the CLT model is less recognized as a community development strategy (Meehan, 2013). CLTs have other community benefits such as control of ownership in disinvested neighborhoods where residents can capture value for their community instead of speculative absentee investors (Policy Link, n.d.). A CLT’s benefits are manifold and beyond affordable housing supply, for example, commercial development, urban farming, food banks, gardens, parks, plazas, workspaces, legal aid services, technology centers, and other communal facilities (Democracy Collaborative, n.d.-a; Policy Link, n.d.; Thaden, 2012; UK National CLT Network, 2012).

The CLT model’s origins are diverse. They stretch from the Garden City movement in the United Kingdom (UK), the Gramdan land reform movement in India, the single-tax movement, the peace movement, and the Civil Rights movement in the United States (US), cooperative agricultural communities in Israel, and similar ideologies of land ownership in various religions and cultures around the world (Davis, 2010, 2014). The CLT movement in the US is young but has developed

rapidly since the 1970s. More than half of the 260 CLTs in existence today (estimated as of 2013) came into being after 2000. (Davis, 2010, 2013; Davis et al., 2008; Davis & Jacobus, 2008; Sungu-Eryilmaz & Greenstein, 2007). The movement has also been robust in the UK. CLTs are growing in Canada, Australia, Belgium, France, and Italy, and some can be found in Kenya and New Zealand (NZ) (Bassett, 2001; Building & Social Housing Foundation, n.d.; Davis, 2010, 2013; UK National CLT Network, n.d., n.d.).

2. THESIS PURPOSE AND RESEARCH QUESTIONS

The purpose of my thesis is to study the theory and practice of the CLT model to understand (i) how CLTs work in different forms and locations and (ii) whether there are obstacles for CLTs to take off, develop, and become a platform of collaboration. This thesis will answer the following two research questions.

The first research question is “***What are the evolving forms of CLTs regarding ownership, organization, and operation?***” The *classic CLT* model is evolving into variations in terms of *ownership, organization, and operation*. ***First***, regarding ownership, the classic model is defined by dual ownership: the CLTs own the land and the residents own the improved structures; but variations have emerged. Some CLTs own both the land and the buildings, some own neither of them, and some tailor the model ground lease to local conditions. ***Second***, the classic model has a tripartite board. One-third of this board would consist of CLT homeowners and renters, one third are residents who live in the community the CLT serves, and one-third of the board would come from local churches, government, businesses, banks, and nonprofit organizations. Recent CLTs established by local governments do not necessarily have boards with a tripartite structure. ***Third***, the classic CLT’s operation is typically characterized by its priority toward the poor and its mission of affordability and stewardship. In recent years, variations have emerged using different

methodologies for setting the resale price, promoting maintenance, and protecting the security of tenure. Moreover, beneficiaries now range from very low-income to middle-income households (Davis, 2013, 2014). Regardless of the differences, the CLT model has proven to be an efficient tool for affordable housing and community development (Baldwin, Gay, Nagin, Kulwicki, & Wool, 2015; Davis, 2007, 2010; Harmon, 2003; Loh, 2015; Rosenberg & Jeffrey, 2013; Swann et al., 1972). More and more local governments throughout the US have decided to get more deeply involved and provide for higher investments in CLTs (Davis et al., 2008; Jacobus & Brown, 2007).

The second research question is “***What are the challenges to CLTs?***”. Regardless of which element is evaluated (number of units, operating budget, staff, or location), CLTs are usually small and have relatively small number of units. The CLT model is neither fully registered nor fully recognized by the public policy and discourse. Lack of interest and sometimes opposition come from future homeowners as well as lenders, lawyers, local governments, and the general public. In this thesis, I analyze and divide the challenges into four categories: the perception of the stakeholders, the impediments from public policy makers, the financial difficulties of forming and maintaining a CLT, and the competency of the CLT organizations. ***First***, the concept of communal land ownership is alien to a world absorbed by powerful privatization and speculation. One of the initial strains is a deep-rooted perception of future homeowners about how the CLT might be less viable for their desire for land ownership and wealth building. Lack of approval also comes from other stakeholders such as lenders, lawyers, and wider communities. ***Second***, although CLT and government partnerships have flourished, many policy makers are still reluctant to embrace this grassroots model. Aside from legal framework incompatibility and lack of recognition at the national level, there is skepticism among the local governments. Concerns come from both sides - municipal officials and CLT practitioners - from seeding the model, to building the portfolio, to sustaining the organization, to taxing the property, to regulating the program, and for planning for the worst

scenarios (Davis et al., 2008). Municipal support, on the other hand, comes with conditions and may pose threats to the CLTs' efficacy and sustainability. *Third*, the CLT may encounter financial difficulties in finding seed funding, land acquisition, and sustainable funding. To expand affordable housing supply, acquiring land is still the largest challenge for CLTs due to high price and land availability. *Lastly*, in an intertwined relationship, the technical and the legal capacity of the organizations on a very long-term basis is routinely questioned. CLTs need to solve the challenge of advocacy, education, and outreach if they are to build support and collaboration with other stakeholders. As the CLT model can be flexibly altered into diverse variations, there is the threat that too much change could lead to dilution of the model's core principles.

3. SIGNIFICANCE OF THE TOPIC

The topic of CLT generates broad interest in the fields of affordable housing, urban revitalization, and community building, organizing and (re)development. I would like to confirm that CLT is a plausible approach within affordable housing ecosystem and its benefits are far beyond housing supply. Additionally, I believe that CLT model is a progressive land tenure and development strategy. It challenges the conventional mechanism of land ownership and commodification. Rather than remaining static, it is a work in progress for which researchers and practitioners are regularly exchanging ideas and experiences to refine and improve.

The model itself is appealing to study. Thanks to the CLT historian John Davis' outstanding work, I see that it is a young movement but the historic roots are deep and the growing branches are robust. The roots grew from a fertile seedbed of ideas, experiments, and movements from cultures around the world since the early 19th century. The branches are evolving as a result of ongoing efforts from experimentation and adaptation. Davis' writing is equally erudite and witty; he claims himself a master gardener and uses horticultural terms to narrate the CLT chronicle. The current

CLT model is the result of cultivation, cross-pollination, fertilization, and specialization. I cherish this metaphor and share a passionate conviction with CLT gardeners that their hybrid vigor will be healthy in many lands of our Earth.

There have been many studies on the CLT model yet the majority of them focus on the US. Writing this thesis gives me a chance to dig deeper into the field and to observe the trends outside the country. I would like to describe, discuss and reflect on the CLT model in the wider context by analyzing its forms and benefits and discussing the challenges to this model.

4. THESIS STRUCTURE

This introductory chapter lays out the roadmap of the thesis. Chapter 2 briefly analyzes the context of affordable housing, cycle of lost public investment, and land ownership regimes in different countries. It then synthesizes the CLT model's definition, mechanism, and origins and describes the growth of the CLT movement in the various parts of the world.

To answer the first research question, Chapter 3 investigates evolving forms of the CLT model regarding ownership, organization, and operation with examples in different locations to prove the manifold benefits beyond affordable housing. It also explains the significant difference among a real estate land trust, a conservation land trust, and a CLT in the US before presenting similar and related forms to the CLT model both inside and outside the country.

For the second research question, Chapter 4 investigates why the CLT model is not fully recognized in either public policy or discourse of the US. CLTs sometimes experience difficulties in development and partnership. I categorize the challenges in four groups: lack of interest from stakeholders' perception, lack of support from public policy makers, financial hardship, and the CLT organizations' competency.

Finally, in Chapter 5, I synthesize current and proposed responses to the above challenges to CLTs. I advocate for greater recognition for the model and stronger support from policy makers as well make recommendations for how the CLT model should be integrated into local community and housing development strategy. A significant shift in policy-making to embrace this model is strongly recommended. Also, I raise the question of program evaluation, impact measurement, and quantitative studies. Since up until now almost all literature was written for advocacy and outreach, this thesis calls for alternative frameworks of research, scholarly critiques, and independent reviews.

5. METHODOLOGY

My thesis is based on secondary data, through a review of existing literature relevant to two research questions. The number of sources is about 100 and involves diverse types of materials: blog posts, books, book sections, conference papers, documents, forum posts, interviews, journal articles, magazine articles, presentations, reports, theses, video recordings, and web pages (itemized by Zotero software). Academic-oriented literature such as books and journal articles is considered more reliable; however, it is undeniable that current materials on CLTs mainly come from gray literature, such as reports (annual, research, and technical), working papers, and evaluations. I find most of the items in three resources: Lincoln Institute of Land Policy, Grounded Solutions Network (formerly US National CLT Network and Cornerstone Partnership), and Tisch Library at Tufts University.

I examine international examples and experiences beside a focus on the history and practice of CLTs in the US. There is a gap in materials between US and non-US CLTs and similar models. The attention to non-US literature review is a significant difference from many other work on the same topic.

When it comes to unit of analysis, the major subject of study throughout the research is CLT organizations, corporations, or programs. The secondary one is municipal government (city and

county) regarding its partnership with CLTs. There are several CLTs under the spotlight to illustrate in Chapter 3. Selection of CLTs depends on the content of each section - Ownership, Organization, and Operation - and I try to cover the diversity of locations and forms.

CHAPTER 2.

OVERVIEW OF COMMUNITY LAND TRUST

No country is immune to the affordable housing shortage. Funding for such global issue is a vast figure while public and private investment is often lost once beneficiaries resell their subsidized homes back to the free market. Dominant practice of land privatization and commodification is usually a hindrance for affordable housing and community (re)development efforts. In such context of the affordable housing puzzle, CLT model is a proven solution to retain subsidy, guarantee permanently affordable housing, provide community facilities and services, and strengthen community control over land. It is not a panacea but a viable solution at the local level that combines the best of both worlds, collective and private ownership.

Chapter 2 briefly analyzes the issue of affordable housing, inefficacy of public investment solutions, and implications of private land ownership. It then synthesizes CLT model's definition, mechanism, and origins. It also explores the growth of CLT movement in various parts of the world.

1. A WIDER CONTEXT AT THE INTERNATIONAL LEVEL

CLT has been a radical concept in the world where both the policy and the market usually favors and relies on property privatization and profit maximization (Crabtree et al., 2013). In that world, when one wants to own a house, she commonly has to strive to buy the land beneath or its usufruct. Even in cases of leasehold systems and housing cooperatives (co-ops), she usually burdens the market value of land in her payment. Mother Nature's land is reclaimed, commodified, privatized, and speculated at an ever-increasing level, which gradually leads to a wealth gap for those who do

not own (much) land, housing shortages for those who need it (most), and displacement for those who cannot afford to live in their (current) place.

Affordable Housing as a Global Issue

The concept *affordable housing* became pervasive in the US and Europe in the 1980s to indicate housing whose expenditures does not exceed a specific percentage of household income and meet the need of the lower-income (Bhatta, 2010). This percentage varies among countries and each locality needs to tailor to their unique context to define affordability. Three common accepted parameters are: no greater than 30%-40% of income (monthly for renting and gross for purchasing), definition of a decent home (standard housing unit including floor space and amenities, and commute time to centers of employment in less than one hour), and finally, threshold for low- and moderate-income is 80% of area median income (AMI) (Woetzel, Ram, Mischke, Garemo, & Sankhe, 2014). [See [Appendix 1](#) for income groups in the US].

Housing affordability has been a global, confounding issue in both the developed and developing world and no country is immune to the affordable housing shortage. It is estimated that over one billion people live in substandard housing, approximately 83% in urban areas, and solving the housing deficit by 2025 would need \$16 trillion or housing finance institutions the size of no less than 44 Grameen Banks (Anderson & Beck, 2012; Woetzel et al., 2014). Real estate sector has been torn down by the 2008 financial crisis leading to foreclosures and price drop; nonetheless, housing costs continue to be overvalued and unaffordable in many markets (The Economist, 2011). Income stagnation and low economic growth as a result of the recession has exacerbate the insufficiency of adequate housing.

Public Investment Lost out to the Market

Governments' investment for affordable housing is usually deprived after resale due to the widely accepted market rules, i.e. human take for granted the right to treat land, a natural resource,

as a commodity. In many cases, states' efforts (a grant or low cost loan) to subsidize the lower income's purchase is lost once the beneficiary resell her home on the market, which is known as *subsidy removal* (Davis, 2006). A response to this issue is *subsidy recapture*, a *silent second mortgage* to cover a part of the price and "homeowners do not make monthly payment [...] but are expected to repay the loan when they decide to sell the home" (Mann, 2015, p.15). Nevertheless, it is criticized for requiring additional public funding due to the increase in appreciated market price, hence, being ineffective at helping future generations of buyers (Jacobus & Cohen, forthcoming). Chapter 3 will explain that CLT is the typical model of *subsidy retention*, a superior approach that Jacobus and Cohen describe as keeping the subsidy stay in the housing unit itself instead of the household.

Land Ownership and its Implications

Social acceptance of properties ownership encompasses public, private, or common land. It should be noted that common (collective) land is not public (state-own) land; instead, it may belong to a village, a tribe, or a community. Earlier, *collective land bank or ownership* was suggested for low-income housing in developing countries (Lewin, 1981; Sudra, 1976; Turnbull, 1983). In the US, *common land* concept was proposed to be a measure to conciliate conflict between public interests and private ownership that usually happened in environmental field (Juergensmeyer & Wadley, 1974). Ideology about collective, communal ownership of land, notwithstanding, has been rooted for centuries in various cultures, religions, and beliefs. It can be traced back to the *commons* in Europe, particularly in England, Scotland, and Wales, then the *commons* in New England (US), *customary community-based tenure* in sub-Saharan Africa, as well as non-private, non-trading land of American Indian tribes, Aztec *communally-owned calpulli*, and Mayan *collective land ownership* in America.

"What is this you call property? It cannot be the earth, for the land is our mother, nourishing all her children, beasts, birds, fish and all men. The woods, the streams, everything on it belongs to everybody and is for the use of all. How can one man say it belongs only to him?"

- Massasoit (a Native American leader) -

However, notion and practice of collective ownership has been overwhelmed by invasion of privatization, commodification, and speculation. Nowadays, aside from sub-Saharan Africa where customary land tenures are still prevailing, most land is titled¹ in Western Europe, Japan, and North America; titling is conducted at a dramatic level in Eastern Europe, Former Soviet Union countries, South and East Asia, and Latin America²; and titling programs are responsible for creating massive private ownership, which is not the top strategy for property right and economic development (USAID, 2014). Despite obviously important benefits of titling, international literature and selected case studies manifest that its programs “have generally failed to realize either their social or economic policy objectives” such as “increasing tenure security, increasing investment in property, increasing access to formal credit, reducing poverty and also reducing the need for future slums and unauthorized urban development” (Payne, Durand-Lasserve, & Rakodi, 2009, p.458, 444). Even in transitional economies that “refrain from the privatization while reserving the ultimate control over land for the state” like China, Vietnam, and Uzbekistan (Ho & Spoor, 2006, p.584), it is hard to deny the booming market of usufruct and ascendancy of for-profit corporations. Vast corporatization has dominated land rights and intensified the so-called ‘privatopia’ (private new towns, gated communities, and enclavization of upper-income groups), ‘the urban spectacle as commodity’, ‘theme park’ quality of urban development, privatization of public place, dispossession, and

¹ “[...] land titling has been defined as the allocation of real property rights on land, i.e. rights that are opposable to a third party, and that can be transferred, inherited and mortgaged. This includes freehold or long-term registered leasehold as found in common law tenure systems.” (Payne, Durand-Lasserve, & Rakodi, 2009, p.444)

² There are opposite examples such as in the Netherlands, Singapore, and Hong Kong.

displacement (Douglass, 2015; Sassen, 2015; Wu, 2015). This developmental trajectory is an impediment for affordable housing efforts, specifically the inclusion of lower income communities.

In such context of affordable housing shortage, public investment ineffectiveness, and dominance of privatization, CLT is one of the models that try to provide long-lasting affordability and stewardship. Chuck Matthei, a Civil Right activist and CLT practitioner, said that the model is a not panacea or a solution that exists in a vacuum, but a response to time and need; it can be done at a local level and can combine the best of both worlds, collective and private ownership (Institute for Community Economics, 1985). Rosalind Greenstein also pointed out that CLT is not a prescription that meets all housing needs but “a preferable option for some people at some points in their lives” (Dubb, 2007, p.5).

2. DEFINITION AND ORIGINS OF CLT MODEL

Definition

There are slightly different ways to determine a CLT, which reflects the diverse world of how CLTs are operating. The following is my synthesis (**Box 2.1**) from various sources (Canada Mortgage and Housing Corporation, n.d.; Cirillo et al., 1982; Crabtree et al., 2013; Davis & Jacobus, 2008; Democracy Collaborative, n.d.-a; Greenstein & Sungu-Eryilmaz, 2005; Heisler, 2009; National CLT Network, n.d.-a; Policy Link, n.d.; Swann et al., 1972; UK National CLT Network, 2012; United Nations, 2013).

Box 2.1. Definition of CLT

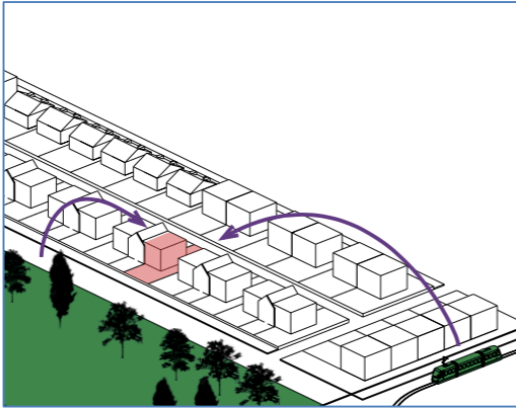
Source: Author's Synthesis

CLT is a not-for-profit, place-based corporation, organization, or program established to ensure permanently affordable housing and lasting community assets - originally and usually by retaining perpetual ownership of land and providing long-term ground lease to local residents, particularly those least served by the market.

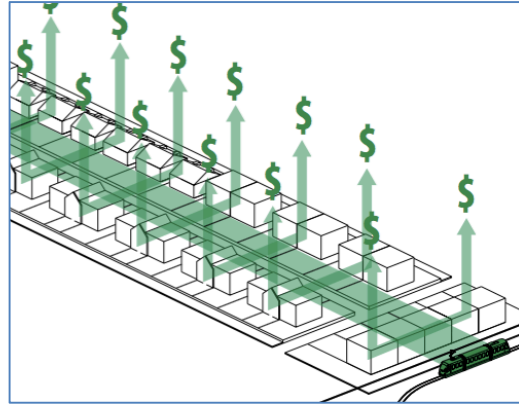
Dual ownership is the key concept to understand CLT, an innovative form of tenure that attempts to combine community ownership of land and individual ownership of buildings on that land (Davis, 2010). Accumulation in land values would be gainful for the wide community in lieu of a small group of developers as illustrated in [Figure 2.1](#). CLT acquires land by purchase or donation and removes it from the market. CLTs can purchase land at (i) market price with funds from federal programs (such as Community Development Block Grant - CDBG, Home Investment Partnerships - HOME, and the like) or (ii) below market price with charitable *bargain sale* mechanism (sellers receive cash for one portion and income tax deduction for the rest like donation) (Brown, 2007). The buildings “either already exist or is developed by the CLT or a developer contracted by the CLT” (Mann, 2015, p.13). Dual ownership is quite similar to practices in leasehold system yet it focuses more sharply on removing speculative feature of land, preventing accumulation of predatory landlords, and enhancing empowerment of local communities.

Figure 2.1. Benefits of Dual Ownership

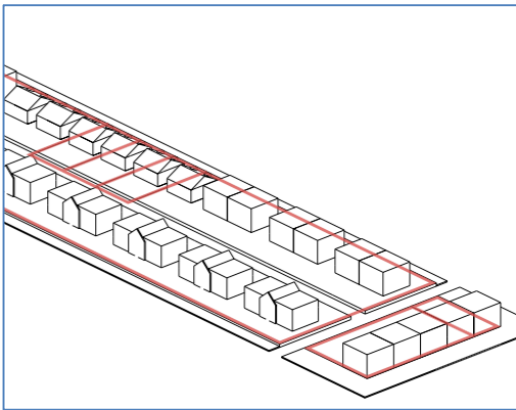
Source: Extract from (Gorini, 2015)



a. Conventionally, surrounding investment like public transit and parks result in increased private property values.



b. Such values accrue to landlords; overpriced property taxes and rents may lead to displacement and gentrification.



c. CLT acquires the perpetual ownership of land and separates its title from any improved structure's above.



d. Homes become affordable and increases in land value become community's in stead of developers' benefits.

Long-term ground lease, which is typically 99 years, inheritable, and mortgage-able, regulates *resale price formulas* and *buyer eligibility restrictions*; the former can be itemized, mortgage-based, appraisal-based, indexed, or fixed-percentage formulas as explained in [Table 2.1](#) and the latter lays out income limit of the next buyers. Both of them encompass *preemptive right*, an option for CLT to rebuy the homes when their owners choose to sell later or they have to sell at resale-restricted price to another lower income buyer (Bell, 1991; Davis & Jacobus, 2008; National CLT Network, n.d.-a). These

owners can earn a portion of the increased property value and this percentage varies among CLTs (Democracy Collaborative, n.d.-a).

Table 2.1. Comparison of Resale Formulas

Source: Tabulation from Chapter 12, CLT Technical Manual (White, 2011)

Formulas	Explanation	Application
Itemized	Adjust "the resale price by adding to or subtracting from the base price specific factors that increase or decrease the value of the homeowner's investment in the home." (p.6)	"Were relatively common among early CLTs but have generally been abandoned, even by those that initially adopted them" because they are "pure in theory but not practical" (p.6)
Mortgage-based	Adjust "the resale price not in terms of adjustments applied to a base price but in terms of the amount of mortgage financing a purchaser of a given income level will be able to afford at the then-current interest rate" (p.8)	Rarely used as "they create potentially serious problems for the homeowner who must sell in a time of increased interest" (p.8)
Appraisal-based (the most common)	Comprise "three subtypes, all of which adjust the price by allocating to the owner a specified percentage of market appreciation as measured by appraisals at the time of purchase and the time of resale." (p.11)	Commonly used since they "fall between the extremes of the more theoretically pure itemized and mortgage-based formulas. None of them offers as complete a method of measuring a homeowner's earned equity as does the itemized formula.
Indexed	Adjust "the resale price (above or below the purchase price) by applying a single factor drawn from an index such as area median income or the Consumer Price Index." (p.18)	None of them offers as certain a method of preserving affordability as does the mortgage-based formula." (p.11)
Fixed-rate (the simplest)	Adjust "the resale price upward by applying what is in effect a fixed rate of interest on the base price (not the settlement price) from year to year." (p.17)	

A national study in the US in 2007 presented a baseline data of CLTs: 81% of the responding CLTs were formed as corporations and 19% as programs; their beneficiaries are very low income

(VLI), low income, and to some extent moderate income families; housing development is the main activity of 87% CLTs; 99-year ground lease is used in 95% CLTs (82% in 2011); and 55% of them utilized appraisal-based formula (Sungu-Eryilmaz & Greenstein, 2007; Thaden, 2012).

Origins

According to John Davis, the informal historian of CLT (Dubb, 2011), its roots are related to various theoretical notions, practical experiments, and social movements beyond the sphere of land use, housing, or governance. They included Garden Cities in England, Gramdan villages in India, and agricultural co-ops in Israel. They included land reform movement, Single Tax movement, peace movement, and Civil Rights movement. The ideas, events, and interactions in reality were convoluted but Davis's exceptional work in 2010, 2013, and 2014 shed light upon these diverse origins and correlations.

The intellectual origins involved great thinkers like John Stuart Mill, who coined the concept *unearned increment* to describe the small cadre of landlords capturing all appreciation, and particularly Henry George, who proposed Single Tax on land to collect that social increment. Georgism influenced thinkers such as Ebenezer Howard and Ralph Borsodi who created *planned communities on leased land*. In England, Howard composed Garden City model (1898) and built two in Letchworth (1903) and Welwyn (1920), where land was leased out from a municipal corporation for housing, industry, agriculture, and commerce. In the US, Borsodi founded a homesteading community named School of Living in Suffern, NY (1936); he was the first author who described leased-land experiments as *land trusts*. Later, Mildred Loomis and Arthur E. Morgan continued to nurture such communities and inspired many others.

Outside the US, another wellspring of inspiration for Borsodi is Gramdan (Village Gift) land reform movement in India (formerly Bhoodan or Land Gift). Vinoba Bhave, Gandhi's spiritual successor, walked from one to another of 700 villages across the country to ask the haves to share

with the have-nots. Three million acres were donated and 160 thousand Gramdan villages were established by the time Borsodi left India. Notions of land leasing influenced by George were also found in Australian Parliament's stipulation for Canberra and Israel's Jewish National Fund's agricultural communities (kibbutz and moshav). This alternative model of ownership is considered CLT precursor; nevertheless, these land trusts lacked organizational and operational features such as resale price control or community-led decision making.

In the second half of the 20th century, Slater King and C. B. King (cousins of Martin Luther King), Robert Swann, Fay Bennett, and Charles Sherrod added organizational features to the model. Swann et al contributed to form *Koinoina Partners* (Friends of Koinoina Farms), a prototype of Habitat for Humanity as well as all CLT's of today. In 1969, they established the first CLT in rural Georgia named New Communities, Inc., and in 1972, wrote the first book on CLT (*The Community Land Trust: A Guide to a New Model of Land Tenure in America*). Swann was influenced by Lewis Mumford, Borsodi, Morgan, Gandhi, and Bhava. As a white homebuilder from the Mid West, he had an unlikely yet venerable friendship with S. King, a black businessman from the Deep South, while his wife Marjorie Swann was a friend of Coretta Scott, who later married a cousin of the Kings. The first CLT was born as a result of Swann and S. King's effort to help the landless African Americans in rural South.

CLT concept before the 1980s, nevertheless, did not describe explicitly operational features with an emphasis on beneficiaries and stewardship. New generations of CLT practitioners formed Institute for Community Economics in Massachusetts and refined and expanded the model. They published the second book (*The Community Land Trust Handbook* in 1982) revising the model with priorities on the disadvantaged, excluded people, community organizing, urban problems, and perpetual affordability and stewardship. The first urban CLT, *Community Land Cooperative of Cincinnati* (OH), was formed in 1981. The '80s decade observed the rise of CLT's, particularly in urban areas.

CLTs have become more popular thanks to Chuck Matthei, “Bhave of America” or “Johnny Appleseed” of the CLT movement (Davis, 2010, 2013, 2014).

3. GROWTH OF CLT MOVEMENT

It took CLT model several decades since the 1970s to be widespread in the US, have sizable numbers of organizations and considerable housing units, as well as show evidence of sustainability [See [Appendix 2](#) for the map of CLTs in the US in 2010]. It has been fair to call it a movement since 2000: more than half of the total 260 CLTs today (estimated as of 2013) came into being, with a growth rate of roughly 20 annually. “60% of CLTs serve urban areas, 31% serve suburban areas and 52% serve rural or small towns” (Davis, 2010, 2013; Davis et al., 2008; Davis & Jacobus, 2008; Sungu-Eryilmaz & Greenstein, 2007, p.2). Three states with the highest numbers of CLTs are: California (21), Massachusetts (18), and New York (21) (National CLT Network, n.d.-c).

The interests have multiplied in various regions of the world. In the UK, CLT was defined in *Housing & Regeneration Act* 2008. Recently, Scottish CLTs have taken ownership of more than 500,000 acres, leading to new homes, businesses, community self-confidence, and population attraction (Hunter, 2012). England and Wales observed an impressive booming with half of their 170 CLTs formed in just the last two years, mostly in rural areas (UK National CLT Network, n.d.). English and Welsh rapid growth reflects an influence from the US and Scotland as well as the UK government’s emerging agenda of localism, in which communities are offered higher power, responsibility, and autonomy at the local level (Moore & McKee, 2012) [See [Appendix 3](#) for the map of CLTs in England and Wales in 2012]. Canadian CLTs appeared in the late 1970s and early 1980s (Bunce, Khimani, Sungu-Eryilmaz, & Earle, 2013) but the tradition is less established. 8 CLTs were concretely studied in 2005 (Housing Strategies Inc., 2005a).

There are emerging CLTs and advocacy movements in other countries such as Australia, Belgium, France, Italy; the model could also be found in Kenya and New Zealand (Bassett, 2001; Building & Social Housing Foundation, n.d.; Davis, 2010, 2013; UK National CLT Network, n.d.). Tanzania-Bondeni CLT experiment in Kenya started in early 1990s and was a finalist for World Habitat Award in 1997; nonetheless, in early 2000s, such adaptation of American CLT was claimed an unsuccessful performance in comparison with another upgrading project in the country (Bassett, 2001, 2005; Bassett & Jacobs, 1997). Generally, information and research outside the US is fairly limited. Even in an English-speaking country like Canada, information about which CLTs are active and how to contact them is scanty (Housing Strategies Inc., 2005b). Albeit American literature is more profound, there is a void of empirical studies on CLTs and related models to measure their impacts (Temkin, Theodos, & Price, 2013).

Along with the the growth of CLTs, national networks have been established. National CLT Network in the US provides massive advocacy, technical support, and training for its members. Within the Network, CLT Academy is the oldest and largest program which conducted numerous courses, seminars, research, and manuals. In early 2016, the Network joined forces with Cornerstone Partnership to form Grounded Solutions Network. National CLT Network in the UK, which supports English and Welsh CLTs, was found in 2010 and became a charity in 2014. This Network also advocates on behalf of CLTs and provide support, training, research, and handbook. The Australian CLT Manual in 2013 stated that “there are instances of CLT-like schemes” in the country (Crabtree et al., 2013, p.26). Mount Alexander Community Land Ltd claims to be a member of Australian CLT Network, however, the network’s information is relatively sporadic and difficult to track down.

In the US, CLT’s growth in the embryonic time was mostly grassroots and local efforts while recent trend has been more increasingly influenced by local government’s support not only in

funding but also in human resources and planning. Davis, Jacobus, and Hickey (2008) expounded that a shift in municipal support stem from how local governments want to preserve the affordability and public investment as mentioned in Section 1 of this chapter, support the first-time homebuyers after the purchase, retain occupancy and housing conditions, and relieve their burden in long term stewardship. A number of cities and counties have substantially increased their involvement and investment in introducing the model to the public, bolstering CLT startups, building their portfolio, sustaining their operations, offering equitable taxation, regulating their programs, and planning contingencies (Davis & Jacobus, 2008). [See [Appendix 4](#) for examples of municipal support in the US].

4. CONCLUSION

The wider context at the international level clarifies how affordable housing is a serious problem in both developed and developing countries. Estimated funding for such global issue is a vast figure, whereas conventional investment is usually lost out to the market once beneficiaries decide to resell their homes. Over the time, techniques have been used to prevent subsidy removal, upward filtering, or gentrification. Therein, dual tenureship and dual ownership were introduced in different parts of the world yet had the same principle of separating land ownership from above structures. Although similar to leasehold system, their underlying maxim is more concentrate on removing speculative of land and empowering the local community. This is opposed to the prevalence of legislation and practice in which land is commodified, privatized, and speculated at an extensive rate. Subsequently, in many cases, vast corporatization is not only a culprit of privatopia and displacement, but also a hindrance for affordable housing and community (re)development efforts.

In such context, CLT is believed to be an effective approach to retain subsidy, guarantee permanently affordable housing, and provide community stewardship. It is not a prescription for all

housing needs yet a fruitful tool at the local level for the most neglected population in the market. It uses long-term ground lease which comprises of resale price formulas and buyer eligibility restrictions. By regulating that resale price has to be affordable and the next buyer has to be another low income household, CLT ensures affordability in perpetual.

Recently, it has been fair to call CLT a movement with over 260 CLTs in the US and 170 in the UK. CLTs are emerging in Canada, Australia, Belgium, France, and Italy; some can be found in Kenya and New Zealand. Information on CLTs outside the US is relatively limited; American literature is more thorough yet there are few empirical studies. CLTs are most developed in the US and the UK, where national networks have been established and providing advocacy, support, and training. In addition, municipal support for and partnership with CLT have been unceasingly increasing.

CHAPTER 3.

DIVERSE FORMS AND MULTIPLE BENEFITS

To understand the model, I discover how CLTs work in different forms and locations. As introduced in Chapter 1, there are more than 260 CLTs in the US, 170 in English and Wales; CLTs are emerging in Canada, Australia, Belgium, France, and Italy; some can be found in Kenya and New Zealand. They exist in different forms that are considered *variations* from the theoretically *classic* CLT based on ten characteristics under three categories: ownership, organization, and operation. I pay attention to these characteristics as they are indicators to differentiate the variations from the classic CLT. I also observe the applicability of the model in different contexts regarding legal system, federalism, and land registration system. Regardless of forms and locations, examples of CLTs show plenty of benefits. CLT can preserve affordability for generations even in hot markets and prevent foreclosure even in cold markets. It also facilitates other types of development and community uses such as local business, community hall, gardens, food banks, daycare centers, homeless shelters, workspaces, and TOD. Terms for CLT and similar models are ample when we look at both US and non-US literature, some terms are related, parallel, or contrary in their implications, e.g. real estate land trust, conservation land trust, and land bank.

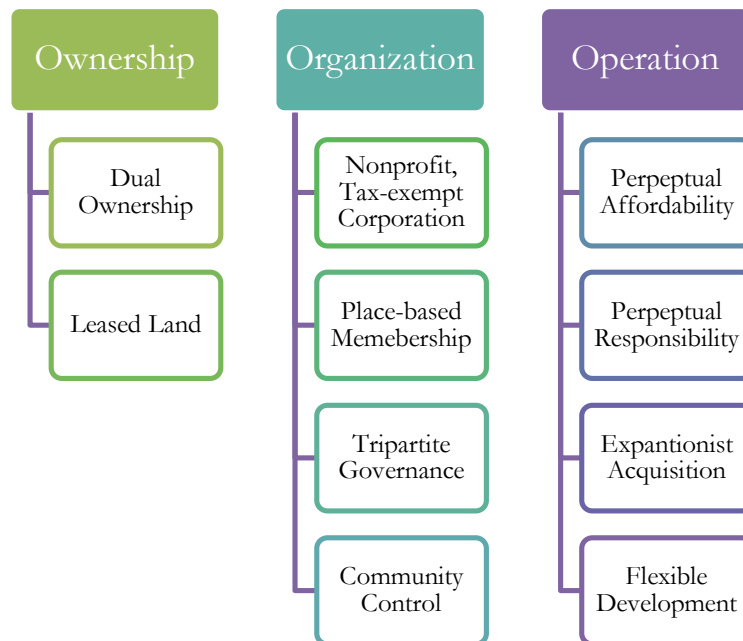
This chapter examines evolving forms of CLT as related to ownership, organization, and operation. Examples in different countries show how CLT bring about manifold benefits from permanently affordable housing to various types of development, services, and assets. The chapter also distinguishes CLT with other types of land trusts and banks in the US and similar models both inside and outside the US.

1. OVERVIEW OF CLASSIC CLT AND VARIATIONS

The practical world of CLTs are greatly diverse over the decades, but there are ten common characteristics grouped into three Os - ownership, organization, and operation - that are found in most of CLTs as can be seen in [Figure 3.1](#) (Davis, 2007, 2008; Davis et al., 2008; Miller, 2013). Davis and other architects of the model distinct an archetypal one as classic CLT and any altered one as variation; the classic was inserted as definition of CLT in the US *Housing and Community Development Act* of 1992. It should be noted that the very first CLT, *New Communities*, is not equal to the classic; it took years for the model to gain complete features of the so-called classic CLT; and *Community Land Trust Handbook* in 1982 was the first publication that determined its characteristics (Davis, 2014). For its membership, US National CLT Network keeps the standard narrow enough to conserve identity of CLT model and also promotes it broad enough to embrace the variations (National CLT Network, n.d.-b). The approach of comparing classic CLT and variations mainly draws from Davis’ work in 2007.

Figure 3.1. Ten Characteristics of a Classic CLT Covering Three Os

Source: Tabulation from (Davis, 2007; Miller, 2013)



The classic CLT implies a standard to grow the model that aims at social justice and economic development. The distinction, however, usually acts as a benchmark for training and outreach; it does not imply which one is optimum, i.e. the variations *per se* are not necessarily better or worse than the classic CLT. Examples in the next three sections demonstrate that most of CLT's in practices are variations regarding one or several characteristics. That plenitude reflects flexibility and applicability of CLT model in to satisfy different demands and circumstances.

Flexibility

Rather than being rigid, ten characteristics of the classic have been tailored to adapt to local needs and conditions. **Table 3.1** explains (i) what the original characteristics are and (ii) how they can be altered and sometimes vanish in variations despite reaching the same goal of permanent affordability and stewardship. For instance, some variations do not have dual ownership, ground lease, nonprofit status, tripartite governance, membership, or expansionist acquisition.

Table 3.1. Comparison of Classic CLT and Variations

Source: Modification from (Davis, 2007, 2008; National CLT Network, n.d.-b)

Category	Classic CLT	Variations
OWNERSHIP	Dual ownership: CLT owns land and other entities own buildings (residents, cooperatives, condo associations, nonprofit developers, or some other nonprofit/ governmental/ for-profit entities)	<ul style="list-style-type: none"> - Own both land and buildings (e.g. rental housing) - Or own neither land or buildings (e.g. condo)
	Leased land: CLT uses long term (99 years) ground lease. Institute for Community Economics developed and refined a 'model ground lease' to ensure equitable balance of interest between landowner and homeowner.	<ul style="list-style-type: none"> - Use shorter term ground lease - Use deed covenant if they do not own land - Or lease out both land and buildings if local law prohibits separation of titles (e.g. some areas in Ohio and North Carolina)

Category	Classic CLT	Variations
ORGANIZATION	<p>Nonprofit, tax-exempt corporation: CLT is a private, independent, charitable nonprofit receive 501(c)(3) or (4) designation from the US Internal Revenue Service (IRS)</p>	<ul style="list-style-type: none"> - Are subsidiaries or programs by pre-existing nonprofits - Are sponsored by or programs of local governments - Decide not to register 501(c)(3) or (4) - Or get refusal from the IRS
	<p>Open, place-based membership: CLT has membership for any adult live in its defined service area, typically one or several neighborhoods</p>	<ul style="list-style-type: none"> - Target service areas to be citywide, countywide, multi-counties, metropolitan area - Encompass residents outside its service area - Encompass institutions in voting - Or contain no membership
	<p>Tripartite governance: CLT board seats are shared equally among three subsets:</p> <ul style="list-style-type: none"> - Resident directors or ‘leaseholder representatives’ (CLT homeowners and renters) - Community directors or ‘general representatives’ (non-CLT residents in the surrounding community) - And public directors or ‘public representatives’ (such as local governments, banks, businesses, and churches). 	<ul style="list-style-type: none"> - Allocate resident directors by tenure (such as co op, condo, single family, and renter) - Reserve one or more seats for public directors - Appoint public/private sector directors - Or have some/all seats appointed by local government or nonprofit parent organization
	<p>Board elected by open, place-based membership.</p>	<ul style="list-style-type: none"> - Have self-perpetuating board - Elect due to sponsorship - Or elect due to region-wide service area
	<p>Community control: Two-thirds of the tripartite governance are nominated and voted</p>	<ul style="list-style-type: none"> - Have some/all board appointed by the local government

Category	Classic CLT	Variations
	by residents	<ul style="list-style-type: none"> - Or have governing board or advisory committee appointed by the parent nonprofit
OPERATION	<p>Perpetual affordability: CLT has preemptive right and resale restriction in perpetuity, typically uses one resale formula for all units</p>	<ul style="list-style-type: none"> - Require direct transfer between existing and future homeowners (CLTs do not repurchase homes) - Obtain resale restriction last in barely 20, 30, or 50 years due to state laws or court precedents - Have no resale restriction for some units in mixed-income or mixed-use projects - Or use different formulas for different unit types, goals, populations, subareas, or submarkets in their service areas
	<p>Perpetual responsibility or stewardship: Ground lease allows CLT to</p> <ul style="list-style-type: none"> - Requires owner occupancy and responsible use - Force repairs if buildings become a hazard - And cure the default to prevent foreclosure 	<ul style="list-style-type: none"> - More tightly monitor: create a maintenance escrow for each home or offer comprehensive pre- and post-purchase services - Or more loosely monitor: solely step in to prevent foreclosure or even accept mortgages that do not equip CLTs the chance to cure defaults and rebuy foreclosed home
	<p>Expansionist acquisition: CLT expands holdings of land, increases supply of buildings, and distributes them throughout its service area</p>	<ul style="list-style-type: none"> - Grow at a very slow rate - one or two units/year - Halt growing after a certain size - Forced or chose to concentrate their holdings in one area within its service area

Category	Classic CLT	Variations
	Flexible development: CLT develops a variety of housing types, tenures, and land uses such as local businesses, social service agencies, gardens, and parks.	<ul style="list-style-type: none"> - More flexible: more comprehensive mission such as revitalizing an entire neighborhood or redistributing regional growth - Or less flexible: focus on only stewardship (partnering with delegate development) or only one type of housing or tenure.

Examples in **Table 3.1** drawn mostly from the US. Meanwhile, the UK National CLT Network simply classifies their CLTs in two groups, rural and urban, and declares that the rural ones are similar to the classic with a focus on housing. In several Canadian studies, CLTs are categorized into three categories: *co-operative*, *lease-to-own*, and *facilitative* CLTs. As can be seen in **Table 3.2**, the first two imply two types of property tenures while the last one signifies that CLTs act as mediators between builders and dwellers. Facilitative CLTs neither own housing assets nor develop/manage on their land.

Table 3.2. Classification of CLTs in Canada

Source: Tabulation from (Housing Strategies Inc., 2005a)

Form	Goal	Examples
Co-operative CLTs	Long-term affordability of co-op housing	<i>Colandco Cooperative Homes Inc.</i> , Toronto, Ontario <i>Communauté Milton Parc</i> , Montréal, Quebec <i>Community Housing Land Trust Foundation</i> , Vancouver, BC
Lease-to-Own CLTs	Assistance for the low income move into home-ownership.	<i>Central Edmonton CLT</i> , Edmonton, Alberta <i>West Broadway CLT</i> , Winnipeg, Manitoba <i>Salt Spring Community Housing and Land Trust Society</i> , Salt Spring Island, BC
Facilitative CLTs	Provision of tools and resources	<i>Calgary Community Land Trust Society</i> , Calgary, Alberta (Box 3.1)

Adaptability

Growth of over 260 CLTs in 46 states, Washington DC, and Puerto Rico (Davis, 2014) indicates adaptability in varying environments. Furthermore, emergence of CLTs outside the US is a signal of their applicability in different contexts in terms of legal system, federalism, and land registration system. In those diverse conditions, the classic CLT is often impossible and it takes time for variations to be applicable. For instance, English and Australian laws does not allow separation of titles between land and buildings (Crabtree et al., 2013), and Canadian and Kenyan laws does not facilitate CLT to be registered as charity or nonprofit corporation (Bassett, 2001; Bunce et al., 2013).

Table 3.3. Current CLTs Situated in Different Contexts

Source: Author

Country	Legal System			Federalism		Land Registration System		
	Civil Law	Common Law	Others	Federation	Unitary State	French/Latin/ US Style Deeds	German Style Land Book Title	Torrens/ English Style Title
Australia		•		•				•
Belgium	•			•		•		
Canada	•	•		•		•	•	• ¹
France	•				•	•		
Italy	•				•	•		
Kenya		•	•		•			•
NZ		•			•			•
UK		•			•			•
US		•		•		•		•

¹ In different provinces

In the framework of this thesis, adaptation of CLTs in each system is not discussed in details, but legal challenges will be analyzed in Chapter 4. If CLT is successful in countries like Kenya, it will be a positive harbinger for countries with severe concerns about land tenure and property rights (USAID & ARD Inc., 2005). **Table 3.3** synthesizes the contexts that current CLTs are located in.

- Legal system: civil law (Belgium, France, Italy), common law (Australia, Canada except Quebec has mixed system of both common law and civil law, New Zealand, UK, and US), and combination of common law, customary law, and Muslim law (Kenya) (University of Ottawa, n.d.);
- Federalism: federation (Australia, Canada, Belgium, US) versus unitary state (France, Italy, New Zealand, Kenya, UK). Role of government varies among country, e.g. more decentralized in the US and more centralized in France;
- Land registration system¹: French/Latin/US style deed system² (Belgium, part of Canada, France, Italy, US), German style land book title system³ (part of Canada), and Torrens/English

¹ [T]he process of recording rights in land either in the form deed registry or title registry (UNECE, 2004). (Cited in Çağdaş, 2014, p. 9)

² “A register of **legal documents** evidencing transactions. It records names of the parties rather than the parcel: Deed registry shows “**who owns what**” based on the deeds (Enemark, 2008). **Metes and bound approach** is used for geographically description of parcels instead of cadastral maps (Nettle, 2006; Zevenbergen and Bogaerts, 2001). Titles are not guaranteed.” (Cited in Çağdaş, 2014, p. 9)

³ “A register of **properties** presenting “**what is owned by whom**” (Enemark, 2008). It is an official record kept by the local courts (Zevenbergen and Bogaerts, 2001). Title registry is parcel based, therefore cadastral maps are used for

style title system¹ (Australia, part of Canada, Kenya, New Zealand, UK, and part of US) (Enemark, 2010).

The key common context of above countries is a freehold land ownership regime. This confirms that CLT is a model that attempts to reform the freehold to have some advantages of the leasehold. It should be kept in mind that starting a CLT cannot simply based on a similarity with a country listed in the above table. Professional legal consultancy, comprehensive feasibility study, and a detailed business plan in the specific location are the prerequisite. That plan should analyze local market and needs as well as organizational capacity to meet those needs (Housing Strategies Inc., 2005b).

Multiple Benefits

Regardless of forms and locations, CLT is claimed to be an effective instrument for permanently affordable housing and beyond. There is an increasing need of quantitative program evaluation and impact measurement to document its multiple benefits. Up to date, there are only two data-driven surveys in the US, the one in 2007 had statistical tests and the one in 2012 one was simply descriptive.

identification of parcels. Both registered titles and property boundaries (fixed) are guaranteed by the State.” (Cited in Çağdaş, 2014, p. 9)

¹ “A special version of title registration. It is applied in UK using general boundaries to identify parcels with the large-scale topographic maps. In other jurisdictions (e.g. Australia, New Zealand), Torrens system is applied with fixed boundaries based on **individual** (isolated) cadastral surveys (Enemark, 2008), without connection to the national reference frames.” (Cited in Çağdaş, 2014, p. 9)

CLTs probably transcend other affordable housing programs as they are more efficient at preventing the loss of public investment *even* in hot markets and tenure security *even* in cold markets. **First**, its ability is superior in subsidy retention and resale restriction, therefore, saving the government from additional investment to preserve affordability whenever homeowners resell their housing. Different from subsidy recapture, subsidy retention locks public investment in the buildings instead of the households. For example, a \$250,000 home resold four times in thirty years would need \$820,000 subsidy in case of using subsidy recapture (“homebuyer loan in the form of a silent second mortgage”); meanwhile, CLT model solely requires \$50,000 one-time subsidy at the beginning (Davis et al., 2008, p.8, 9). That’s why affordability can last for more than one generation of homeowners, as can be seen in case studies like *City of Lakes CLT* (Minneapolis, MN), *Champlain Housing Trust* (Burlington, VT), *Dudley Neighbor Inc.* (Boston, MA), *Durham Community Land Trustees* (Durham, NC), and *Portland CLT* (Portland, OR) (Bunce et al., 2013; Crabtree et al., 2013; Davis & Demetrowitz, 2003; Housing Strategies Inc., 2005b). **Second**, the crisis in late 2000s has showed that CLT and other forms of shared equity homeownership are also effective in maintaining tenure security. A US National CLT Network’s research in 2009 manifested that national market homes have foreclosure rate six times higher than that of CLT ones - 3.3 versus 0.52% (Misak, 2009). Another study in 2011 confirms that 4.63% of conventional market homeowners were in foreclosure proceedings while CLTs had ten times lower - only 0.46% (Thaden, 2011). As Davis explained, this is an outcome of long-term efforts: educating before selling homes, preventing predatory loan and financial risk, and most importantly, having right to be updated on mortgage delinquency, to cure the default or to buy the home out of foreclosure (Dubb, 2011). CLT owners’ delinquency and foreclosure rates are diminutive despite the fact that CLTs are serving much poorer families than most of households in Mortgage Bankers Association’s national study (Thaden, 2011). Likewise, Greenstein expounded the benefits that CLT brings about include efficient usage of funds,

housing services, security of tenure, stability and predictability in payment, equity building, stewardship and assistance, and education for homeowners. Furthermore, she added that CLT's plays a vital role in community building (Dubb, 2007).

While well-known as a device for housing affordability, CLT is less recognized as a community development strategy (Meehan, 2013). Swann (1989), Bryden and Geisler (2007), Hamilton (2007), Davis (2008) and others argued that CLT's and similar forms of community-based land reforms have positive social, economic and ecological benefits, not purely financial or legal (cited in Heisler, 2009). "In Canada, supporters of affordable rental housing tend to square off against supporters of affordable home ownership", CLT's create both and more than that (Connelly, 2012). Research from various networks and organizations demonstrate that CLT can be utilized for various types of development and community uses: from local business to a community hall, from gardens to food banks, from daycare centers to homeless shelters, from workspaces to transit-oriented development (TOD), among others. Furthermore, CLT's enhance social capital and community cohesion such as neighborhood support, volunteer work, and security improvement (Chasnoff & Cohen, 2008; Jacobus, 2014; National CLT Network, 2012). The next three sections - Ownership, Organization, and Operation - will illustrate these uses and benefits with CLT's in assorted forms and locations.

2. OWNERSHIP

The classic CLT has dual ownership and model ground lease ties buildings and land together. Whereas, some of the variations own both land and structural improvements (e.g. rental housing), some own neither of them and use deed covenants (e.g. condominium), and some altered the model ground lease to satisfy their priorities.

First, a large number of CLTs merely have rental housing without owner-occupied homes in their portfolios, for instance, CLTs¹ in Brattleboro (VT), Lexington (KY), Myrtle Beach (SC), Milford (OH), Atlanta (GA), Jackson (MS), Nashville (TN), Denver (CO), Los Angeles (CA), Ketchum (ID), Barre (VT), and Irvine (CA) (Grounded Solutions Network, 2016). Examples of CLTs without housing assets at all in their mission are *Calgary CLT Society* in Alberta, Canada and *Levenshulme Inspire CIC* in Manchester, England. *Calgary CLT Society* (**Box 3.1**) neither have land nor homes in their portfolio. They collaborate with specialized partners to provide construction and maintenance.

Box 3.1. Calgary CLT Society (CCLT) in Alberta, Canada

Source: Extract from (Bunce et al., 2013; Housing Strategies Inc., 2005b)

Founded: 2002

Units: 60 units

Highlight: CCLT does not own or develop houses on its land. Instead, it partners with local groups having capacity, expertise, and resources to build and steward four housing projects: Sun Court in 2006 (27 apartment units), Leo and Goldie Sheftel Court in 2007 (12 townhouse units), Kootenay Lodge in 2007 (homes for 10 disabled, homeless Aboriginals), and Bridgeland in 2010 (11 subsidized rental units for low-income bachelorette).

Likewise, *Levenshulme Inspire CIC* operates 14 affordable rental units but what make “Inspirers” proud are more than that: the redevelopment of a local church for use as a social hub. Inside the center, there is a café providing six jobs and 15 volunteer and work opportunities for people with a

¹ The data does not contain names of surveyed CLTs.

mental health background, and base for a catering firm. The refurbishment of the church also brought about a social media suite and community meeting rooms, a business center providing premises and workstations for rent, and training and support services. Local residents are highly satisfied with diverse activities such as circus skills training, craft and horticultural markets, Sunday school programs, concerts, quizzes, and language courses (UK National CLT Network, 2012).

Many CLTs, on the other hand, develop both rental and homeowner-occupied housing, among others. One of the best practices is Burlington CLT, later changed to *Chaplain Housing Trust*, with 2,740 units as of 2014, in which 77% is rental housing. Being the largest CLT and most cited in almost all training materials, *Chaplain Housing Trust* (Box 3.2) is a proof that CLT delivers its promises: affordability preservation, community wealth retention, residential stability enhancement, homeownership expansion, individual wealth creation, and residential mobility empowerment (Davis & Demetrowitz, 2003).

Box 3.2. *Chaplain Housing Trust* (CHT, formerly Burlington CLT) in Burlington, VT

Source: Extract from (Grounded Solutions Network, 2016; Loh, Sub, & Wool, 2016; Torpy, 2015)

Founded: 1984

Units: 2,740 (2014)

Highlight: CHT develops various types of housing: 81 co-ops, 2,108 rental units, and 551 owner-occupied homes; World Habitat Award for a model that is “sustainable, durable, and replicable” around the globe and Smart Growth Award for a LEED-certified block redevelopment; Several-decade track record of families moving in and out proving wealth building ability (more than 233 households left, median resale created \$17,000, and about 70% transitioned to market rate homes).

Second, some CLTs allow condo associations to own the land but retain a durable right to buy units for an affordable price when the owners resell (Davis, 2007). In other words, the other party

that owns land subject to deed covenants which is alike CLT ground lease. When it comes to ground lease, variation can somewhat change the term. 5% of the responding CLTs in the US in 2007 declared that they have ground lease length other than 99 years, the shortest one is 20 years (Sungu-Eryilmaz & Greenstein, 2007).

3. ORGANIZATION

The classic CLT is a private, nonprofit corporation that has 501(c)(3) or (4) tax exemption; it has open membership to anyone in its defined area that it serves and a balance of interests within a governing board. Variations do not have to be private, nonprofit corporation or maintain voting membership or tripartite board.

Concerning the classic CLT, the voting membership applies to any adult lives in a determined geographic area that the CLT serves. The interest-balanced governance is expressed through the tripartite board with one third from the residents around the CLT land, one third from the homeowners and renters, and one third from local churches, government, businesses, banks, and nonprofit organizations. Board of appointees or staff of local government cannot exceed one third of the board.

In regard to variations, the *first* difference is they might not be independent, autonomous, newly established organizations. Some were grafted into an existing nonprofit such as Community Development Corporation (CDC), Community Development Financial Institution (CDFI), Habitat for Humanity Affiliate, charity or community-based organization:

- Spinning off from the nonprofit: *Clackamas CLT* (Milwaukie, OR) and *Oakland CLT* (Oakland, CA);
- Conversion from the nonprofit to CLT: *Sawmill CLT* founded in 1996 replacing a ten-year old Sawmill CDC (Albuquerque, NM);

- Corporate subsidiary or internal program: *SHARE CLT* (Leavenworth, WA), *Women’s Community Revitalization Project* (Philadelphia, PA), *North Missoula CDC* (Missoula, MT), *Newtown CDC CLT* (Tempe, AZ), *Thistle Community Housing* (**Box 3.3**) inside a charitable nonprofit named Thistle (Boulder, CO), *Dudley Neighbors Inc.* inside Dudley Street Neighborhood Initiative (Boston, MA) (**Box 3.5**), and most recently, *Evergreen CLT* within Evergreen Cooperative Corporation (Cleveland, OH).

On the other hand, some variations are sponsored or programs of local governments, namely, *Chicago CLT* (IL), *Irvine CLT* (CA) (**Box 3.4**), and *Sarasota Community Housing Trust* (FL). In Providence (RI), the State House stepped in and established the first statewide CLT in the country in 2005, *Community Housing Land Trust of Rhode Island*.

Box 3.3. *Thistle Community Housing in Boulder, CO*

Source: Extract from (*Thistle Community Housing*, n.d.)

Founded: 1989

Units: over 1,000 affordable homes for over 1,700 residents

Highlight: A private, nonprofit real estate company, the largest private provider of permanently affordable housing in the county; American Planning Association State Chapter’s Sustainability Award for Advancing Green Design and Planning; National Association of Home Builders’ Green Development of the Year Award.

Aside from city- and state-owned CLTs, a few are not nonprofit, tax-exempt since they decide to not gain 501(c)(3) designation, such as *CLT in the Southern Berkshires, Inc.*, “wanting to broaden their programs and appeal beyond the charitable purposes of the IRS” (Davis, 2008, p.2). In other cases, CLTs choose not to serve the ‘poor, distressed, or underprivileged’ or get disapproval by IRS (Davis, 2007).

Second, service area of one CLT has extended from one neighborhood to several neighborhoods, districts, zones, a city, a county, or even a metropolitan area, which affects the traditional place-based membership. Some variations expand membership to residents outside their service area, while some accept institutions besides individuals to vote (Davis, 2007). A small number of variations have no membership, such as *Chicago CLT*. Outside the US, Aird (2009) affirmed that another trend of variations happens in the UK, where some CLT's devote to a small group rather than community of several hundred residents (Moore & McKee, 2012).

Box 3.4. *Irvine CLT* in CA

Source: Extract from (Davis et al., 2008; Irvine CLT, n.d.)

Founded: 2006

Units: Planned to create 5,000 units by 2025, half of the affordable units needed for the city

Highlight: Established by the City Council, aiming at affordability preservation, monitoring program, stewardship, and self-sufficiency; Incorporation into Inclusionary Zoning policy; Given consulting on organizational development, ground lease issues, project feasibility, business planning, and \$250,000 seed grant.

Third, board members can be appointed by external entities and in some cases controlled by the local government. The first urban CLT in England, *East London CLT*, also has tripartite board yet it comprises of “1/3 area residents, 1/3 representatives of civil society organizations active in London Citizens, and 1/3 public officials” due to large political support (Bunce et al., 2013, p. 17). Programs or subsidiaries habitually “have governing boards (or advisory committees) appointed by the ‘parent’ organizations”, such as *Thistle Community Housing* (Box 3.3) and *Dudley Neighbors, Inc.* (Box 3.5) (Davis, 2008). Some local governments offer political support and staff in planning and establishment process, thus, taking the lead in governing their CLTs. City Hall in Irvine (Box 3.4) appointed all of the initial board and obtains the right to appoint one third in the future (Davis & Jacobus, 2008).

Chicago CLT intends to have three-part board with one third are homeowners once it reach 200 housing units; by then, all seats are appointed the by Mayor with City Council consent (City of Chicago, n.d.). CLT in Flagstaff (AZ) even has extreme municipal control and no separate identity (Davis & Jacobus, 2008).

4. OPERATION

The classic CLT's operation is typically characterized by its priority toward the poor and perpetuity in affordability and responsibility. Responsibility implies home stewardship, maintenance, and control in the face of foreclosure and gentrification with a focus on owner-occupied housing. Variations have additionally emerged with different options in setting resale price, promoting maintenance, and protecting security of tenure. Different from the classic CLT, variations embrace more types of housing: condos, homeless shelters, lease purchase, limited equity cooperatives, rental units, and single resident occupancy. Many give priorities not only to housing development but also employment creation, transit-oriented development, and urban farm. There have been instances of CLTs not involved in housing in the slightest. Moreover, beneficiaries now ranged from the very low income to the middle income (Davis, 2007, 2013, 2014).

First, regardless classic or variation, CLTs serve the lower income, disadvantaged, and less served in the market. CLTs protect benefits of local residents in lieu of outside speculators or absentee landlords. That is how CLTs try to achieve social justice at the local level; as an example, *Holsworthy CPT* - Community Property Trust (Devon county, England) regulates the criteria for select applicants for homes: income, household need, local relationship, local occupation, local residency, family connections, length of wait, and whether they translocate from one charity housing association to another in the area. The Trust has further standard in case of shared equity plan and target young residents to build a vibrant community (UK National CLT Network, 2012).

In all CLTs, any investment such as transportation, school, and commerce will increase property values for their own communities instead of profit-driven developers. This community control mechanism is particularly impactful in the disinvested, declined-homeownership areas where investors buy older buildings, let them degenerate while charging high rents (Policy Link, n.d.). *Dudley Street Neighborhood Initiative's* community organizing effort (**Box 3.5**) has been considered one of the best practices of how a neighborhood revitalized after years of being degraded by abandonment, arsons, illegal dumping, and trash transfer operations.

Box 3.5. Dudley Neighbors Inc. CLT in Boston, MA

Source: Extract from (Dudley Street Neighborhood Initiative, n.d.)

Founded: 1987

Units: 225 affordable homes

Highlight: Acquiring 1,300 parcels of abandoned land, which encompasses eminent domain over privately-owned vacant land in a 62-acre area in the 1980s, nowadays they became homes, a 10,000 square foot community greenhouse, urban farm, a playground, gardens, and other amenities.

Community control or governance is a critical success factor for stewardship as no one is more concerned about the homes than their owners. CLTs are the developers that do not go away *after* selling homes (words of Connie Chavez, executive director of the Sawmill CLT in Albuquerque, NM). They include residents in their governance board and are responsible for home conditions, quality, and maintenance regardless the hotness or coldness of the market. Recently, a newly established CLT in Belgium (**Box 3.6**) has enhanced resident participation from the beginning of the development, even *before* selling homes.

Box 3.6. CLT Bruxelles in Brussel, Belgium

Source: Extract from (De Pauw, 2012)

Founded: 2012 (official incorporation); 150 families registered as prospective buyers

Units: Expectation at least 30 per year until 2018

Highlight: Future owners participate in their homes' design and program development from the time that land is acquired.

For variations, an exemplar of numerous types of housing is *South Florida CLT* (Box 3.7), an organization that takes homelessness into consideration. In 2013, the US National Network's Annual Report dedicated its Member Highlight page to *South Florida* as a model solving critical social issues in urban settings. It provides not only shelters but also transition program to prepare their formerly homeless residents for independent living. This program gives more dignity and resilience to the group that are in need the most yet frequently neglected by the policy.

Box 3.7. South Florida CLT in Fort Lauderdale, FL

Source: Extract from (Bartle, 2015; National CLT Network, 2013)

Founded: 2006

Units: 63 including 46 rental units, 3 lease-purchase units, 5 owner-occupied homes, and 9 undergoing renovations (2015)

Highlight: Emergency assistance (7 units for the homeless), transition to independent living programs for formerly homeless residents, ongoing education through Homebuyers Club, community garden, and technology access.

Second, variations give priorities not exclusively to housing development. In 2007 National Study in the US, two CLTs¹ affirmed that housing is their minor component (Sungu-Eryilmaz & Greenstein, 2007). Program activities other than housing development consist of: policy advocacy (81 out of 119 responding CLTs chose this option either as major or minor component), open space preservation and conservation (49), small business development and support (28), social services (26), job training, placement, and counseling (26), commercial development (31), agricultural development (20), community gardens (34), consumer activities (19), anti-crime organizing (26), and industrial development (3) (Sungu-Eryilmaz & Greenstein, 2007, p.24). Later, in the 2011 Survey, 13 out of 96 participated CLTs reported having commercial spaces and 12 report having land conservation in their portfolios. Other uses comprise of adult day care center, arts and crafts store, artist cooperative, child development center, community garden site, food cooperative, legal aid service, nonprofit providers, office, photo gallery, retail company, small local business, and storage space (Thaden, 2012). Recently, a working paper using three case studies of TOD-engaged CLTs in Atlanta (*Atlanta Land Trust Collaborative*), Denver (*Urban Land Conservancy*), and the Twin Cities - Minneapolis-Saint Paul (*City of Lakes CLT*) has confirmed a remarkable role of CLT in guaranteeing affordability in places that transit system will be built (Hickey, 2013).

In the UK, examples of CLTs providing not only affordable housing but beyond that are profound. *Lyvennet Community Trust* (Cumbria county) rescued a pub in 2011 from being closed by share selling and then refurbished it with 4,000 hours of volunteer input. Acquiring a closed growing land site, *Cashes Green CLT* (Gloucestershire county) is developing a scheme including shared access

¹ The data does not contain names of surveyed CLTs.

space, growing space (formal allotments and edible landscaping), a communal building serving on-site growers, an electric car facility and electric bikes. *High Bickington CPT* - Community Property Trust (Devon county) has an environmentally sustainable-oriented biomass district heating plant, a community center, sports facilities, a community woodland, and two workshops for local businesses. It is planning for four more workspaces, a village cinema club, and community dance productions. These ventures will finance back to stewardship and help build an economically self-sustained community (UK National CLT Network, 2012).

Third, there have been divergent in variations' beneficiaries. In 2007, there were more than 30 CLTs answered that they serve moderate income households and less than 10 CLTs included the high income in their beneficiaries (Sungu-Eryilmaz & Greenstein, 2007). *Women's Community Revitalization Project* (Philadelphia, PA) is an exemplification that strives for gender equality by concentrating on lower income female and providing financial and family services. It developed 130 affordable housing units as of 2008, invested over \$20 million worth of childcare facilities, community centers, and social service agencies, and transformed 45 industrial lots and 80 spots into green space (Democracy Collaborative, n.d.-b).

5. SIMILAR AND RELATED MODELS TO THE CLT

As illustrated in the previous sections, the classic CLT and variations produce multiple benefits including, but not limited to, housing, real estate development, agriculture, forestry, urban green space, vacant land revitalization. Yet CLT should not be mistaken with seemingly similar forms due to the namesake. There are other models of permanent affordable housing that are apart from from CLT. Outside US boundary, terms for such models are ample.

Differentiating CLT from Other Land Trusts and Banks in U.S.

Real estate land trust, or simply *land trust*, a legal contract in which a property owner (grantor) transfers title to his trustee(s), is often used as a shield for the wealthy from disclosure, taxation, and liability, for instance, Illinois-type Land Trust (Murray, 2007). When well-known, affluent investor Disney bought land in Orlando to build his second giant theme park, he used several trusts as mediators, therefore obtained cheaper price than direct purchasing with his identity (Roos, 2013).

In contrast, *conservation land trusts (conservancies)* for environmental purposes are nonprofit organizations owning land or using easement to protect natural resources, enhance agricultural development, and promote public health. Although the conservancy movement has become robust in merely three decades (Brewer, 2003), in 2010 the Land Trust Alliance (founded in 1982) already had 1,760 organization members with more than 47 million acres throughout the US (Land Trust Alliance, 2016). Two famous national examples are the Nature Conservancy and the Trust for Public Land. Aiming at providing permanently affordable housing, CLTs are also nonprofit, mainly private organizations that own land, yet there is no connection with conservancies regarding origins and typology.

Another entity has similar name, *land bank*, is also markedly different in the US context. It is a public or quasi-public municipal authority responsible for acquiring and managing public and privately owned vacant properties, and then clearing title and disposing both land and structures to an entity that will develop the land. While CLT focuses on long-term (perpetual) stewardship and *subsidy retention*, land bank is purely in charge of short-term (three to five years) ownership and *subsidy recapture* (Burlington Associates, 2012). Land bank and CLT tools can be combined to ensure that residents gain impartial access to land in the bank, enhance long-term community leadership on local land use decisions, and transform vacant lands to healthy neighborhoods (Hart, 2015). At the

moments, land banks in the US often operate in a vacuum instead of being part of the affordable housing ecosystem.

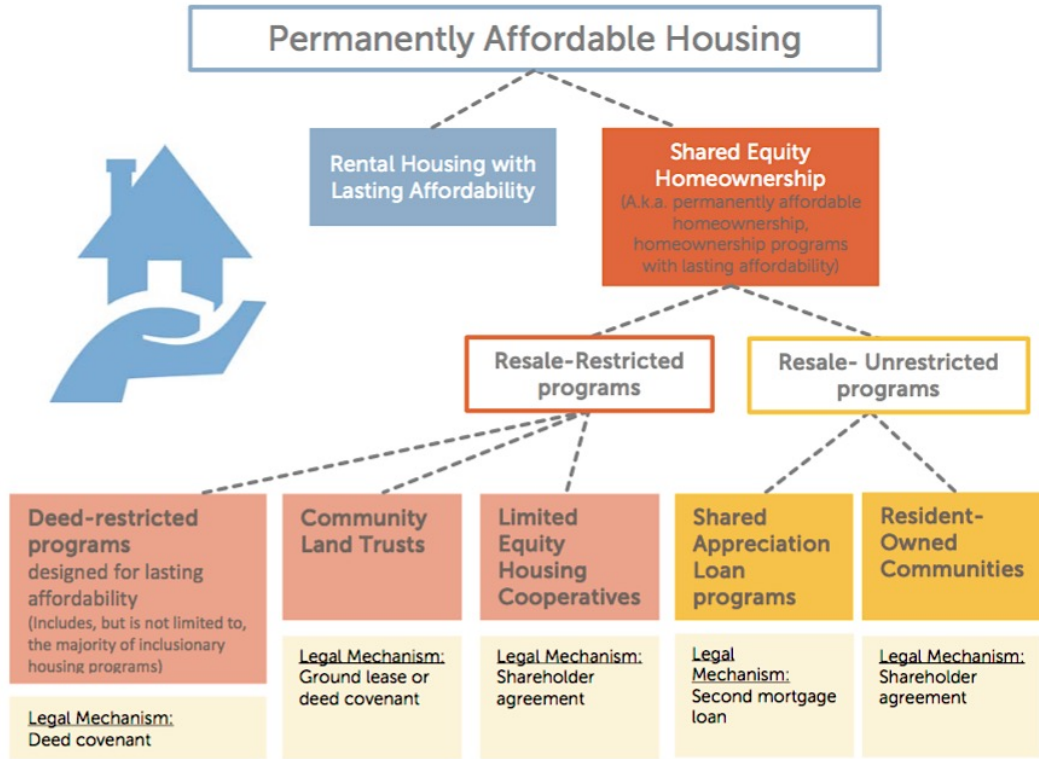
Similar and Related Models to CLT Inside and Outside U.S.

In affordable housing field in the US, Davis coined the terms *third sector housing* in 1994 and *shared equity homeownership* in 2006 as the changing landscape of resale-restricted, owner-occupied housing (Davis, 1994, 2006). Third sector, also known as nonprofit, voluntary, civic or social sector is very US-typical with not-for-profit, community-based organizations as main players. Other names for resale-restricted housing are *limited equity housing*, *non-market models of homeownership*, *non-speculative homeownership*, *permanently affordable homeownership*; in several states, they are called *Homes for Good* (Massachusetts) or *forever housing* (Connecticut) (Davis, 2006). According to Davis, *shared equity homeownership* is the preferred term because of its emphasis on owner-occupancy, equity allocation, and sharing of rights, responsibilities, and benefits. He argued that shared equity homeownership is different from *shared equity financing* (under the so-called *shared ownership* or *shared appreciation* schemes) because there is no resale restriction, no attempt to preserve affordability, and no direct benefit from increased land value for the community.

As Thaden describes in her chart (**Figure 3.2**), *shared equity homeownership* has three most representative models: *deed-restricted* program with resale controls in at least 30 years, CLT, and *limited equity cooperative* (LEC). Deed-restricted housing is owner-occupied and continuously affordable as resale prices “remain within the financial reach of the targeted class” of the lower income (Davis, 2006 p.13) while LEC homeowners “are allowed a modest growth in equity between initial purchase and eventual resale of their corporate shares” (p.24).

Figure 3.2. Permanently Affordable Housing Chart

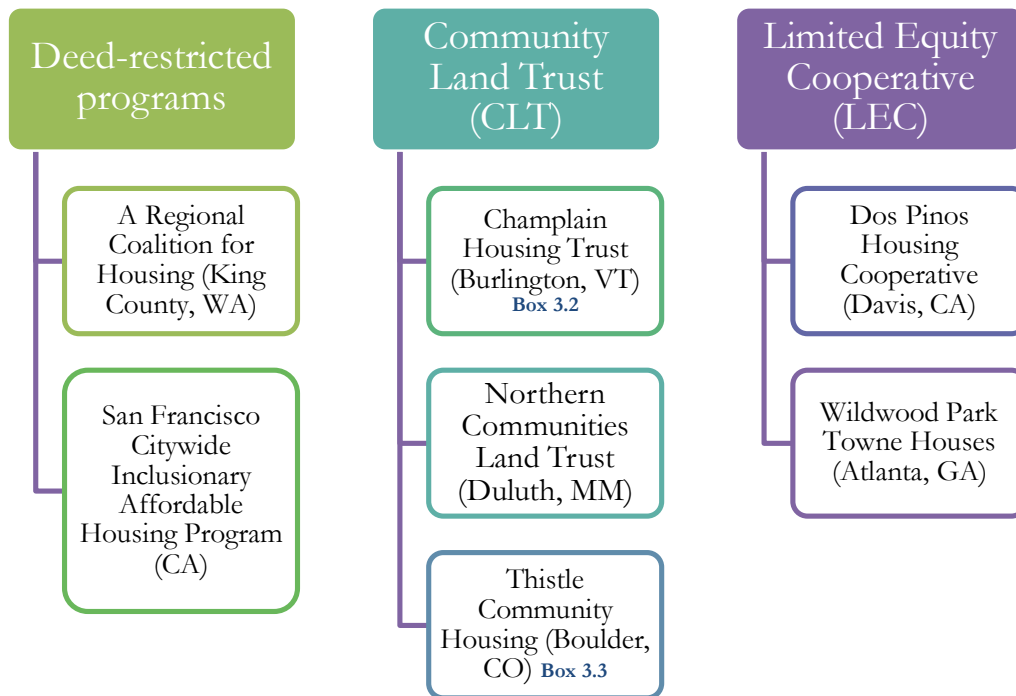
Source: (Thaden, n.d., p.1)



A better strategy than *subsidy recapture* is *subsidy retention* which implies two noteworthy legal mechanisms: *deed restrictions* and *ground lease*; the former are usually utilized in combination with *inclusionary zoning* (developers are required to provide 10-30% of units to be affordable) while the latter is a primary tool and defining characteristic of CLT (Mann, 2015). According to an empirical study by Temkin et al in 2013, **Figure 3.3** manifests successful examples across three models in preserving affordability, building wealth, avoiding delinquency and foreclosure, and enabling mobility.

Figure 3.3. Examples of Shared Equity Homeownership

Source: Tabulation from (Temkin et al., 2013)



Terminologies outside the US reveal both similarity and inconsistency. In the US, CLT is called a form of *dual ownership*; in studies on developing world slums, a homologous term, *dual tenureship* has been coined at least since the 1980s. Further research to investigate *dual tenureship* in developing countries and compare two models would be compelling. Other relatively similar terms to dual ownership are *mutual homeownership* in Canada and England, *shared-equity tenant co-operative* in Sweden (Lewis & Conaty, 2015), and *community land ownership*, *pluralistic structure* and *community-based housing association model* in Scotland (Moore & McKee, 2012). In European countries like France, the Netherlands, and Sweden, there are *cooperative land bank* and *municipal land bank*; the former provides merely affordable housing while the latter plays multiple roles like CLT - not only in housing but also in ecological and agricultural conservation, community and economic development, and smart growth (Heisler, 2009) [See [Appendix 5](#)]. Land bank in Europe has broader meaning than in the US; its acquisition applies not simply to vacant but often “large pieces of land, normally land that is pre-

development but could be considered having potential for development” (p.34). In some studies, consequently, the term land bank is considered equivalent to land trust. Another Dutch study classified that land banks can be public or private (Berg, Revilla, Menken, & Verbeek, 2005) while land banks in the US are considered public or quasi-public. Therefore, future comparative studies should take into consideration a wide range of terms.

6. CONCLUSION

CLTs are generally classified as classic and variations, which is widely introduced in training and outreach materials to distinguish the theoretically prototypal CLT and its diverse alterations in practice. The classic CLT was inserted as definition of CLT in the US *Housing and Community Development Act* of 1992. These two types can be compared through ten characteristics grouped into three Os: Ownership (dual ownership and ground lease), Organization (nonprofit corporation, tripartite governance, place-based membership, and community control), and Operation (perpetual affordability, perpetual responsibility, expansionist acquisition, and flexible development). Examples throughout several countries show that almost CLTs are variations. They reflect flexibility and applicability of CLT model in to satisfy local demands and conditions.

Regardless of forms and locations, CLTs are proved to be an efficient tool for permanently affordable housing and beyond. CLT model can preserve affordability for generations in hot markets as well as maintain tenure security in cold markets. In hot market, CLTs are better at preventing the loss of public investment than other affordable housing programs thanks to their subsidy retention and resale restriction mechanism. In cold markets, CLTs and other forms of shared equity homeownership are efficient at preventing foreclosure. While well-known as a device for affordable housing, CLT is less recognized as a community development strategy. Examples of CLT in different countries demonstrate that it can be utilized for various types of development and

community assets: local business, community hall, gardens, food banks, daycare centers, homeless shelters, workspaces, transit-oriented development, among others.

Similar and related terms to CLT are ample. While real estate land trusts are often used as a shield for wealthy owners from disclosure, taxation, and liability, conservation land trusts and CLTs aim at protecting natural resources and providing affordable housing for current and future generations, respectively. In affordable housing field, American word usage is prolific with many terms in a hierarchy: *permanently affordable housing*, then *shared equity homeownership*, then *resale-restricted programs*, and then CLT. There are nuances in languages from other countries, such as land bank in Europe can be equivalent to CLT in the US, European land banks can be either public or private while American land banks has narrower meaning in terms of ownership and purposes. There should be further research to update the current status of these tools and comparative studies should take into account a wide range of terms.

CHAPTER 4.

CHALLENGES TO CLTS

No matter which element to evaluate (number of units, operating budget, staff, or location), CLTs are often small and have low number of units. As Davis envisioned, either inside or outside the US, CLT movement aims at an increase in *number* of CLTs as well in *scale* of individual CLTs (Dubb, 2011). The number is growing rapidly in North America and West Europe yet the scale is usually modest. CLTs “do not typically lend themselves to producing high volumes of new housing” (Canada Mortgage and Housing Corporation, n.d.). In the US, 80% of 186 surveyed CLTs in 2007 had less than 100 units including both homeownership and rental (Sungu-Eryilmaz & Greenstein, 2007); 96 surveyed CLTs in 2011 had 9,543 units in total (99 on average) (Thaden, 2012); and 135 CLTs in National CLT Network’s member database as of 2014 had 27,856 units (206 on average) excluding one NY-based CLT reported 32,000 units alone (Grounded Solutions Network, 2016). Number of units provided by CLTs in the UK and Canada tend to be smaller.

This chapter analyzes the challenges to CLTs in four categories: perception of various stakeholders, recognition and support of the government, financial ability from seeding to sustaining, and CLT organizations’ competency. The following examples are mainly collected from the US, Britain, and Canada; yet the difficulties apply to all CLTs in general to start, develop, and collaborate with other stakeholders, particularly local governments.

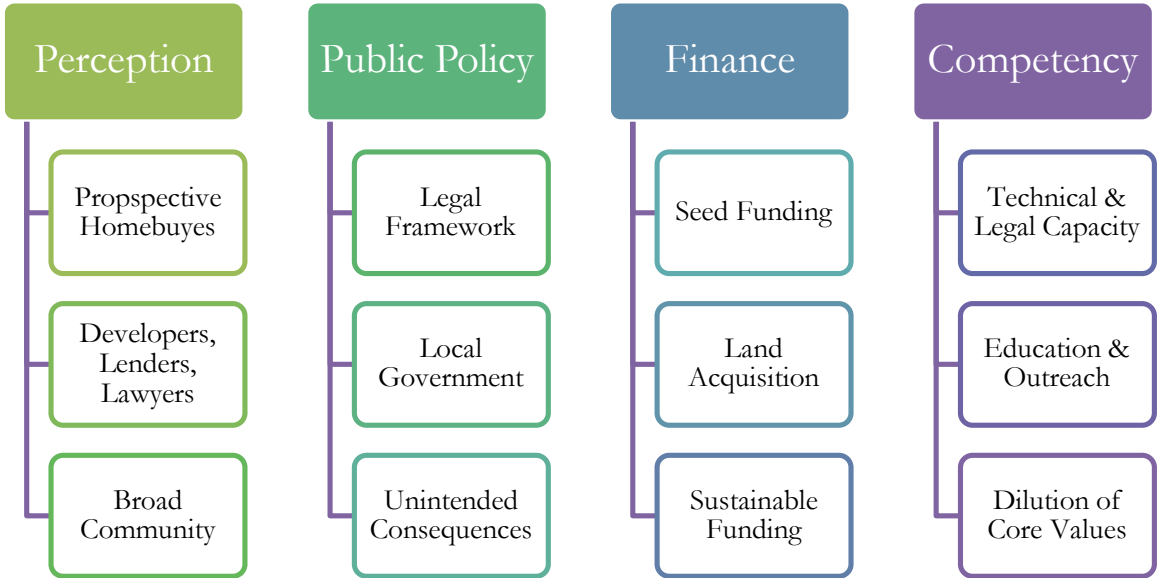
1. OVERVIEW OF CHALLENGES

There are difficulties in starting, sustaining, and partnering with other stakeholders. As mentioned in Chapter 3, some CLT variations in the US are developing at a remarkably slow rate -

one to two units per year, some bear legal obstruction in land tilting and resale restriction, and some cannot earn nonprofit corporation status, among others. One or several characteristics of the those were altered from the classic CLT not only because they chose to but also because they were forced to do so.

Figure 4.1. Four Categories of Challenges to CLTs

Source: Author



I categorize the challenges to CLTs into four groups as can be seen in **Figure 4.1**: perception of various stakeholders, recognition and support of the government, financial ability from seeding to sustaining, and CLT organizations’ competency. It is not an exhaustive list but an effort to outline the most common types of difficulties for CLT model. I deliberately do not list all elements in **Figure 4.1** such as ‘Taxation’ under *Public Policy* or ‘Partnership’ under *Competency*. This is because overlaps exist among four categories that are hardly separated. For example, ‘Government’ is one of the indispensable stakeholders under *Perception*, sustainable funding and land acquisition as problems of *Finance* closely relate to ‘Taxation’ and ‘Land Disposition’ from *Public Policy*, and ‘Capacity Building’

offered by the *Public Policy* would directly benefit ‘Technical and Legal Capacity’ within CLT organizations’ *Competency*. Such interrelatedness requires a holistic, systematic, and integrated approach to organize and operate a CLT.

This effort of analyzing challenges fills the gap in current literature on CLT, almost of which was written with advocacy and outreach purposes - therefore usually emphasizing strengths and opportunities than weaknesses and threats. Its underlying purpose is arguing what should be considered before starting a CLT and what should be done to facilitate its development and partnership with other stakeholders, specifically local governments. The following examples are mainly collected from the US and some other countries listed from the beginning of this thesis; yet the impediments are potential problems for CLT model in general. They could hinder the aspirational goal for number, scale, and sustainability of CLTs.

2. PERCEPTION

Mainstream developmental trajectory often ignores models like CLT and stakeholders from various groups are either opposed or reluctant to the model. The mechanism is not widely understood and may confuse resident whether it is public or private. The dual ownership presents a direct challenge to the pervasive perception and dominant practice of privatization and speculation. Ironically, some strengths of CLT model could be considered weaknesses in opponents’ opinion: removing land from speculative market may worry a number of residents who want to build as much equity as they can, or enhancing democracy and community empowerment may bother some local governments and lenders who want to control as much as they can.

Prospective Homebuyers

One of the initial strains is an inveterate perception of numerous homeowner-wannabes about land ownership and wealth building. As a case in point, some low-income African Americans in East

Austin, TX, preferred owning both and houses and, therefore, scrupled about a CLT idea. Even citizens that are in need burning need of housing may naysay CLT. Several longtime dwellers in New Orleans' Lower 9th Ward, a hurricane-devastated neighborhood planned to be reinvested and repopulated, vehemently objected to a CLT effort because of the key question about building asset (Sullivan, 2011).

Developers, Lenders, and Lawyers

Convincing developers and lenders is another challenge, particularly in new cities or countries where there are not many national or regional network activities to support. Many banks do not understand the mechanism of CLT. In Texas, no bank ever granted CLT loans there before 2011 (Semuels, 2015). Started in 1998 and earned some success until 2004, *Central Edmonton CLT* (Alberta, Canada) had to disperse in 2013 mostly because of difficulty in finding mortgage lenders for its non-traditional housing (Bunce et al., 2013). As Davis argued, officials, bankers, and businessmen often said “democratic elements that come with the CLT are a little too messy” and “slow things down”; in other words, they dislike the “C” in CLT (Dubb, 2011), while “C” is the first word and the most important one (words of Bill Bewley, UK National CLT Network, 2012). Without that element, real estate land trust has obviously different meaning as explained in Chapter 3. Unfortunately, lenders have constricted their underwriting after the financial crisis; in addition, many of them who have lent to CLT have merged with larger banks that are not well aware of the model (words of Davis, Dubb, 2011). In Somerville (MA), banks are disinterested in CLTs due to worry about foreclosure (Mann, 2015) although CLTs home have evidence of six to ten times lower foreclosure rate than market ones. Lawyers also initially hesitate to let their clients sign with CLTs as the legal agreements seem more complicated than usual mortgages (Canada Mortgage and Housing Corporation, n.d.). Housing practitioners and advocates also have concern such as questions in Somerville: “How CLT would interact with existing policies and programs, including IZ (inclusionary zoning), the

Affordable Housing Trust Fund, and the new 100 Affordable Home initiative?” and “Would a CLT be redundant and risk siphoning resources away from existing programs?” (Mann, 2015, p.61).

Broad Community

What is more, it is probably difficult to gain approval from the broader community or society. In her studies in Kenya from 1997 to 2005, Bassett pointed out social structures of the community that might affect the replicability of CLT: homogeneity or heterogeneity in community, age of community or community cohesion, demographic characteristics such as age and gender, and size of town. This is a striking finding that needs to be surveyed in more contexts. In both the US and Canada, CLTs are usually arduous at building broad community understanding (Housing Strategies Inc., 2005b). Some online magazines’ comments show a brutal fact that outside residents, who were either eligible for or interested in buying CLT homes, regarded CLT model with denigration (Semuels, 2015; Wong, 2013). They doubt efficiency, reliability, and fairness of such affordable housing process, concerned that could be a burden for them as taxpayers. There are even racist, offensive aspersion that beneficiaries would be “welfare queens”, First Nation Aboriginals, and dual citizens from Asia.

3. PUBLIC POLICY

As mentioned in *Perception* section, the term affordable housing in North America or social housing in other countries often suffers stigmatization or skepticism to some extent. That is a consequence of government’s failure in public housing projects in the last century such as poor living conditions leading to concentrated crime, poverty, and segregation, and finally demolition with explosives in Pruitt-Igoe (St. Louis, MO) and Cabrini Green Homes (Chicago, IL). Public policy may pose both opportunities and threats for CLTs.

Legal Framework

Legitimation at the national level is an essential issue needs to be addressed. It takes time for CLT model to be validated as it is ordinarily a ground-up movement and shaped by nonprofit entrepreneurs, social activists, and local communities rather than policymakers (Carras, 2015). In an inhospitable environment, CLTs may be neither registered nor recognized. The CLT model in the US and UK has become legalized in housing acts in 1992 and 2008, respectively; such legalization of the CLT did not happen by chance, it was an outcome of substantial advocacy and organizing efforts. In Kenya, “sorting out ownership can be further complicated by a confusing mix of English land laws and African customary laws” (Sheehan, 2002). Policy makers here favor privatization because of agricultural economic development rationale (Bassett, 2001). Legal formulation of Kenyan CLT model was cumbersome and intricate, which could be optimally reformed by “a law that enables the formation of an organization equivalent to a US nonprofit corporation” (Bassett, 2005, p.390). In comparison to the US, Canadian local governments are less active in housing supply and the third sector housing is less robust as a consequence of federal government neglect (Connelly, 2012). Despite having fairly similar systems, separating titles of buildings from land is not allowed in Australia and the UK like in the US. Their law regulates that ‘fixtures’ (buildings) ownership must the same as that of the land, hence the classic CLT currently cannot be realized (Crabtree et al., 2013).

Local Government

It must be taken into account that national ratification does not ensure approval and support of local governments¹, the level of public administration that place-based organizations like CLTs collide with more often. Acknowledgement varies among localities. CLT can be considered unpredictable and fractious to some extent. While a number of local governments step in and raise their support, many are still skeptical about this new model. There have been concerns from both sides - municipal officials and CLT practitioners - that need to be balanced: from introducing the model, to building the portfolio, sustaining the organization, taxing the property, regulating the program, and planning for the worst scenarios (Davis et al., 2008). Recent interviews with city officials in Somerville showed that the CLT model had been raised multiple times, mostly by housing advocates in different meetings and planning process; nonetheless, “there has never been an explicit effort by the City to explore it” (Mann, 2015, p.59). Municipalities in states with no income tax tend to rely more heavily on property taxes, which thwarted them in favoring the tax-exempted land trust. For municipalities that have already been proactive in affordable housing policy, a question for CLT model remains, “What would be the added value?” (Mann, 2015). In a comparative study, Tanzania-Bondeni CLT was concluded to have poor performance to achieve its goals and one underlying reason was a shortage of continuing support from the local government. Although national government agencies were interested in CLT model and adopted it as an experiment, local authorities doubted the project and its ownership form, leading to vanished political support at the local level (Bassett, 2001, 2005; Bassett & Jacobs, 1997).

¹ Institutions and terminology vary among countries such as city, borough, department, district, county, municipality, parish, prefecture, province, region, shire, state, town, township, or village. They also vary among states in the US. In this thesis, local or municipal government in the US often refers to county, city, and town.

Unintended Consequences due to Overcontrol

On the other hand, local government’s support regularly comes with conditions; forceful intervention could lead to unintended consequences. Davis, Jacobus, and Hickey (2008) documented the best and worst practices of the evolving partnership in the US, striking up a conversation among officials and practitioners to address the challenge of finding the most efficient way of municipal support. **Table 4.1** is a tabulation from their manual to shows examples of balancing the concerns of two sides - municipal government and CLT organizations. The worst practices imply accidental impediments that frequently stem from well-intentioned policies. Overcontrol could lead to deferred participation, contradict requirements, or duplicative regulations. Accretion of municipal governance in CLT may pose other challenges: (i) perplexing homeowner-wannabes with the stigmatized ‘public housing’ or undermining confidence of those who used to have negative experiences with the government officials, (ii) affecting the favor and consistency of CLT due to each mayor’s tenure, (iii) increasing liability of the local government for all CLT’s actions, (iv) diminish funding sources of CLT as an independent, nonprofit corporation, and (v) potentially reducing community control (Davis et al., 2008).

Table 4.1. Worst and Best Practices of Municipal Support

Source: Tabulations from (Davis et al., 2008)

Category	Concern	Worst Practices	Better and Best Practices
Start-ups	Community participation	Defer or eliminate participation	Facilitate early and ongoing participation
	Rights between homeowner and landowner	Rewrite the ground lease in favor of the landowner, occasionally include the municipality as the landowner, leading to difficulties for CLTs in	Preserve the model ground lease

Category	Concern	Worst Practices	Better and Best Practices
		marketing, financing, and monitoring homes	
Portfolio	Loans to homebuyers	Offer removable subsidy directly to the first homebuyer, which would not benefit subsequent homebuyers	<ul style="list-style-type: none"> - Offer assumable loan to the first homebuyer, which would benefit future homebuyers. E.g. Albuquerque (NM), Duluth (MN). - Offer grant to CLTs, reducing extra legal work and fees after each resale
	Assist CLTs to administer and steward Inclusionary Housing	Provide no mechanism for administration and stewardship cost. E.g. Denver (CO)	Encourage developers to partner with CLTs. E.g. Burlington (VT), Boulder (CO)
	Compatibility for multiple public sources	Impose different or contradict requirements	Coordinate among municipal programs. E.g. Sarasota city and county (FL), Chapel Hill city and Orange county (NC)
	Other local housing programs	Let CLTs compete with other municipal homeownership products	Distinguish municipal programs, e.g. clear differentiation between resale-restricted and unrestricted market-rate homes
Operation	Operational funding	Compete for annual grant	Commit to multi-year funding. E.g. Albuquerque (NM)
	Organizational performance	Micromanage the grants for CLTs, requiring narrow usage and	Focus on measurable annual goals. E.g. Bellingham (WA)

Category	Concern	Worst Practices	Better and Best Practices
		extensive report	
	Mixture of operating grants and development fees	Force CLTs to rely on development fee and then impose limit on it	Diverse income sources for CLTs and put flexible limit on development fee. E.g. Madison (WI)
Taxation	Assessment of property tax	Provide none or unpredictable adjustment for CLT homes	Tax equitably based on <ul style="list-style-type: none"> - restricted values of CLT homes regarding home value, land value, and rate of increase - reasonable checking diminished return of homeowners and duration, irrevocability, disclosure, record, and public benefit of affordability control
Oversight	Homeowners	<ul style="list-style-type: none"> - Regulate eligible buyers to be no more than 80% of AMI yet price homes to be exactly 80% of AMI - Duplicate regulations (homeowners are regulated by both CLT's ground lease and local government's covenant) 	<ul style="list-style-type: none"> - Concentrate regulation on the CLT, not the homeowners - Require additional notice to local government about resale decision only if a CLT fails to respond. E.g. Santa Monica (CA)
Contingency	Enforcement	Copy pre-existing legal documents without editing for CLTs, imposing superior liens	<ul style="list-style-type: none"> - Design loan agreement to protect both government's and homeowner's interests - Secure grants by covenants. E.g.

Category	Concern	Worst Practices	Better and Best Practices
			Orange county (NC)
	Affordability in case of rising costs	Require CLTs to guarantee permanent affordability (not any other recipients of municipal aid)	Share responsibility for upholding affordability. E.g. Chapel Hill city and Orange county (NC)

4. FINANCE

Seed Funding

Seed grant is frequently finite and merely available for a short period of time (Housing Strategies Inc., 2005b). Whereas, CLTs routinely rely on public grants and private donations yet the sources can be limited. “There is nothing magical about CLTs. They need equity if they are to provide affordable housing and community facilities for persons too poor to do it for themselves”, said Davis (Dubb, 2011, p. 10). They need “seed funding from the various levels of government to cover the start up costs and initial administrative costs” (Housing Strategies Inc., 2005b, p.53).

Some CLTs, particularly outside the US, face difficulties in gaining nonprofit tax-exempt or charity status, therefore, cannot produce tax receipts for donated land, capital, or stocks. In Canada, CLT is considered a new phenomenon and “there is no formalized structure and evaluation protocol for assigning charitable status” (Housing Strategies Inc., 2005b, p14). Even when a Canadian CLT earns that status, its prospective donors have to pay high capital gains tax, which is a further difficulty. This relates back to the issue of legal framework in Section 5.3. Public Policy. This is also a crucial issue as land acquisition mainly depends on charitable donation and bargain sale.

Land Acquisition

Other challenges for land acquisition are high-price markets and land availability. Tensions are more apparent in strong markets, such as Denver, Minneapolis, Austin, and Boston (ranked 2nd, 7th,

14th, and 17th, respectively, in the most recession-recovered cities list) (Bernardo, 2016). Likewise, available land in Toronto is costly, scarce, and susceptible to market speculation (Bunce et al., 2013). For dense cities like Somerville, demand for residential land further competes with that for commercial and green space (Mann, 2015). Investments like a new streetcar, subway extension, and other TOD projects, actually aggravate the burden. *Urban Land Conservancy* in Denver, as an illustration, experiences intense competition in the land acquisition market since it has to “quickly recoup a portion of its investment in properties in order to repay acquisition loans to the Denver TOD Fund, which requires repayment within five years” while its capacity “to move from one investment to the next is dependent on conditions in a given transit station area or neighborhood, as well as the ability of its (often-nonprofit) partners to assemble necessary financing and funding” (Hickey, 2013, p.24).

Sustainable Funding

There are two separate difficulties regarding sustainable funding: one for stewardship and one for development. Many can achieve sustainable finance to maintain their organization and oversee conditions and security of housing. However, to acquire new land and develop new housing (see Expansionist Acquisition characteristic in [Figure 3.1](#) and [Table 3.1](#)), CLTs generally depend on continuing subsidy and donation. For CLTs with minimal units and subsequently low earning from ground lease fee, funding for stewardship is also arduous. CLTs typically have limited revenues, nominal monthly ground lease fee (such as twenty-five dollars at *Chaplain Housing Trust* in VT and *Durham Community Land Trustees* in NC), and nominal or even no membership fee (such as one dollar per year at *Delray Beach CLT* in FL, one-pound share at *East London CLT*, or no fee at *Rondo CLT* in Saint Paul MN); hence public subsidy and private donation are consistently indispensable. *Chicago CLT* (IL) found it hard to handle the dependence on private sector, particularly after the 2007-2008

crisis; in Canada, *Central Edmonton CLT* (Alberta) lacked of funding for administrative support (Bunce et al., 2013).

Reducing or precarious funding from the government is another threat. As Davis listed, US federal programs have been on the Republican Party's "chopping block", such as CDBG, HOME, Neighborhood Stabilization Program (NSP), weatherization programs, Fannie Mae, and Freddie Mac; whereas the negotiation between CLTs and Federal Housing Administration (FHA) is affected by each presidential term (Dubb, 2011, p.10). It has been arduous for *City of Lakes CLT* (Minneapolis, MN), like many other housing development practitioners, in determining sustainable resources (Bunce et al., 2013).

At the local level, issues of property tax, fees, grants, and insurance may create more hassle. CLTs bear severe hardship when their municipal governments neglect the 'patent burden on the value' in assessment, provide none or unpredictable adjustment for their properties, for instance, entering a home sold for \$100,000 on the local tax rolls at a value of \$200,000 (Davis et al., 2008, p. 62). As described in **Table 4.1**, CLTs would run into more difficulties if their municipal governments provide no mechanism for stewardship cost, micromanage the grant, require narrow usage and exhaustive reports, or force CLTs to rely on development fee and then impose limit on it.

5. COMPETENCY

Aside from the above three sets of challenges, CLTs' organizational capacity is often neglected in current literature review. In reality, that is the central question that homebuyers, governments, donors, and the broader community often address before placing their trust and transferring perpetual ownership of land.

Technical and Legal Capacity

CLTs often encounter difficulties in the first two to five years of establishment (Housing Strategies Inc., 2005b). *Northern CLT* (Duluth, MN) experienced a lack of paid staff and an excess of contentious political events before its restructuring with the support of Institute for Community Economics in 1998. However, there are ongoing challenges that even large-scaled, experienced, and successful CLTs continue to meet. Burlington CLT, now Champlain Housing Trust as mentioned in **Box 3.2**, is not an exception. Its recent strain has been handling a growing population across the state and avoiding urban sprawl (Housing Strategies Inc., 2005b).

To compare with the US, third sector housing in other countries is less developed: there is a lack of organizational capacity, technical support, a national-focused body (like Institute for Community Economics), and network collaborative activities. According to a study on 8 CLTs in Canada (Housing Strategies Inc., 2005b), *Colandco Co-operative Home Inc.* (Ontario) was “unable to overcome the tension within the co-operative housing sector that saw a Land Trust as potential competition” (p.28). *Communauté Milton Parc* (Québec) had difficulties in retaining the nonprofit structure of the community, renewing mortgages for individual co-operatives, and avoiding volunteer burnout. *Central Edmonton CLT* (Alberta) also had problem with volunteer burnout and inconsistent property management. Whereas, *Community Housing Land Trust Foundation* (British Columbia) could not convince a large number of co-ops and government agencies to transfer land into the trust. Similarly, *Fonds Foncier Communautaire Benny Farm* (Québec) failed to gain government support and secure the purchase of Benny Farm site. *Calgary CLT Society* (Alberta), despite its key success as mentioned in **Box 3.1**, encountered difficulty in attaining charitable status and then competing with other local organizations for limited government dollars. The common barrier for all of these Canadian CLTs is lack of technical and legal assistance, expertise, and resources from a a national-focused body or network.

Regarding TOD, Hickey's study on the role of CLTs shown that some CLTs have not developed both internal capacity (e.g. development and stewardship for condo and rental housing) and external capacity (partnership with other developers) (Hickey, 2013). "A central challenge for CLCLT (*City of Lakes CLT*) has been that discussions of affordable TOD in Minneapolis and St. Paul often focus on rental solutions. CLCLT has not yet developed the capacity to integrate rental homes into its CLT model nor does this align with the organization's mission of fostering sustainable homeownership" (p.31).

Education and Outreach

In relation to the various stakeholders' perception, CLTs usually come under strains of education and outreach programs. In Atlanta (GA), "city officials and local nonprofit allies appear to understand the CLT concept, but do not fully understand its mechanics. Financers need additional help in understanding how the CLT ground lease works in conjunction with mortgage lending, and many local agencies do not fully understand the shared equity model using either deed restrictions or ground leases. There is confusion also about whether CLTs could support long-term affordable rental housing..." whereas it's a priority of *Atlanta Land Trust Collaborative* (Hickey, 2013, p.15). In Canada, *Salt Spring Community Housing & Land Trust Society* (British Columbia) ran into difficulty in building community support due to anti-development climate of local residents, novelty and complexity of the new model, and lack of understanding for affordable homeownership.

As for residents who accepted CLT model and became tenants, ongoing education and outreach programs about the CLT and homeownership are still required. *Portland CLT* (WA) also "finds it a challenge trying to attract resident members to the Board of Directors who represent PCLT's ethnically diverse population" (Housing Strategies Inc., 2005b, p.76). In Canada, *Central Edmonton CLT* (Alberta) found that many of its rent-to-own households have a renter's mindset and expect the CLT to take care of any repairs. Preparing them to be responsible homeowners needs ongoing

homeownership education and training. *West Broadway CLT* (Manitoba) also faced challenges in building capacity of many individual households who do not possess the knowledge or attitude to become successful homeowners (Housing Strategies Inc., 2005b).

Dilution of Core Values

As examined in Chapter 3, CLT model is flexible i.e. some of its ten original characteristics can be tailored and sometimes skipped; thus, an excess alternation can transmute a CLT into a form against the model's initial goal of social justice. Davis believes the most important challenge facing a CLT is "diluting the model's core values to the point where it may no longer be fair to call it a CLT at all" (Dubb, 2011, p.11). These core values are inclusion of and priority to the low- and moderate-income, especially people of color.

Since college towns, suburban communities, resort communities, and other affluent groups increase their interest in CLTs, the resources and development might easily shift to benefit the haves and displace the have-nots. There is an increasing demand on employer-assisted housing for hospital workers, polices, firefighters, and so forth. CLT model has been used for such workforce housing, for instance, *Mayo Clinic* in collaboration with *First Homes CLT* (Rochester, MN), which resonates with the role of anchor institutions¹ in serving local communities. This is a good example of CLT operation; however, Davis reminded that CLTs in general should not neglect those who least served by the market (Dubb, 2011).

¹ "Anchor institutions are nonprofit institutions that are fixed in place and are investing in the communities where they are located. Examples include: universities, hospitals, sports facilities, museums, public utilities, public schools and faith-based institutions." (Hollister & Hoyt, 2012, p.1)

6. CONCLUSION

Challenges to CLTs can be divided into four categories: Perception, Public Policy, Finance, and Competency. Collected examples in the above sections are mainly from the US, Canada, and Britain but the issues are incident to all CLTs in general in starting, sustaining, and partnering.

First, prominent practice of speculation and novelty of the CLT model exacerbate the reluctance and opposition of various stakeholders. Prospective homebuyers, developers, lenders, lawyers, and the broader community have many questions about the model's mechanism, wealth building ability, financial eligibility, democratic elements, seemingly complicated legal procedures, compatibility with existing programs, and sometimes stigma toward affordable housing.

Second, governments at the central, national, or federal level can pose both opportunities and threats to CLTs through their legal framework: how they recognize CLT model, how they facilitate nonprofit environment, and how they regulate land titling. Local governments (usually state, county, and town) collide more often with place-based organizations like CLTs and consequently has more impacts. Some are skill skeptical about the new model; some provide support with overcontrol and then unintended consequences such as deferred participation, contradict requirements, and duplicative regulations.

Third, CLTs often face difficulties in obtaining seed funding, land acquisition, and especially sustainable funding. Seed grant is finite and short-term; it is more limited for non-US CLTs that cannot gain nonprofit tax-exempt or charity status. High-price markets and land availability are other challenges, particularly in dense cities and transit development areas. Regarding sustainable funding, CLTs need continuing subsidy and donation for developing new units. As for CLTs with minimal units and low or nominal fees, funding for stewardship is also limited. Other threats are reducing or precarious funding from national programs and inequitable tax and intervention from local governments.

Fourth, CLTs' organizational capacity is a central question that is often neglected in current literature review. Regarding technical and legal capacity, CLTs usually encounter difficulties in the first two to five years; even large-scaled, successful CLTs may continue to meet challenges during its operation. Non-US CLTs run into more problems due to the lack of developed third sector housing, a national-focused body, or national network. CLTs also come under strain of education and outreach programs for various stakeholders. Ongoing programs are still required for current tenants, some of whom have not possessed the knowledge or attitude to become homeowners. Last but not least, there is a risk of diluting CLT model's core value if practitioners excessively alter ten original characteristics and pay little attention to the low- and moderate-income, particularly people of color.

CHAPTER 5.

CONCLUSION

This concluding chapter revisits two research questions that have guided the thesis. It synthesizes the current and proposed responses to mentioned challenges, criticizes limitations of this document, and suggests directions for future research. It also draws upon my reflection about the CLT and recommendations for policymakers and practitioners.

1. CURRENT AND PROPOSED RESPONSES TO CHALLENGES

Perception Challenge

One of the first critical success factors for CLTs is building **community support** with residents, organizations, business community, funding entities, lending institutions, prospective homebuyers, and all levels of governments. *City of Lakes CLT* (Minneapolis, MN) and *East London CLT* (England) are successful examples of strengthening community engagement through “collaborative planning and design practices, neighborhood meetings, and on-going dialogue with community members” (Bunce et al., 2013, p.25).

Furthermore, CLTs need continuing **community collaboration** for operational activities, funding, new housing development, lending, and support service (Housing Strategies Inc., 2005b). This success factor closely relates to education and outreach ability of CLTs as well as capacity building and technical assistance from the local government.

Public Policy Challenge

CLTs need legitimation and support from government at all levels. Policymakers should lay out an open, multilateral conversation for all stakeholders and a stimulating environment for nonprofit housing sector.

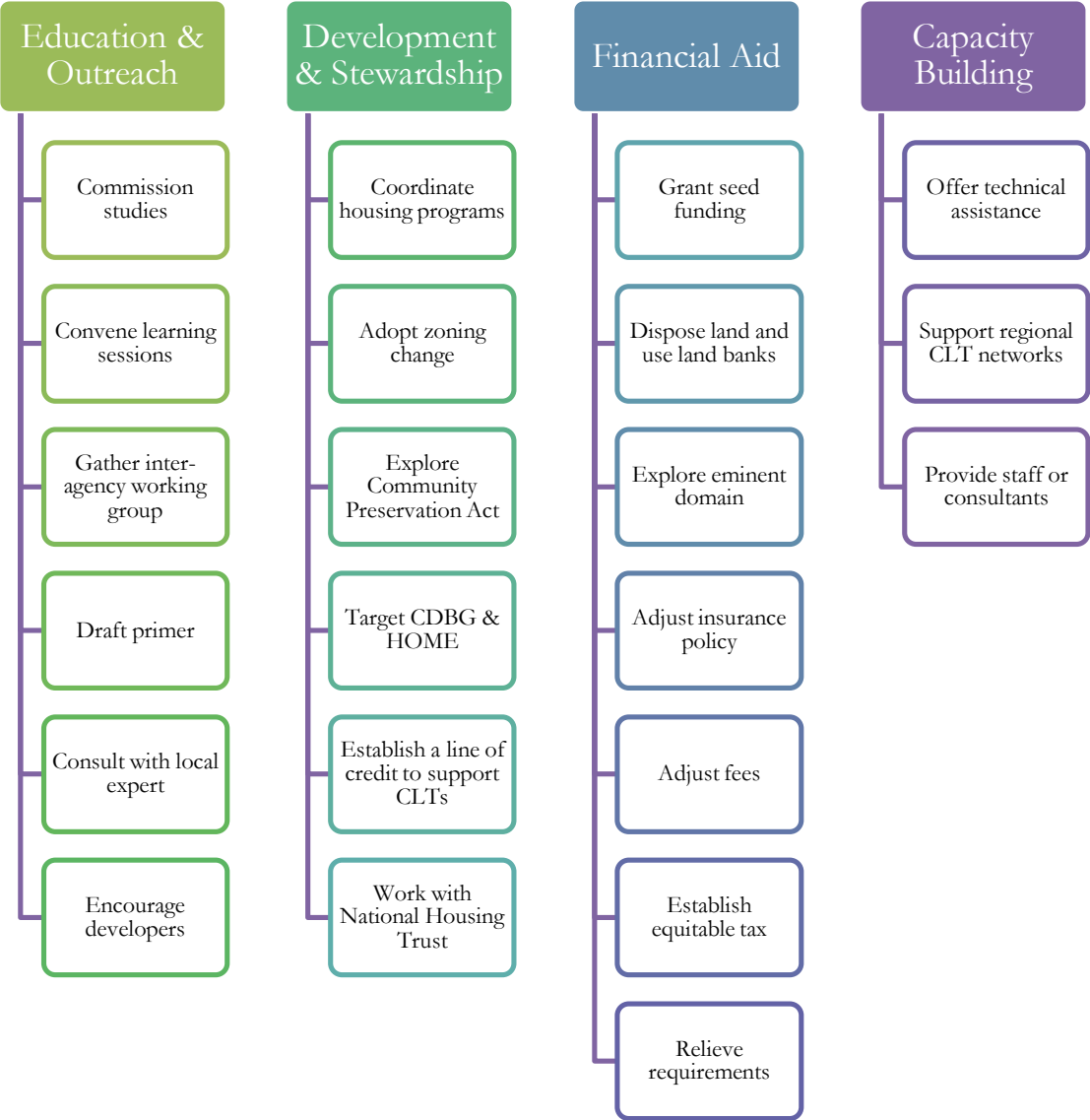
At the **national level**, CLT would gain enormous benefits from legislation that ensures recognition of the model, for instance, allowing it to be registered as a nonprofit or charity. This status would help CLT to acquire land donation if income tax laws permit donors to deduct its market value from their taxable income. Another exemplar is the UK's agenda of localism in which communities are offered higher power, responsibility, and autonomy. *East London CLT*, *Chicago CLT*, and *City of Lakes CLT* (Minneapolis, MN) are examples that get strong political support and considerable legislative ease (Bunce et al., 2013).

At **state and local level**, governments can provide help at many phases and aspects: education and outreach to stakeholders, financial aid and land acquisition, capacity building and technical assistance, development and stewardship, among others (Loh et al., 2016). **Figure 5.1** demonstrates examples of proposed policy strategies for state and municipal governments to promote CLTs in Massachusetts. Local authority may grant seed funding, provide technical assistance, improve insurance policies to underwrite mortgage, dispose land, utilize land banks to feed CLT, waive fee for land transfer, and allow earning high development fee. Nonetheless, the radical challenge is finding the most constructive way of municipal support and abate its unintended consequences. As many governments are going from support and participate to instigate and govern CLTs, their overcontrol may lead to more threats than opportunities. A key question for authorities lies in the harmony among *incentives*, *rules*, *facts*, *rights*, and *powers* (words of Stone, 2012) when participating in and partnering with CLTs. For instance, what can endanger CLTs is a predominance of public power (no community participation), rights (rewritten ground lease to increase municipal right as

landowner) and rules (duplicative regulations and contradict, unfair requirements) without well-founded incentives (multi-year operational funding) and fact-based assessment (equitable tax). In conjunction with CLT practitioners, officials need to consider how much separation and accountability CLTs should have.

Figure 5.1. Proposed Policy Strategies for State and Municipal Governments in Massachusetts

Source: Excerpt and Tabulation from (Loh et al., 2016)



Financial Challenge

Public grant from all levels of government and donated land, capital, and stocks have crucial role in **starting CLTs** and **acquiring land**. *First*, the organizations need recognition among public policy, ability to produce tax receipts for donation, and encouraging income tax regulations for donors. In Canada, Income Tax Act ought to annul disincentives for private owners to donate more land to CLTs (Housing Strategies Inc., 2005b). The US is a more hospitable domain for third housing sector as most CLTs “fall under Section 501(c)(3) of the tax code providing benefits for low-income people. Donations to the CLTs are federally tax-deductible, with no capital gains tax liability for the donor.” (Bunce et al., 2013, p. 21). That is a holding environment for individuals, corporations, and local governments to donate that many countries are in need. *Second*, another option for land acquisition is “through a public-private partnership. Governments are exempt from paying either income or capital gains taxes and thus are in a better position to donate land to CLTs” (Housing Strategies Inc., 2005b, p14). *Third*, seed grants from governments are essential. Massachusetts, for example, is suggested to provide \$25,000-75,000 seed grants to 8-10 community-based organizations through competitive Request for Proposal program (Loh et al., 2016). *Fourth*, either before or several years after operating, each CLT should have a sustainable business plan which comprises an explicit vision, an analysis of the CLT model, an external analysis of local housing market, an internal analysis of the organizational competency, and a financial sustainability model. (Housing Strategies Inc., 2005b). This business plan should be a living document for ongoing review and update during operation.

CLTs also require continuing grant and donation, equitable tax, fee waivers, and development fee earning, among others, to **sustain and develop**. They cannot purely depend on local volunteer labor, nominal ground lease and membership fees, and low development fees. *National, central, or federal governments* should maintain subsidy programs (e.g. CDBG, HOME, and NSP in case of

the US) and offer insurance (e.g. FHA) and products for financing resale-restricted homes. **Local governments, first** and foremost, should formally or informally encourage developers with municipal-mandated affordability component toward the CLT as can be seen through the best practices in [Table 4.1](#). For instance, Burlington VT assigns *Champlain Housing Trust* to be the designee for nearly all of its inclusionary units, Boulder CO stimulates developers to pre-sell their inclusionary units to *Thistle Community Housing*. **Second**, municipalities should determine a set of annual goals to assess CLT's performance in lieu of micromanaging their operational grants. For instance, Bellingham WA allows *Kulshan CLT* to use \$140,000 grant for eligible costs without forcing narrow usage and extensive reports. **Third**, assessors should calculate fair property tax based on restricted values and reasonable 'tests' of eligibility. To be specific, they should take into account that CLT housing have *lower home value* than "similar building that is not so encumbered", *lower land value* "than Net Present Value of the income stream which the CLT can collect [...] in monthly fees over the term of the lease", and *lower rate of increase* "than the trajectory followed by market-priced homes" (Davis et al., 2008, p.63). The most equitable tests of eligibility are based on: (i) decreased monetary return for homeowners in accordance with contractual restrictions, (ii) long-term duration of ground lease, such as 99 years in VT and 30 years in NJ, (iii) irrevocable bind applies to both current and future homeowners except foreclosure, (iv) transparent disclosure of affordability control to buyers, (v) well-documented affordability control in local land records, and (vi) proven benefits of affordability control for the public (Davis et al., 2008).

Competency Challenge

Each CLT needs **firm leadership and administration**. It begins with great a strong will for affordable housing for people who need it most. It should enhance both internal (staff) and external (residents) capacity building. It comes from various sources including local, collective, voluntary, and elected representatives. Examining successful CLTs in the US, Britain, and Canada, Bunce et al.

recognized that most of them “have examined have strong organizational structures and a membership base that actively engages with decision-making in an equitable way” (Bunce et al., 2013, p.24). A national-focused body or **national network** is highly recommended to put together the strength and resources for legal and technical assistance. As for **TOD**, CLTs need to develop new capacities to develop and steward affordable rental housing and condo (which is novel for some CLTs), to acquire land in various low- and high-cost markets, to build relationships with various stakeholders, and to expand their scope of work across multiple cities (Hickey, 2013).

Education, outreach, and advocacy is a core mission. “More local education is needed about how CLTs work and address affordable housing needs” (Hickey, 2013, p.15). *Portland CLT* was an exemplar of conducting outreach and education programs that eliminated the bias against community ownership which “reminds some African-American of sharecropping” (Housing Strategies Inc., 2005b, p.75).

Most importantly, activists and practitioners should deliberate on what can be changed in the CLT model without jeopardizing its **core values**. CLT can be reformed yet its roots should not be forgotten: helping the population who are most at risk and often be displaced or neglected by other powerful forces.

2. LIMITATION OF THE THESIS AND SUGGESTIONS FOR FUTURE RESEARCH

Limitation of the Thesis

The thesis did not dig deeper into the comparison between leasehold and freehold systems as strong conceptual framework for the topic. It neither discusses at length the applicability of the CLT in specific locations. The examples outside of the US are not systematic enough for a comparative analysis. The examples in the US are not concrete enough to show the difference between subgroups of markets, for instance, weak markets in post-industrial cities like Detroit, Cleveland,

Philadelphia and St. Louis versus strong markets like New York and Boston. However, this study is beneficial for future analytical and comparative studies as well as the interests of researchers, practitioners, and policymakers toward the CLT.

Suggestions for Future Research

There should be updated study on the **current status** of the mentioned tools, such as land bank in France, the Netherlands, and Sweden and dual tenureship in developing countries. For a new systematic review, researchers should pay attention to the diverse keywords. Limiting them within one small group, for instance, simply land trust, land bank, dual ownership, or dual tenureship, would possibly exclude some research, information, or discussions in the field.

The scholarship of CLT is relatively young due to the age of the movement itself, yet there should be a stronger focus on data-driven **program evaluation** and **impact measurement** in the near future to prove its sustainable benefits. CLT's diverse benefits are not well recognized by the public, which exacerbates the challenges to the model. Many sources point out instances of communal facilities and services, but for some materials it is just a sweeping statement without concrete explanation about where, what, and how these provisions are. There are solely two quantitative research on CLT up to date in 2007 and 2012. With the sizable membership and CLT homes in the US and UK, new national surveys should be conducted to build more comprehensive database that allows us to run regression models and test the predictors for CLT success.

Furthermore, there is an urgent need of **alternatives framework**, **scholar critiques**, and **independent policy reviews**. Most of available studies are conducted by CLT proponents and practitioners as a way for advocacy and outreach. Although some of them have mentioned the weaknesses of and challenges to CLTs, not many are systematic and thorough. Learning from failure is also a vital component of 'learning by doing' process. It would be beneficial to update the status of dormant, non-property, or non-activity CLTs, which accounted for 16% of the CLTs as of 2007.

What specific difficulties thwart them and what assistance they need are the essential questions to answer.

With the same criteria of evidence-base, data-driven research, I strongly recommend a substantial addition of **international perspectives and experiences** on CLT. More assiduous attention to legal systems and market conditions is needed to analyze the feasibility of CLT-alike model in a specific location./.

3. CONCLUSION AND RECOMMENDATIONS

My observation and research show that the CLT model itself is a potential solution in the context of affordable housing shortage. Economic recession and income stagnation have made housing more and more unaffordable, particularly to the low and moderate income. Land commodification and speculation also worsens the situation. Furthermore, public and private investment is usually lost out once the beneficiaries decide to resell their subsidized homes back to the free market. All of these driving forces urge us to holistically consider the the affordable housing ecosystem and develop our interest in the CLT as one of the viable solutions. The CLT is not a prescription that meets all housing needs but a local-based, need-based approach that can bring the advantages of leasehold into freehold system. Its ground lease, which regulates resale price formulas and buyer eligibility restrictions, ensures long-term affordability and stewardship. This regulation implies a need of strong enforcement to ensure the promised affordability. The CLT should be taken in combination with other tools of affordable housing ecosystem, for example the land bank in the US.

Given the complications of affordable housing debate and worldwide political environment, the feasibility of CLTs in a foreseeable future seems to be in doubt. Stakeholders from the prospective homeowners/renters to the policymakers would continue to be skeptical about their effectiveness

just like other types of sharing resources. The community and democracy aspect of the model can be an impediment - even a toxic term for its growth, if authorities consider the CLT a political movement rather than housing strategy. Furthermore, the scale ability of the CLT is relatively limited. It is a practical strategy for community and housing development at the local level but the overall efficacy for a city or region has not been well-proved.

Taking the following suggested actions does not guarantee CLTs to reach large-scale size and units in the near future. However, it will help them - as well as communities who need housing most - become significant players of the affordable housing puzzle, which is the main purpose of the development strategies.

Policymakers

A significant shift in the public policy is recommended. Policymakers should lay out an open, multilateral conversation for all stakeholders and a stimulating environment for nonprofit housing sector. There should be higher support from policymakers at national and local levels. National governments should recognize CLT model through their legal frameworks, particularly outside the US where CLTs need to obtain nonprofit or charitable status, produce tax receipts for donation, and access encouraging income tax regulations for donors. Policymakers at the national level also need to maintain ongoing national programs and funding and facilitate insurance and products for financing resale-restricted homes.

Meanwhile, local governments should avoid overcontrol or micromanagement toward CLTs, allow CLTs to have their own separation and accountability, calculate equitable property tax based on the restricted values and tests of eligibility, and enhance public private partnership so that governments can donate more land particularly in the weak markets. Local authorities should also provide seed grant, offer fee waiver, and encourage developers with municipal-mandated affordability component.

CLT Practitioners

For the typology of the classic CLT and variations, alternation can occur in one or several of ten characteristics (as mentioned in **Figure 3.1**), I suppose that five of them are more malleable for CLTs: (i) change in type of organization from nonprofit organization to public agency if they are created and run by the local government, (ii) change in dual ownership and leased land if they develop other types of owner-occupied housing (e.g. rental); (iii) change in tripartite governance in case they are city-made; (iv) change in place-based membership if they serve citywide rather than one to several neighborhoods; and (v) change in expansionist acquisition if housing is not the major component in their mission. Other five characteristics, however, should be conserved. I suggest that the CLTs should (i) work not-for-profit (either they are independent or subsidiary), (ii) ensure the civic engagement and community-led management, (iii) aim at everlasting affordability (either in housing or facilities/services), (iv) provide the perennial responsibility and stewardship, and (v) certainly be flexibly in adding types of development and community uses.

To start and sustain their CLTs, practitioners ought to create a sustainable business plan as a living document which includes an explicit vision, an external analysis of local housing market, an internal analysis of the organizational competency, and a financial sustainability model. They definitely need to build firm leadership and administration from local, collective, voluntary, and elected representatives. Maintaining education, advocacy, and outreach programs not only for prospective but also for current CLT residents, among other stakeholders, is a priority. Last but not least, CLT practitioners must adhere to the core values of the model - prioritizing those who are most at risk and least served by the market./.

APPENDICES

1. INCOME GROUPS IN THE US

Source: (Carras, 2015)

Extremely low income (ELI) = below 30% of Area Median Income (AMI)

Very low income (VLI) = 30.1 to 50% AMI

Low income (LI) = 50.1 to 80% AMI

Lower income = less than 80% AMI

Moderate income (MI) = 80.1 to 120% AMI

High income (HI) = above 120% AMI

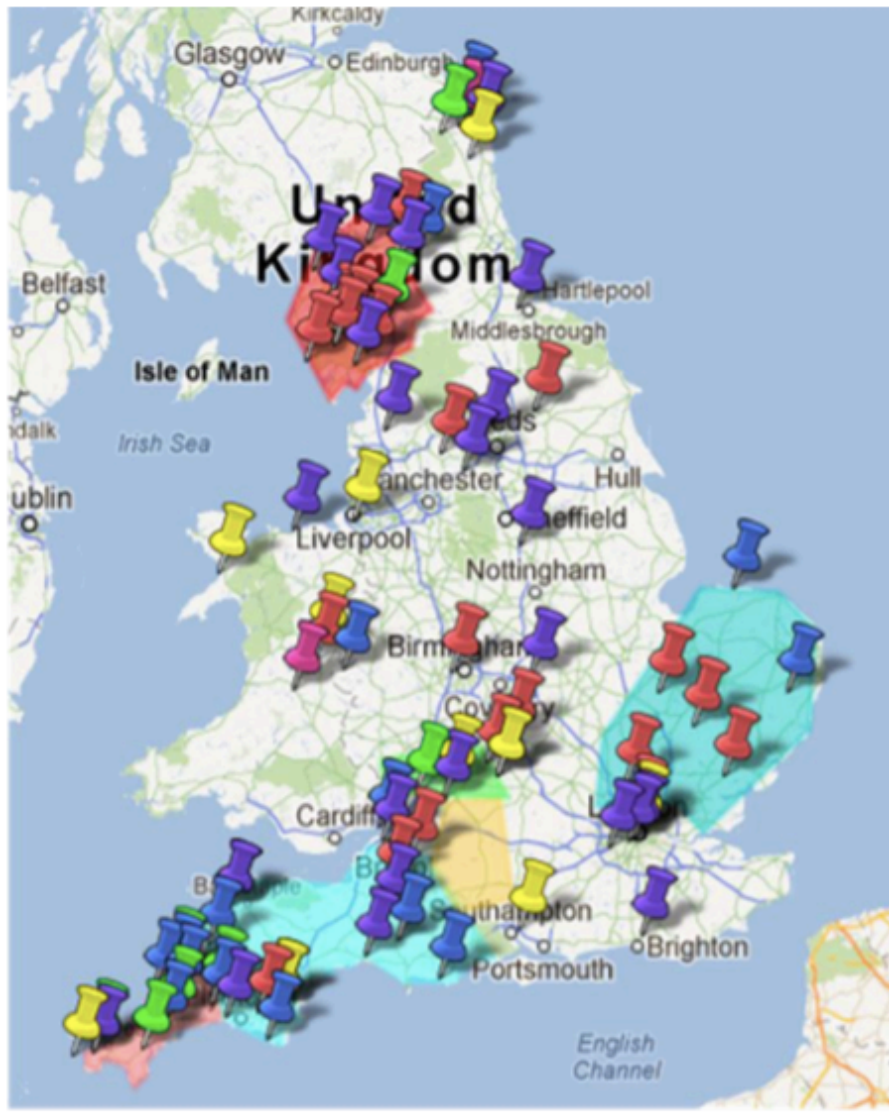
2. CLTS IN THE US IN 2010

Source: (Crabtree et al., 2013, p. 20)



3. CLTS IN ENGLAND AND WALES IN 2012

Source: (Crabtree et al., 2013, p. 25)



KEY:

- Red Ambition for CLT but not yet formally constituted
- Purple Formally constituted as a CLT and working up scheme
- Yellow Significant progress working up scheme. Planning permission pending or granted.
- Green On site
- Blue Completed.

4. EXAMPLES OF MUNICIPAL SUPPORT IN THE US

Source: Tabulation from (Davis et al., 2008)

Location of CLTs (Cnty: County)	Support from Cities and Counties												
	Experienced municipal employees	Outside consultants and technical assistance	Inclusionary Zoning policy	Housing Assistance Grants	Up-front grants	Long-term grants	Land from redevelopment authority or tax foreclosure	Interest-free loans	Housing trust fund	HOME and CDBG	Waiver of fees and regulations	Assumable loans	Favorable assessment and taxation
Albuquerque, NM							•		•			•	
Ashland/ Clackamas Cnty, OR											•		
Bellingham, WA						•					•		
Berkeley, CA													•
Boston, MA Box 3.5					•	•	•		•				•
Boulder, CO Box 3.3			•										•
Burlington, VT Box 3.2		•	•		•			•	•	•			•
Chapel Hill, NC				•									
Chicago, IL	•	•	•	•		•							
Cleveland, OH							•						
Delray Beach, FL	•	•											•
Duluth, MN												•	
Hennepin Cnty, MN					•								
Highland Park, IL		•							•				•
Irvine, CA Box 3.4		•	•		•								
King Cnty, WA								•					
LA Cnty, CA													•
Lawrence, KS								•					
Madison, WI			•										•
Minneapolis, MN								•					
Multnomah Cnty, OR													•
Orange Cnty, NC													•
Petaluma, CA			•										
Portland, OR		•		•	•	•	•						
Sarasota, FL		•				•							
Syracuse, NY							•						
Truckee, CA					•								
Washington DC					•								

5. APPLICATIONS OF ALTERNATIVE LAND TENURE MODELS ACROSS SOCIAL ECONOMY¹

Source: (Heisler, 2009, p.9)

Alternative Land Tenure Models	Conservation Land Trust	Community Land Trust	Cooperative Land Bank	Municipal Land Bank
<i>Sub-sectors of the Social Economy (property regimes)</i>				
<i>(F-AH) Affordable Housing</i>		x	x	x
<i>(F-EC) Ecological Conservation</i>	x	x		x
<i>(F-AC) Agricultural Conservation</i>	x	x		x
<i>(F-CD) Community Development</i>		x		x
<i>(F-ED) Economic Development</i>		x		x
<i>(F-SG) Smart Growth</i>	x	x		x
<i>(F-F) Forestry</i>	x			

¹ According to Heisler, social economy emphasizes community development as contrast to market economy.

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