INCREASING COMMUNITY POWER AND HEALTH THROUGH COMMUNITY LAND TRUSTS

A Report From Five Movement-Driven California CLTs

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EXECUTIVE SUMMARY

Marcha Por la Tierra, October 2019 in Santa Ana, California

This report was inspired by the resident-led efforts and collaboration of five grassroots community land trusts (CLTs) in California. Residents in five of The California Endowment's Building Healthy Communities (BHC) sites – South Los Angeles, Oakland, Santa Ana, Sacramento, and Boyle Heights – have tirelessly organized to counter the racial and economic oppression and dispossession that has persisted in their communities across generations. Such conditions have made low-income neighborhoods and communities of color extremely vulnerable to gentrification and permanent displacement.

Residents of each site independently recognized the CLT model as a place-based tool that will allow them to combine their shared values in building community power, collective decision-making, and equitable development. The promise of resident-led development on community-owned land in local contexts of disinvestment and displacement spurred the creation of a community land trust – **T.R.U.S.T. South Los Angeles, Oakland Community Land Trust, THRIVE Santa Ana, Sacramento Community Land Trust, and Fideicomiso Comunitario Tierra Libre**. Using the CLT model, these communities have begun charting a path towards a strategy that brings community ownership to Black and Brown working-class neighborhoods *and* addresses historic disparities. Together, this cohort of CLTs represents a deliberate effort to center racial justice, equity, and deep community control at every level of the organizational process.

The push for community land trusts as a strategy for collective ownership is part of a larger movement for racial and economic justice, responding to the disparities forged in a long-standing national context of structural racism, accelerating economic inequality, harsh austerity measures that have reduced government's role, and an affordable housing crisis. These political and economic conditions have also profoundly shaped local land use and real estate practices, which perpetuate unequal investment and marginalization of neighborhoods based on race and class. In California, racialized wealth disparities, pervasive speculation, and the rampant affordable housing crisis have made the state a particularly hostile place for poor and working-class people of color, who are alienated from opportunities for socioeconomic mobility and whose collective political capacity to shape their own neighborhoods has been undermined.

The COVID-19 pandemic has compounded these existing racial and economic disparities, revealing a fragile economy and a resilient real estate market that benefits the few over the many. Undeniably, the historical and current conditions of inequality have created neighborhoods where those most vulnerable to economic shocks—low-income and cost-burdened renters, working-class and immigrant families, essential workers and the health-compromised—are concentrated. These communities will be the most severely affected by the impacts of this compounding crisis and will inevitably fare the worst even as the economy recovers. Disaster capitalists are poised, once again, to accrue greater wealth by taking advantage of this moment of mass instability.

Before the pandemic, residents and their allies across the state organized to address gentrification and protect their communities from displacement. They did so with the understanding that private speculation and the new wave of investment back into their neighborhoods will not benefit nor protect long-standing, low-income residents. In the process, they exposed the shortcomings of the existing infrastructure of land use and affordable housing, demonstrating the need for community-driven development. This moment of COVID-19 and the movement for community ownership led by Black, Latinx, indigenous, and immigrant people of color further exemplifies the urgency to locate a strategy that is both stabilizing and reparative, presenting a tangible and scalable strategy that builds community power among those who have been excluded from or displaced by the market. **CLTs are positioned not only to address current racial and economic inequalities that have emerged during COVID-19, but to repair historic inequities that for generations have been perpetuated and enhanced through land ownership, land use and development practices.** CLTs show the greatest promise to weave these goals together into a viable recovery strategy.

Dr. Martha Matsoaka's 2017 report, *Democratic Development for Thriving Communities*, outlines many critical strategies that could be woven together to create a dynamic and just infrastructure of land use and real estate to combat gentrification and displacement. This report lifts up CLTs as one strategy, providing practical guidance and advice on how to advance "community ownership policies that support the control of housing and land through democratic structures and processes."[1] Much of the work that precedes and inspires our report provides compelling arguments as to *why* this must be done. We build upon this knowledge and focus on the *what*: we make the case for the types of resources that CLTs require for scalability, sustainability, and service to community; and we provide examples as to how those resources can be structured and put directly into practice.

We have crafted this report as a resource for California's grassroots CLTs as they continue to work together over the coming year. We also hope that the report will serve philanthropic and public sector partners who seek to support movement-driven efforts to create a more just and equitable future through community ownership. Our research and reflection on the versatility of CLTs, deterrents to their growth, and opportunities to overcome those, includes:

- An introduction to why CLTs are a critical response to today's economic challenges (Chapter1)
- Overview of the BHC CLT cohort, within the context of a broader CLT movement (Chapter 2)
- Six case studies of CLT development and stewardship projects, and a subsequent analysis of CLTs' capital needs based on those case studies (Chapter 3)
- Capital strategies to address those needs, with "Key Next Step" actions that CLTs can take to advance the strategies (Chapter 4)
- A reference list of CLT capacity-building initiatives (Chapter 5)
- Policies that can enable CLT growth and stability (Chapter 6)

Finally, through eight recommendations below, we summarize key tenets for placing communities in control over land and development. We urge philanthropic and public sector allies to use these recommendations to support grassroots CLTs to scale and increase their impact on community development, land use, and affordable housing. While this report focuses primarily on affordable housing, communities across the U.S. and the globe are effectively using CLTs to advance an array of community and economic development strategies. Although the funding and financing challenges may vary, a fully-developed statewide community ownership strategy should include community-serving commercial, social enterprise, non-profit and job training spaces along with housing.

T.R.U.S.T. South LA celebrating the grand opening of Rolland Curtis Gardens, November 2019

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This report would not have been possible without the contribution of many who we have interviewed, consulted with, and been inspired by. First on the list is our TCE Program Officer Alexandra Desautels, who has been unwavering in her enthusiasm to support community land control strategies, and our own process of inquiry. Others in our non-exhaustive list of contributors are: John Emmeus Davis (Burlington Associates in Community Development), Tom De Simone (Genesis LA), Julia Duranti Martinez and Jon Krinsky (New York City Community Land Initiative), Leslie Ezeh (Beverly Vermont Community Land Trust and California Community Land Trust Network), Paulina Gonzalez (California Reinvestment Committee), Rick Jacobus (Street Level Advisors), Belén Lopez-Grady (North Bay Organizing Project), Yuki Kidokoro (Climate Justice Alliance), Meredith Levy (Boston Neighborhood Community Land Trust), Minnie McMahon (Dudley Neighbors, Inc.), Aaron Miripol (Urban Land Conservancy), Robin Rudderow (CommonSpace Community Land Trust), Susan Scott (Community Land Trust of Marin County and Sacramento Community Land Trust), Emily Thaden (Grounded Solutions Network), and Ian Winters (Northern California Land Trust).

We are also immensely appreciative of the colleagues and mentors with whom we have partnered in intentional efforts to craft innovative approaches and troubleshoot challenges, including the Finance Committee of Right To The City Alliance/Our Homes Our Land, the Non-Profit Capacity Building Working Group of Stable Homes California, the Policy Committee of California Community Land Trust Network, Los Angeles Community Land Trust Coalition, Los Angeles Acquisition/Rehabilitation Working Group, and the Just Recovery Committee of the Healthy LA Coalition.

Finally, and most essentially, we value the on-going collaboration with board directors, leaders and staff of the five CLTs that make up The California Endowment Building Healthy Communities cohort: Fideicomiso Comunitario Tierra Libre, Oakland Community Land Trust, Sacramento Community Land Trust, THRIVE Santa Ana, and T.R.U.S.T. South LA.

EIGHT RECOMMENDATIONS TO SUPPORT COMMUNITY LAND TRUSTS IN BHC SITES AND THROUGHOUT CALIFORNIA

1. MEASURE THE SCALE AND IMPACT OF CLTS HOLISTICALLY.

CLT "scale" is about more than numbers. Grassroots CLTs are part of a racial and economic justice movement, and should be understood as one tool that can be used to address the toxic dynamic between the speculative market and its extraction of wealth from indigenous land, Black and brown bodies, immigrant workers, and from poor and working-class neighborhoods. Instead of measuring success strictly through housing production numbers, we should measure scale and impact holistically.

2. UNDERSTAND AND VALUE THE VERSATILITY OF CLTS.

CLTs have taken root at the confluence of housing unaffordability, economic inequality, and health inequities. For this reason, CLTs have been instrumental not only in creating affordable housing, but they also increase food access, create parks and recreational space, address climate resiliency, foster local small business, and support job creation and training—always with community members at the helm. Although the funding and financing challenges vary depending on the use, a fully-developed statewide community ownership strategy must include commercial and other community-serving uses as well as housing.

3. BOLSTER HOUSING PRESERVATION STRATEGIES.

Tenant opportunity to purchase strategies and CLTs have surpassed the traditional affordable housing development model by focusing on increasing community stewardship of existing unsubsidized housing. Millions of dollars in public and private investments have been expended to build new multi-family projects only to place low-income residents of color at risk of displacement at the end of their affordability covenants. Today, CLTs are working with tenants to purchase existing buildings, providing the necessary rehabilitation and support for tenant-owners, with the condition that their homes become affordable in perpetuity per the CLT's deed restrictions.

4. CREATE CLT-SPECIFIC AVENUES FOR PUBLIC AND PRIVATE RESOURCES TO MAXIMIZE CLT BENEFITS.
Scaling the CLT model requires that we provide resident-driven entities access to public and private resources that have historically been prioritized for corporate developers and wealthy investors.

5. RETAIN AND PROTECT SUBSIDY FOR INTERGENERATIONAL PUBLIC BENEFIT.
CLTs are unique in real estate development as a tool that will retain public and private investment in perpetuity, to benefit not only current but all future generations. This is smart public policy that makes for wise mission-driven investment.

6. WORK WITH CLTS AND OTHER COMMUNITY-BASED STAKEHOLDERS TO CREATE LOW-COST FINANCING.
CDFIs and financial intermediaries often charge above-market interest rates to ensure their own sustainability. However, extraction of wealth and assets from low-income people and communities of color should not be perpetuated through mission-driven lending that overcharges on the very projects that seek to counter historic exploitation. Instead, we urge lenders to partner with CLTs to craft equitable financial tools, to structure interest write-downs and other viable lower-cost approaches.

7. PRESERVE AND PROTECT PUBLIC LAND USING CLTS.
For too long, public land has been sold or transferred to the private market with little to no consideration of community benefits or even the slightest consideration of long-term loss. CLTs are the perfect alternative, ensuring community stewardship and benefit for future generations.

8. INVEST IN CLT OPERATIONS, SUSTAINABILITY, AND RESIDENT LEADERSHIP.
Funding land acquisition and preservation through the existing infrastructure of affordable housing finance will require much needed innovation. This innovation should be supported through long term operating grant commitments and ongoing capital flows that support CLT operations, staff, and technical support necessary for success, and lead to sustainability. Resources must be designated to support and train residents and resident-owners at all stages of development and operations.

ABOUT US

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Mural outside of Hasta Muerte Coffee, Oakland, California

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The COVID-19 pandemic has brought about a convergence of crises throughout the United States. In California, the pandemic has effectively amplified the housing crisis and deepened existing racial and economic inequalities that have persisted across generations. Grassroots organizations across the state have persistently called attention to decades of targeted disinvestment and dispossession, rampant speculation, and the commodification of land and housing. These conditions have helped create the landscape that we see today - a statewide homelessness crisis, rapid gentrification and the displacement of the most vulnerable residents. Together, with the pandemic, low-income households are incurring the greatest costs of this compounding crisis with the effects disproportionately on the backs of Black, Latinx, indigenous, and immigrant communities. While major cities across the state such as San Francisco, Oakland, and Los Angeles garner greater media attention, other cities such as Sacramento, Fresno, and Santa Ana also face similar pressures. This suggests that the economic trends leading up to this moment and throughout the pandemic extend beyond urban areas and reflect growing regional inequity.

What we see today is a real estate market that is unhinged from the economic market. The impact of the pandemic has effectively created the worst economy since the Great Depression, triggering unprecedented job loss, economic hardship, and community instability. At the same time real estate has emerged as one of the most resilient industries in the state and national economy. This has effectively created a bifurcated housing and rental market between the homeowners and renters who are positioned to weather the impending economic recession and those who simply cannot. This economic crisis will disproportionately target lower-income tenants and owners of smaller rental properties, with low-income tenants of color and small Black and Latinx investors bearing the greatest losses. Without a foundation of equity to lean on in times of crisis and a robust recovery strategy to assist residents in the long-term, both low-income tenants and their landlords are exposed to the risk of deprivation and displacement in the very near future as the mortgage forbearance period and tenant protections come to an end. Private equity firms and other speculative actors are poised to purchase foreclosed and distressed real estate assets, which will be concentrated in low-income neighborhoods and among communities of color.

Community land trusts (CLTs) can advance a critical strategy that not only addresses current inequities, but also repairs historic racial and economic injustices. The pandemic and the unprecedented inequality that we see today exemplify the urgency for a just recovery strategy. However, the conditions of crisis that existed prior to the pandemic compel us to explore strategies that counter the very mechanisms that perpetuate scarcity and intergenerational suffering among vulnerable households and communities. As a place-based movement, collective ownership shows the greatest promise to weave these goals together into a larger recovery strategy. Through CLTs, alternative pathways to land use and housing become possible. This report outlines how CLTs can be put into practice by grassroots organizations and how philanthropic and public sector allies can support these efforts.

Primary Audience: Philanthropy, public sector, and other community partners.

WHY COMMUNITY LAND TRUSTS?

FCTL Board Member Margarita Gonzalez promoting FCLT, September 2020

WHY NOW?

The devastation of the COVID-19 pandemic has drastically sharpened existing disparities, upending the status quo and laying bare an economic and political crisis. In the United States, the effects of the pandemic are intimately tied to the existing nationwide affordable housing crisis and widening economic and racial disparities. Over the past twenty years, wages and incomes have not kept pace with the exponential rise in the cost of living.[2] The pace of housing development has slowed and the cost of housing has risen at twice the rate of wage growth, locking more people out of market-rate homeownership, creating more renters, and forcing households to shelter more people as an affordability strategy.[3] In lockstep with these economic changes, federal austerity measures have reduced the availability of government grants and resources related to housing and community development.[4] These conditions have steadily accelerated, fostering intense economic pressure and vulnerability among low-income peoples and working-class communities of color.[5] The ability of residents to access shelter and afford housing, obtain an economic foothold in their local markets, and participate in local decision-making to shape their own neighborhoods is directly threatened by displacement.[6]

In California, the effects of the affordable housing crisis have been particularly acute. Decades of rampant speculation and the commodification of housing is both a consequence and cause of local inequality, rapid gentrification, and the statewide homelessness crisis.[7] The impacts of these conditions are overwhelmingly felt in low-income neighborhoods of color, transforming the affordable housing crisis into a displacement crisis. Such neighborhoods are disproportionately home to populations that are vulnerable to economic shocks, including renters, working-class families, and immigrants, who are also more likely to be working in low-wage jobs within the contracted labor sector. Deepening inequality and austere environments have fundamentally restricted the pathways through which residents are able to advocate for themselves and participate in land use decisions that shape the future of their own neighborhoods. In this climate, local organizations across the state have been forced to focus primarily on emergency direct service provision instead of organizing residents and cultivating self-determination. As major cities across the state such as San Francisco, Oakland, and Los Angeles garner greater media attention, other cities such as Sacramento, Fresno, and Santa Ana face similar pressures. This suggests that the economic and political trends leading up to this moment extend beyond urban areas and reflect growing regional inequity.

As COVID-19 swept across the nation, it effectively unveiled a fragile economy and political system that works far better for some than for most of the country. Before us now is a landscape of severe wealth inequality, systemic racism, and public underinvestment that is more oppressive than ever before. Taken together, the pandemic and the existing conditions of inequality have created a catastrophic economic downturn.[8] Low-income and working-class communities are incurring the greatest costs of this compounding crisis with the effects disproportionately falling on the backs of Black, Latinx, indigenous, and immigrant communities. Those who are most severely affected by the impacts of a crisis, those communities whose wealth has been once again extracted, will inevitably fare the worst even as the economy recovers. The pandemic exemplifies the urgency for a just recovery strategy. However, the conditions of crisis that existed prior to the pandemic compel us to explore strategies that counter the very mechanisms that perpetuate scarcity and intergenerational suffering among vulnerable households and communities.

ORGANIZING FOR TRANSFORMATIVE NEIGHBORHOOD CHANGE

As conditions have grown increasingly dire across the state, grassroots groups and community leaders have tirelessly organized for policies across issue areas of housing, policing, labor, and the environment that fight institutionalized racism and prevent further inequality, criminalization, and displacement of the working-class and communities of color. Many have specifically sought out community governance and collective ownership strategies that center the experiences of long-standing residents and place decision-making back in their hands. A growing number of communities have already put such strategies directly into practice.9 As the pandemic developed, so too did the public's collective understanding that the economic disparity and racial injustice we see today are not only interconnected, but foundational to the very infrastructure of our cities and the land on which they are built.

The long-standing demands of community members and organizers have now coalesced into a larger movement for racial and economic justice. The massive public outcry and groundswell of community organizing taking place across California, and around the nation, is a response to the frustrated local political contexts of cities and apathetic political leaders. Resonating from the streets today is a sincere and urgent plea for an economy that remedies historic structural inequity and centers the collective ownership of resources. The resiliency and action carried out by grassroots groups demonstrates the political will and deep commitment that exists to make collective ownership a path towards community stability. This signals that community members not only deeply understand their own material conditions, but are more than ready to build the equitable economic and political infrastructure needed to improve their own lives.

Although gaining increasing attention, the community ownership movement in California is not a new phenomenon. The movement benefits from a legacy of grassroots and municipal efforts in cities across the United States to collectivize land ownership and other resources as a means to combat historical structural racism, economic inequality, and dispossession. It is well documented that land use policies and real estate investment practices in California have violently colonized and marginalized indigenous, poor, and working-class communities of color since missionaries and settlers first arrived. We can trace this history through the countless efforts used to displace and segregate communities based on race and class, block them from opportunities for socioeconomic mobility, and undermine their collective political voice. Racist housing covenants, redlining, and government incentives prioritizing speculative development all undergird a market that steers the flow of capital to for-profit investors while criminalizing communities of color. The 2008 housing collapse further exposed the extent to which racism, inequality, and commodification are embedded in the modern real estate market. Furthermore, the so-called recovery from the 2008 crisis did not address community needs or interests. Instead, the economic recovery prioritized profits and private interests over public health and access to affordable housing. Throughout history, each iteration of economic crisis and change has made real estate a colonial enterprise, paving the way for the continued destabilization and the displacement of low-income peoples and communities of color throughout California.

The COVID-19 pandemic is amplifying a pre-existing housing crisis, and heightening the systemic inequalities that have persisted across the state.10 As real estate has become further commodified over time, vulnerable communities have become further alienated from adequate public support and opportunities for sustainable wealth creation, including homeownership. As witnessed in past crises, disaster capitalists are poised to amass greater wealth by taking advantage of mass instability and economic uncertainty; those with the greatest access to capital shamelessly benefit from excessive government intervention while simultaneously lobbying political leaders to reduce their tax burden in the name of economic stimulus.11 Speculative actors in the private sector consolidate their economic power and increase their assets by buying up businesses, residences and land during moments of crisis. Long-standing trends in the private real estate market, the political system, and top-down crisis recovery reflect a cycle of institutionalized dispossession among low-income communities of color.

HOW THE PANDEMIC-INDUCED ECONOMIC CRISIS WILL IMPACT HOUSING IN VULNERABLE COMMUNITIES

The pandemic has effectively created the worst economy since the Great Depression, triggering unprecedented job loss and economic hardship. Just months after COVID-19 was declared a global pandemic, the national unemployment rate in the United States surpassed 14%.[12] This does not account for the hundreds of thousands of workers who lost work in the informal and contracted labor sectors. Early on, intense economic instability left both homeowners and renters in precarious situations and threatened their ability to continue paying their monthly expenses. By September 2020, Corelogic estimated that nationwide, the overall delinquency rate on mortgage loans was 6.3%, double the rate of September 2019.[13] As of September 2020, every state logged an annual increase in serious delinquency, defined as 90 days or more past due including loans in foreclosure, with the percentage of homeowners looking to enter into forbearance steadily growing since August.[14] Monitoring the behavior of renters in 620,000 rental units across the country, Rentec Direct found that rental payments have also declined from month-to-month since March 2020, with the greatest decline in September when rent payments were 35% lower than in March.[14a]

In response, federal and state government intervention programs at the onset of the pandemic provided industry and unemployment relief through the CARES Act to millions of homeowners and renters. At the same time, there has been impressive grassroots activity in cities throughout the country to channel resources to those who did not qualify for public assistance through the CARES Act. Emergency public relief and mutual aid efforts on the ground have kept many households financially afloat and have stabilized both mortgage and rent payments, forestalling an impending housing disaster. However, housing policy experts assert that, without a prolonged governmental plan and a robust recovery strategy, there will be detrimental effects in the near future as the mortgage forbearance period and tenant protections come to an end.[15]

Although the pandemic has created incredible uncertainty, housing trends from the beginning of the pandemic to now have reflected a more resilient real estate market than we might have anticipated. During the second half of 2020, housing policy experts have been surprised to see foreclosure rates for single-family homes stagnate, real estate sales remain strong, and housing prices increase.[16]

These trends, in part, speak to two important factors that make the environment of the current crisis very different from the Great Recession in 2008. Leading up to the pandemic, there had been increasing housing prices from lower supply-side development activity and stronger financial regulations, which deterred predatory lending and use of loans with ballooning interest rates. As a result of this strengthened regulatory environment and some government relief, homeowners in the current moment are in a relatively strong economic position to weather the downturn. The resiliency of the real estate market reflects the stability of homeowners today who have equity in their homes, and if their economic circumstances become dire, they are more likely able to sell to avoid foreclosure altogether.

This snapshot of a resilient real estate market based on middle-class homeownership is not representative of the housing and economic conditions of the majority of the country. In the pandemic-induced recession, lower-income homeowners do not have a solid base of equity to lean on during economic shocks, placing them at a much higher risk of foreclosure. The rental market also paints a more complex and sobering picture of real estate conditions; the effects of the recession are clearly stratified across income and building type with lower-income homeowners, single investors, and renters shouldering the greatest economic risk. This does not account for those who were not eligible to receive government assistance or the increasing number of people who are without shelter. Data from The National Multifamily Housing Council reported that 89% of renters living in professionally-managed apartments have paid rent, which is approximately the same rate as 2019.[17] This data also shows that rent collection rates have stabilized as payments among Class A and B projects have remained above 90%, with 84% of residents living in lower-priced Class C properties paying rent. This indicates that rental rates stabilized during the economic downturn, which in large part is attributed to the extension of government unemployment relief. However, these data only capture 30% of the national rental market and primarily focus on properties with higher-income tenants, largely missing properties where renters are most impacted and at-risk.

According to the Urban Institute, smaller two- to four-unit buildings account for 13% (over 6 million units) of the national rental market.[18] They are both an important source of affordable housing for low-income renters and income for individual investors, many of whom also own and live in their buildings. Most critically, these individual investors are disproportionately Black and brown and have the largest share of low-income and Black and Latinx tenants. With unemployment more prevalent among low-income households, low-income tenants of color are at greatest risk of missing their monthly rent payments, while Black and Latinx individual investors are at greatest risk of not being able to keep up with their mortgage payments or the upkeep of their properties. Without a foundation of equity or other forms of credit, both low-income tenants and their landlords are exposed to the risk of deprivation and displacement.

What we see today is a real estate market that is unhinged from the economic realities of everyday Americans. Private equity firms and other speculative actors are, again, well-equipped and poised to purchase foreclosed and distressed real estate assets, which will be disproportionately concentrated in gentrifying low-income communities and Black and brown neighborhoods, many of which have been starved of capital.[19]

When we talk about a *just recovery*, we are specifically referring to a practical and long-term collective ownership strategy that works to stabilize and balance the relationship between the real estate market, local government, and community. A just recovery must be reparative, and counter oppressive racial and economic disparities while building a strong base of community power and place-based decision-making. Such a strategy requires creativity and innovation as the real estate market and prevailing community development policy frameworks currently offer a limited set of tools to own, control, and utilize land.[20] As it stands, these tools do not address the root causes of the problems plaguing low-income neighborhoods.

As a place-based tool, CLTs show the greatest promise to weave these goals together into a larger recovery strategy to make distressed neighborhoods more livable or to make prosperous places more inclusive. Through collective ownership and the CLT model, other pathways to land use and housing become possible. CLTs are positioned not only to advance critical strategy that addresses current racial and economic inequalities that have emerged during COVID-19, but are truly positioned to repair historic inequities that for generations have been perpetuated and enhanced through land ownership, land use and development practices.

THE COMMUNITY OWNERSHIP MOVEMENT AND COMMUNITY LAND TRUSTS: PAST AND PRESENT

FCLT member engaged in participatory research "groundtruthing" of vacant sites in the Boyle Heights neighborhood of East LA

The concept and practice of collective ownership is not new. Community ownership is rooted in centuries of tradition across societies and has been employed around the world to create spaces of collective commons.[21] Community ownership has, at times, been used as a cultural or religious practice and, in other instances, as a response to shield communities from volatile global and local economies that undermine community stability and reproduce oppressive systems of power. Although specific models of community ownership are very much rooted in the particularities of local historical conditions, across models is a shared value in the decommodification of land to foster long-term social, economic, and ecological sustainability.

The conversation about collective ownership that exists in the United States today has been profoundly influenced by indigenous land practices and models from around the world. (See the call out on *International Origins of Collective Ownership*.) Throughout the past fifty years in the United States, collective ownership has largely been put into practice through the CLT model – and throughout this report, we utilize the terms community ownership, collective ownership, and CLTs interchangeably. The CLT movement is rooted in Black land ownership. The first CLT in the country, New Communities, Inc. in Albany, Georgia, emerged out of the civil rights movement as a response to racial violence and severe economic inequality. Today, over 260 active community land trusts in the United States provide lasting community assets, long-term affordability, and shared equity homeownership opportunities for families and communities.[22]

This movement has grown in response to waves of economic change and crisis. Throughout the United States, CLTs often emerge out of deep community organizing based on the principle that targeted disinvestment and housing speculation are core issues that destabilize communities and exacerbate racial and economic inequality. Indeed, both long-standing and emerging CLTs across the United States have shown the model to be a viable tool to preserve community networks and assets when shifting markets threaten housing affordability and security of tenure.

The current movement for economic and racial justice and renewed conversation around collective ownership within the past ten years invokes similar grievances to those of the Civil Rights movement. Black, indigenous, and communities of color continue to face severe injustices and racist practices that severely limit opportunities for upward mobility and wealth creation.[23] In the United States, CLTs have been used to directly counter unjust economic practices, to provide lower-income households an entree into the housing market, an opportunity to modestly accumulate wealth,[24] and as a mechanism to shield assets from market instability.

international origins of collective ownership

India - Vedic Prohibition of Land Grants and Gramdam Villages

In ancient India, land ownership was primarily based on community and land was held as common property among tribes. The Vedas, known as the ancient religious texts that inform the Hindu religion, prohibited the individual ownership of land and land grants. Before 1500 B.C.E., there was little concept of individual ownership of land and the idea of land as a commodity to be bought and sold had not been established.

The ideas of communal ownership manifested later in 1951 during the Bhoodan ("Land Gift") Movement. For 13 years, Gandhi's spiritual predecessor, Vinoba Bhavam, marched across India from village to village asking wealthy landowners to donate a portion of their land to poor families. Bhavam transformed the "Land Gift" Movement into the Gramdan or "Village Gift" Movement when poor individuals and families who were the recipients of the original land donations lost the land to speculative actors. Land donations would now be donated to entire villages, known as Gramdan Villages, held in trust by a village council, and leased to local farmers.

Tanzania - Ujamaa Vijijini ("Familyhood in Villages")

From 1973 to 1976, Tanzania's first president, Julius Nyerere, set forth a nationwide villagisation policy campaign to institute Ujamaa Vijijini, Swahili for Familyhood of Villages. This initiative is often discussed as one of the greatest social experiments in postcolonial Africa. Also known as "Operation Vijijini," the policy intended to improve the lives of rural Tanzanians by bringing poor farmers dispersed across undeveloped rural areas together into villages for cooperative agricultural production and ownership. Initially, the policy was voluntary and emphasized community, cooperation, and self-determination. With strong government assistance, rural laborers were empowered to initiate, control, and run their villages. Ujamaa villages would be given substantial materials and resources for agricultural production, while distributing state services like education and healthcare.

England - Agricultural Commons and Almshouse Trusts

Commoning is an ancient land practice in England that extends back to the Medieval Period. The commons were an integral part of feudalism and the manorial land system of that time which granted rights of land based on different social classes. Certain plots of land on a manor were designated as common, granting a group of common individuals, families, and groups the right to cultivate those plots based on a classification that specified whether the land could be used for pasture and grazing, agriculture, or hunting. Common land helped to sustain the poorest people in rural communities who did not have any land to their name. Agricultural commons have also become widely known as an important historical tradition that not only helps preserve land for community use, but also to help preserve ancient ecologically sustainable traditions and practices of land management. Today, common land continues to be land privately owned by an individual or company with rights of common over that land, granting a long-standing family, a community of users, or other entity the ability to manage and protect the land and its natural systems for common use.

The history of Almshouse Trusts also extends back to the Medieval Period as a home run by local monasteries or other community entities to provide shelter, services, and care for the poor, elderly, and other marginalized communities. From their inception, Almshouses were meant to support the self-sustainability and independence of the communities they served. Overtime, with the dissolution of monasteries, Almshouses have come to be owned and operated by collectively owned trusts, charitable organizations, or public institutions.

Scotland - Croft Lands

A croft is a small-scale form of land tenure for agricultural and pastoral use found primarily in the Scottish Highlands and Islands. The crofting land system originated in the 18th century as a practice whereby a clan community held tilling and grazing rights. Since then, a Crofters Commission has been developed and a set of laws have been passed to help modern day crofters obtain security of tenure, fixed rents, the right to compensation for improvements on the land, and the right to inherit crofts. Today individual crofters and their families act as tenants, working and, in many instances, residing year-to-year on a designated plot of land.

México - Ejidos (“Village Lands”)

Ejidos were collectively owned parcels of land - cultivated land or uncultivated pastoral land - that were either collectively or individually worked by ejidatarios, or official tenants. Although formally created and instituted in the 1920s, they stemmed directly from the traditional indigenous system of land tenure that combined both community ownership and individual use. Cultivated land was divided into separate holdings that could not be sold but could be passed down to heirs. The titles to the lands were held in trust in the National Ministry of Agrarian Reform. However, any decisions regarding land use belonged to the ejidatarios in mandatory monthly meetings of the ejido general assembly. At one point, the ejido was a sacred symbol for Mexicans and a tangible achievement for Mexicans in rural communities who dreamed of having land of their own.

The Torah and the Old Testament

In ancient Israel, the Torah guided Israelites in the rationality and fairness of land distribution. The Torah invokes Yahweh in the book of Leviticus (25:23), “The land is not to be sold in perpetuity, for the land is mine; with me you are but aliens and tenants.” Philosophers of the early Christian church provided a moral argument for communal ownership, challenging the ancient Roman custom of absolute individual ownership. They argued that land should be available to a community as it is a communal means to life and livelihood.

CLTS: COMMUNITY CONTROL, SUBSIDY RETENTION, PERPETUAL AFFORDABILITY, AND PROTECTION FROM SPECULATION

CLTs hold several important functions in the larger movement for economic and racial justice. First, they serve a critical real estate function. The classic CLT model is a non-profit organization that acts on behalf of a geographically-defined community to acquire, retain, and steward assets, including land and other resources, in perpetuity.[25] CLTs can stand alone or in partnership with other non-profit organizations or community development corporations. Through CLTs, communities can remove land from the speculative market and build a variety of community-serving uses on that land through long-term ground leasing. They are incredibly versatile across land uses and societal needs. The buildings on top of the land can take various forms including single-family homes and multifamily housing. CLTs can also accommodate diverse ownership and forms of tenure, including joint tenancy ownership to non-profit management of affordable rental and supportive housing. Other non-residential uses can be incorporated as well, such as small businesses, health clinics, community centers, urban farms, or pocket parks. The use, sale, and resale of the residential and nonresidential buildings located on a CLT's leaseholds are protected by affordability controls set by the community. These buildings can be sold or leased to individual community members, families, cooperatives, non-profit organizations, farmers, and small businesses who, with the surrounding community, guide the operation of the CLT at large. While this report focuses primarily on the funding and financing challenges of housing, CLTs are an important approach for locally- and community-owned commercial businesses, non-profit community space, and other community-driven economic ventures.

CLTs have proven to be durable within volatile markets and effective in maintaining land-based wealth across generations. The CLT itself acts as a partner intermediary between community members and business owners and the market. At the front end, the CLT helps walk community members through the process of buying or leasing land held by a CLT, assisting them on a path toward financial stability. During moments of economic instability, CLTs act as a protective mechanism for households and businesses that might otherwise be at risk of financial loss or foreclosure. During the Great Recession, properties on land stewarded by a CLT experienced one-tenth of the foreclosure rate faced by owners of private, market-rate homes and commercial businesses.[26] CLTs help maintain intergenerational wealth among families and communities, not only by protecting individuals from financial loss, but also by retaining any public subsidy and equity accumulated in the buildings and land over time.

Another important feature of CLTs is their flexibility. As demonstrated in cases throughout the United States, CLTs are flexible for application across different cities, neighborhoods, and geographies. Many practitioners, communities, and municipalities have adapted the CLT model to fit the needs of their respective communities and political contexts. These efforts have produced tremendous diversity in the field of CLTs. This adaptability makes CLTs replicable and scalable in both hot and cold real estate markets to protect and steward land through continuous bouts of market change.[27]

As a tool in the larger movement towards economic and racial justice, CLTs also serve an important political function. Communities across California have clearly articulated that the existing systems of local policy and community development do not serve them well and have not addressed historically mounting disparities. Knowledge, skills, and local decision-making are overwhelmingly concentrated among highly professionalized organizations and political actors, disempowering community members from participating in decision-making processes that impact their lives. CLTs can build upon the current infrastructure of community development in place to support existing efforts while also breaking from toxic trends that relegate community voices and knowledge to the fringes.

To achieve this mission, CLTs must be deeply reparative, not only in mission, but in practice. CLTs have tremendous potential to do so by sharing and building power at the community level. They can embody a mission that centers the experiences of low-income people and communities of color who struggle at the mercy of the market *and* operate to counter the intergenerational harm incurred by the private market and institutional violence. Although represented by a non-profit organization, CLTs commonly operate with a fundamental commitment to democratic governance. They are governed by a board of CLT community residents and public representatives. They provide the spaces where communities can build capacity and put collective decision-making into practice to manage collectively owned resources in the places they call home. In this way, CLTs possess the capacity to share power and harness the incredible political will, coordination, and knowledge circulating among grassroots groups, allied organizations, and community members today.

Most importantly, the work of CLTs is rooted in the needs of everyday residents and their desire to live with dignity. As stated by John Emmeus Davis, a CLT cannot simply confine its functions to a developer that holds land on behalf of a community.[28] To engage its transformative capacities, a CLT must also build power, educate others, and organize community members while sharing resources with other organizational allies. CLTs assume the responsibility of defending the interests of the community it serves, advocating on behalf of community interests by building awareness, and cultivating acceptance. Politically engaged CLTs have the ability to reframe prevailing policies and beliefs so that land is recognized as a public good rather than as a private possession.

Across CLT models and uses, there are four guiding principles:

1) Accountability to community residents
2) Retention of public subsidy to benefit future families
3) Creation of permanent affordable housing
4) Protection of land from real estate speculation

Together, these principles make CLTs economically and socially sustainable.

The public sector, philanthropy, banking and financial institutions, and aligned organizations have a crucial role to play in supporting an equitable and sustainable path towards an economic recovery that responds directly to this moment. This is a critical opportunity to explore community ownership and the CLT model. Grassroots California CLTs have developed a tangible strategy that turns the service-based affordable housing model on its head, moving away from top-down responses to systemic inequality and towards building a real estate infrastructure rooted in a deep commitment to place and community. The public sector and philanthropic actors can help shift decision-making and resources towards the conversation and practice of community ownership. As we have learned from the California Community Land Trust Network's existing CLTs throughout the state, community ownership is indeed within reach. It is a scalable and flexible strategy that can advance an equitable economic recovery.

Growth of California's grassroots CLTs will require introduction of community ownership approaches into both grassroots and professional policy-making discussions; and for both philanthropic and public sector actors to mobilize resources. Through CLTs, philanthropic allies can divest from extractive economies and invest in a larger strategy that builds community wealth, care, and sustainability. And, by supporting community land control through CLTs, the public sector can ensure that its investments will serve generation after generation of Californians while nurturing the vitality of community-based leadership.

It is critical to shift resources to support these efforts today because of what is at stake in this political moment: an unprecedented opportunity to strengthen grassroots social justice networks, scale a reparative collective ownership model, and reimagine a more just system that takes land and housing out of the speculative market and places working-class peoples and Black and Latinx communities in control of development in their own neighborhoods. The following chapters will serve as a resource for California's grassroots CLTs as they chart a path for growth, and also as a guide for philanthropic and public sector partners who seek to support movement-driven efforts to create a more just and equitable future through community ownership.

Unincorporated East Los Angeles Community Land Trust Workshop, 2019

CHAPTER 2

BHC CLT COHORT, PEERS, AND CONTEXT

CHAPTER HIGHLIGHTS

Five CLTs - T.R.U.S.T. South LA, Oakland Community Land Trust, THRIVE Santa Ana, Sacramento Community Land Trust, and Fideicomiso Comunitario Tierra Libre - are poised to help lead a growing movement in California focused on the intersection of resident empowerment and leadership, community control of land and housing, and place-based democratic governance.

In each urban area represented by the five CLTs - South Los Angeles, Oakland, Santa Ana, Sacramento, and Boyle Heights - economic development, housing, targeted disinvestment and speculative real estate activities are core issues that continue to disenfranchise low income residents and communities of color. In each context, working-class communities of color have organized through a CLT in order to advance their struggle for racial and economic justice, to enhance their community's self-determination, and to build wealth that remains permanently under community control.

Primary Audience: Philanthropy, public sector, and community partners.

Santa Ana Prospera Event and March to Walnut and Daisy, May 2017, Santa Ana, California

Oak CLT homeowners Chris and Shekinah

California reflects the larger trends that we see across the nation. A hot real estate market with a housing crisis, pervasive speculation, and egregious levels of economic and racial inequality have made living conditions in the state particularly volatile. The level of inequality in California has placed the state among the most unequal states in the country.29 Under these conditions, land use and housing have become extremely politicized in policy-making circles and on the ground. It is no surprise that CLTs have experienced a resurgence in cities throughout the state. Residents, grassroots groups, and municipalities urgently search for more permanent land use strategies that could help fend off and repair the worst effects of the private market and the state-wide housing shortage. Indeed, over the past fifteen years the number of CLTs in California has grown. Today, there are approximately 30 active CLTs, with others that will emerge in the near future. Established and emerging CLTs throughout the state are united by an underlying commitment to community and to rethinking how land is viewed and used.

Although CLTs have existed in California since the 1970s, the network of CLTs and the model itself have evolved over time. Today, there is a variegated landscape of CLTs in California that have grown out of unique local contexts with varying operating models and local infrastructures of support. With the increase in CLTs over time, an impressive network among CLTs in urban and semi-rural areas of the state has developed and formalized. This network has created a statewide forum for CLTs to engage one another in important conversations on the future of their efforts and the communities they serve. This has included building alliances and forming coalitions with tenant rights, affordable housing, and other economic justice initiatives successfully advocating as a larger body for statewide political recognition. In this process, they have begun to collectively create a pipeline of resources focused on CLT-oriented policy, peer-to-peer assistance, data gathering, shared acquisition funding, and general support to both existing and emerging CLTs in the state.

This most recent wave of CLT development is overwhelmingly concentrated in working-class Black and brown communities that have been starved of capital and face the greatest risk of displacement and gentrification. These CLTs share an understanding that the new wave of investment back into their neighborhoods will not benefit nor protect long-standing low-income residents. Together, they represent a deliberate effort to reclaim the CLT model and center racial justice, equity, and deep membership control at every level of the organizational process. This new wave seeks to build community power among those who have been left out or displaced by the market, and to mobilize communities to respond to conditions of crisis that lie before us.

The five CLTs that catalyzed this report - T.R.U.S.T. South LA, Oakland Community Land Trust, THRIVE Santa Ana, Sacramento Community Land Trust, and Fideicomiso Comunitario Tierra Libre - were each born of a unique local context. Yet, all are united by a shared structural analysis of the persistent racial and economic disparities rooted in the inequitable ownership and control of land. In each urban area represented by the five CLTs, economic development, housing, and targeted disinvestment continue to disenfranchise low-income residents and communities of color. In the absence of a strong base of community and economic power that wields meaningful control and influence over these complex issues, displacement has emerged as a defining, destabilizing, and health-negating force in all five places. There is also a shared understanding among all five CLTs that the prevailing top-down models of economic development and affordable housing production do not address the fundamental root causes of the problems that plague our cities and neighborhoods. Many of these approaches ultimately reinforce the underlying harm and disempowerment that instead must be uprooted to build and sustain truly healthy and dignified communities.

In South Los Angeles, Oakland, Santa Ana, Sacramento, and Boyle Heights, residents have independently recognized that community-led development on community-owned land is an essential proactive strategy to address the nexus of these challenges. The CLT is the tool for knitting all this together and enacting a long-term, place-based vision. Given a widespread interest in the CLT as a tool to prevent displacement and provide permanently affordable housing, these five CLTs are poised to help lead a growing movement focused on the intersection of resident empowerment and leadership, community control of land and housing, and place-based democratic governance.

TENEMOS RECLAMAR Y UNIDOS SALVAR LA TIERRA - SOUTH LA (T.R.U.S.T. SOUTH LA)

T.R.U.S.T. South LA was founded in 2005 out of a community-driven effort to stabilize the neighborhoods south of downtown Los Angeles and protect long-standing residents from disinvestment and displacement. They work with low-income and working-class community residents to transform the built environment and social conditions in South Los Angeles by: serving as a steward for community-controlled land; being a catalyst for values-driven, community-serving development; building awareness and community leadership in issues of housing, transportation, and recreation; and creating programs and initiatives that encourage community building and economic opportunity. Through their work, T.R.U.S.T. South LA has helped build and support a well-organized movement with neighborhood residents that challenges the notion that private property rights and profit take precedence over human rights and our earth's health.

T.R.U.S.T. currently stewards land under the 140-unit Rolland Curtis Gardens, a permanent affordable rental housing development that emerged from a tenant-led anti-displacement fight at a transit-rich site adjacent to University of Southern California, and includes a medical/dental clinic and locally-serving commercial space. T.R.U.S.T.'s Community Mosaic housing preservation program has a five-unit demonstration project near their South Central LA offices and is currently focused on growing this program by acquiring and rehabilitating unsubsidized occupied small and medium multifamily buildings and working with interested residents to convert to tenant ownership through Limited Equity Housing Cooperatives. Permanent community control over assets is ensured by T.R.U.S.T.'s legal structure as a Membership organization, with Regular Members restricted to low-income people who live or work in the land trust area and who elect two-thirds of the Board from among the Membership. T.R.U.S.T. addresses community health and sustainability by integrating land control and anti-displacement strategies with active transportation advocacy and climate resiliency planning.

T.R.U.S.T. SOUTH LA's Earth Day celebration at 42nd Place Community Mosaic, 2019

OAKLAND COMMUNITY LAND TRUST (OAKCLT)

OakCLT was founded in 2009 in response to the foreclosure crisis in order to combat community deterioration and expand access to housing and economic development opportunities for low-income residents. While originally established to create permanently affordable homeownership opportunities among the vacant, foreclosed single-family housing stock in Oakland, OakCLT has significantly broadened its work to encompass a diverse set of community and resident-centered land preservation strategies.

Today, OakCLT is actively developing a portfolio of single-family homeownership and lease-to-own projects, cooperatively owned and managed multifamily and mixed-use properties, community-serving commercial space, and vacant land repurposed for food production. Each of OakCLT's project types emerge from organizing and resident leadership and are geared towards preventing displacement, creating opportunity, and building resident power through shared ownership strategies. Since 2010, OakCLT has acquired 40 properties throughout Oakland, including 27 single-family homes, four multi-unit residential properties (including five commercial spaces), and nine vacant lots for both scattered-site urban farming and future housing development. OakCLT is committed to building a flexible, sustainable platform for resident-led development on community-owned land in Oakland and supporting a broader movement for systemic change that facilitates racial and economic justice through the community control of land.


Shaolin Luo'han Institute
Kungfu, Qigong, Meditation
www.shaolinlife.org
Cycles of Change
OAKLAND STANDS UNITED AGAINST HATE
MORE ISSUES THAN VOGUE

THRIVE SANTA ANA

THRIVE Santa Ana is the first and only CLT in Santa Ana, founded in 2016 as a platform for residents to organize and directly shape equitable development in their neighborhoods through the collective stewardship of land. This CLT grew from long-standing relationships and deep collaboration among local residents, community leaders, and community-based organizations who have worked to combat gentrification and displacement in Santa Ana by advancing resident-led initiatives related to land use and development. THRIVE's mission is centered on carrying this organizing work forward by cultivating multi-generational resident leadership, building community wealth, and raising the standard of community involvement in development at large.

THRIVE has emerged as a forerunner in the local and national effort to build up the leadership and economic vitality of low-income communities impacted by criminalization, racism, and exclusion from economic development. Their policy wins include the 2012 Sunshine Ordinance, the City's 5-year Strategic Plan, and General Plan recommendations. In 2020, THRIVE secured its first parcel of land for a community farm after 18 months of negotiation with the city of Santa Ana: the Walnut and Daisy Micro-farm will incubate a worker-owned cooperative, creating jobs and ownership opportunities for local residents, access to farmers markets, fresh vegetables and workshops on healthy lifestyle practices, all lifting up the knowledge and participation of local, low-income residents.

Marcha Por la Tierra, October 2019 in Santa Ana, California

SACRAMENTO COMMUNITY LAND TRUST (SACCLT)

The Sacramento Community Land Trust was formed in 2016 by a group of community residents who were dedicated to housing justice and making actionable and lasting changes to the local landscape of affordable housing development. In recent years, Sacramento has experienced gentrification and housing pressures as the city has become sought after by people all over the state looking for more affordable housing options. Long-standing residents have become increasingly vulnerable to displacement. SacCLT recognizes that gentrification is a form of systemic violence and racism and works to organize constructively against it. Acutely aware of the many legislative decisions made within the state capitol related to housing justice, SacCLT aims to empower residents to endorse better housing policy changes happening in their own backyards.

For the last four years, SacCLT has been building community support and resident-led leadership throughout the city, with an intentional focus on serving historically disenfranchised communities. Understanding the importance and need for representation in decision-making processes, SacCLT reserves board positions for those who identify as belonging to a historically marginalized community. SacCLT recently received its 501(c)(3) status and its first land commitment in early 2019. The CLT action agenda continues to be moved forward through intentional community engagement in four active workgroups dedicated to tiny homes policy, vacant public lands research, land donation, and community outreach.

Sac CLT Board of Directors, 2019

FIDEICOMISO COMUNITARIO TIERRA LIBRE (FCTL)

The FCTL was founded in 2019 as the first CLT in East Los Angeles, a place with a deep history of dispossession, segregation, and environmental racism. At a time when housing has become increasingly unaffordable and people routinely face displacement and other disruptions in their living circumstances, community leaders and long-standing residents organized FCTL as a space to reimagine our relationship to land and housing. The FCTL is a democratic community-controlled organization based on agreements among long-standing community members who share the belief that land and housing should be collectively controlled in order to provide homes, business, and community space for all. It seeks to provide housing at reasonable costs and to create opportunities for savings, home ownership, and other forms of asset accumulation that can build wealth across generations. On FCTL land, people will join together in mutually supportive relationships, and make meaningful decisions democratically about where and how they live.

The housing units that FCTL will build on its land will use a variety of affordable housing models from affordable rental housing to limited equity housing cooperatives. FCTL's goal is for all housing structures to encompass tenant-owned buildings managed by a democratically governed, non-profit cooperative corporation. Both the land and the buildings will be owned and managed by the community. Property under the control of FCTL can also host community centers, parks, gardens, and commercial businesses. The FCTL recognizes that adding to the supply of affordable housing in East L.A. is a matter of great importance. Yet, while necessary, making units available at affordable prices is not a sufficient response to the incessant dispossessions and displacements produced by the property system.

Unincorporated East Los Angeles Community Land Trust Workshop, 2019

community land trusts in action in the United States

Berkeley, California - Northern California Land Trust

Founded in 1974 by community activists, the Northern California Land Trust (NCLT) is the oldest community land trust in the state of California. Throughout its history, the NCLT has helped realize dozens of community development projects, developed more than 165 units of housing, and stewards many projects in perpetuity. NCLT has also developed transitional housing, affordable office space for nonprofits and small businesses, community gardens, and an organic farm. Through NCLT's Community Co-Ownership Initiative, they help provide training and leadership development to current and future resident owners and assist with providing self-help tools for groups to create their own vision of a shared ownership project.

Boston, Massachusetts - Dudley Street Neighborhood Initiative / Dudley Neighbors, Inc.

Dudley Neighbors Inc. (DNI) is a community land trust that serves the diverse working-class neighborhood of Roxbury-North Dorchester in Boston, Massachusetts. DNI formed in 1988 and grew out of the grassroots organizing and participatory planning efforts of the Dudley Street Neighborhood Initiative (DSNI), a non-profit community-run organization. In 1984, neighborhood residents tirelessly organized to clean up their neighborhood and push the city of Boston to help combat the effects of decades of disinvestment, redlining, vacant land, illegal dumping, and poorly planned urban renewal. Their incredible work and successes inspired the community to plan proactively for the future of their neighborhood and served as a catalyst for DNI. Since then, both DSNI and DNI work in tandem to take charge of the redevelopment process by acquiring, permanently stewarding, and developing land in the city to protect it from changes in the local economy.

Albuquerque, New Mexico - Sawmill Community Land Trust / Sawmill Advisory Council

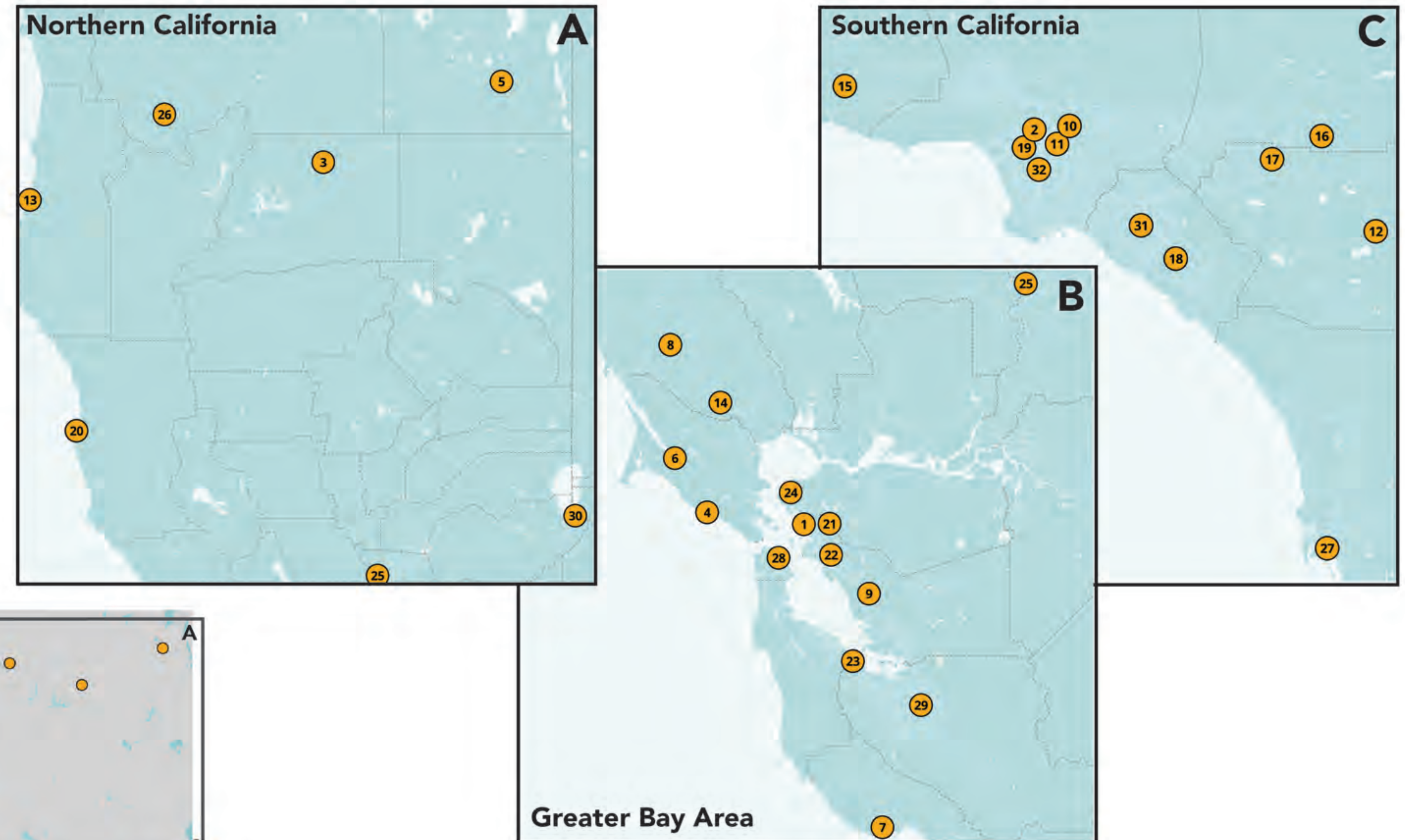
Founded in 1996, the Sawmill Community Land Trust (SCLT) has worked with the city of Albuquerque to clean and reclaim 34 acres of two former industrial sites, replacing these former toxic sites with clean land, affordable housing, and economic opportunities for low- to moderate-income residents. In 2007, the community voted to rescale the SCLT to also serve other low-income, disenfranchised neighborhoods within Bernalillo County. The SCLT directly replaced the Sawmill Community Development Corporation and became the development arm of the Sawmill Advisory Council, a grassroots organization founded in 1986 to organize around environmental issues in the working-class Sawmill neighborhood. Together the Sawmill Advisory Council and the SCLT continued to organize around better environmental conditions in the neighborhood and the looming threat of gentrification from escalating real estate values.

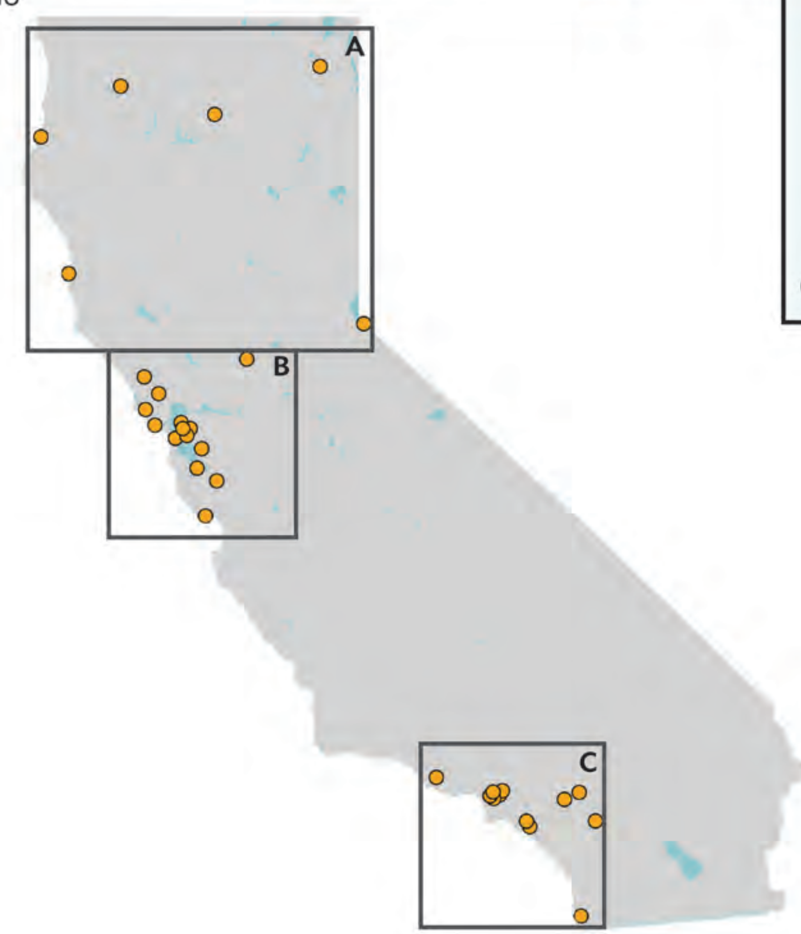
Irvine, California - Irvine Community Land Trust

Faced with rising housing costs and an alarming decline of affordable housing throughout Southern California, the City of Irvine assembled a housing task force to develop a strategy to address the affordable housing crisis in the community. The task force recommended the creation of a land trust as an initiative to address issues of housing production and preservation in the city. Following this recommendation, the Irvine City Council unanimously voted to approve the creation of the Irvine Community Land Trust (ICLT) in 2006. Today, the ICLT operates as an independent non-profit organization and has created more than 350 units of affordable housing, while maintaining a very close relationship with the city.

California CLTS

1 **Bay Area CLT** Berkeley
2 **Beverly Vermont CLT** Los Angeles
3 **Big Bend CLT** Big Bend
4 **Bolinas CLT** Bolinas
5 **California Pines CLT** Alturas
6 **CLT Association of West Marin** Point Reyes Station
7 **Coastal Commons CLT** Santa Cruz
8 **CommonSpace CLT** Sebastopol
9 **Eden CLT** Unincorporated Alameda County
10 **El Sereno CLT** El Sereno/East Los Angeles
11 **Fideicomiso Comunitario Tierra Libre** Boyle Heights/East LA County
12 **Hemet CLT** Hemet
13 **Housing Humboldt** Eureka
14 **Housing Land Trust of Sonoma County** Petaluma
15 **Housing Land Trust of Ventura County** Camarillo
16 **Inland Empire CLT** Redlands
17 **Inland Equity CLT** Riverside
18 **Irvine CLT** Irvine
19 **Liberty CLT** Los Angeles
20 **Meadow Farm CLT** Fort Bragg
21 **Northern California Land Trust** Berkeley
22 **Oakland CLT** Oakland
23 **PAHALI** East Palo Alto
24 **Richmond LAND** Richmond
25 **Sacramento CLT** Sacramento
26 **Salmon River CLT** Sawyers Bar
27 **San Diego CLT** San Diego
28 **San Francisco CLT** San Francisco
29 **South Bay CLT** San Jose
30 **St. Joseph CLT** South Lake Tahoe
31 **THRIVE Santa Ana CLT** Santa Ana
32 **TRUST South LA** Los Angeles





CHAPTER 3

CLTS AT BHC SITES: FINANCING DIVERSE STRATEGIES IN DIVERSE GEOGRAPHIES

CHAPTER HIGHLIGHTS

In order for CLTs to achieve a broader scale and impact, they need expanded access to financial resources. When CLTs have access and support, possibilities are seemingly endless, as evidenced by the six case studies outlined in this chapter and shared in detail as part of the CLT Financial Training Series.

The case studies are followed by an analysis of what capital CLTs need to advance such a diversity of projects, including working capital during the early phase of assessing feasibility of a project, down payment funds to support acquisitions, financing for both rehabilitation and long-term operations, and financial resources for conversion to resident ownership and long-term land stewardship.

OakCLT Lease-to-Own residents and ACCE members Ambrocio, Norma, and Jaime

Young T.R.U.S.T. South LA resident planting a garden at 2019 Earth Day celebration

Prevailing economic systems in the United States have largely been developed to concentrate wealth among the most privileged. CLTs are structured to counter those systems by removing land permanently from the speculative market, and by enhancing the role of economically marginalized people in designing and controlling their own housing and neighborhoods. However, CLTs seeking to scale their impact face great structural barriers to securing funding and financing for land acquisition, rehabilitation or development, and operating costs of resident-controlled affordable housing. In general, resident-led housing initiatives occur in small-scale housing developments (20 units or less) where neighbors know one another and can organize a collective response when their housing stability is threatened. The small human scale of resident-led housing initiatives is a strength in terms of community building, advocacy, and articulating a vision of resident control for the future of a housing asset. But the size of these properties presents a financing challenge due to the absence of subsidies; existing affordable housing finance resources are generally structured for larger-scale development. As a result, CLTs often struggle to use financing resources that are incompatible with the needs of this housing market niche. Residents seeking to control their housing confront two challenges: (1) acquiring the skills and knowledge in traditional real estate development and finance necessary to execute transactions that can preserve their housing, and (2) accessing capital - both finance and subsidies - tailored to the needs of the CLTs at this early stage of the development.

While the CLT movement in California is growing and its geographic reach expands, it currently lacks access to the capital subsidies at the state and local levels necessary to convert properties from assets to be bought and sold on a speculative market into permanently affordable single-family, cooperative or non-profit ownership. In the 2020-2021 fiscal year, the State of California Housing and Community Development Department (HCD) will allocate approximately $2.1 billion of capital subsidies for housing development and preservation statewide. Of this amount, only $57 million will be available for homeownership through the CalHome subsidy program, and, as will be discussed in Chapter V, even that subsidy does not serve all forms of homeownership pursued by CLTs. Analysis by Grounded Solutions Network identifies that this situation is not unique to California, as a lack of funding for homeownership subsidies and limited financing options present challenges to CLT growth across the country.30

The rest of California's housing budget is allocated through a variety of funding programs that prioritize new construction multifamily development financed with Low Income Housing Tax Credits (LIHTC). Over the past 40 years, both the public and private sectors have adapted to a top-down model of affordable housing development fueled by federal tax credit incentives. While providing the most significant source of affordable housing subsidies, these incentives are designed primarily to benefit investors and financial institutions that have historically marginalized lower-income communities of color. Furthermore, the structure of the LIHTC program creates a highly inefficient system to deliver affordable housing, leading to high per-unit costs and demanding highly technical staffing expertise. Although occasionally utilized for large-scale, substantial rehabilitation projects, LIHTC developments are typically new construction and contain 50 to 100 units of housing targeting households from 30% to 60% of area median income. Not surprisingly, local jurisdictions with the means to subsidize affordable housing development also structure their capital funding programs in a similar fashion as the state, and prioritize the development of larger-scale LIHTC-financed housing in order to leverage their local dollars. The equity raised from the syndication of LIHTCs can pay for as much as two-thirds of total development costs for a new apartment building, which provides local and state governments a significant incentive to leverage two dollars of private investment for every dollar of public subsidy.

While tax credits may be deployed effectively by some CLTs around the country, either independently or more frequently through joint ventures, the vision and purpose of grassroots CLTs are much broader than tax-credit-eligible affordable housing projects. Therefore, as CLTs seek to articulate a community's vision and to advance a community-driven development plan, it is critical to identify sufficient and appropriate resources and policies to create opportunities for scale. In contrast to subsidies and financing structured to ensure benefits for investors, grassroots CLTs seek to create paths for local community control of real estate resources, to establish resident control or ownership, to create the potential for wealth building for its residents, to encourage resident and community investment in a collective vision and plan, and to mitigate structural and specific racial inequalities.

The versatility of CLTs are on display in the following six project case studies:

- Single Family Acquisition with Lease to Own • OakCLT's Wentworth & 87th
- Small Multifamily Acquisition/Rehabilitation Preservation • T.R.U.S.T. South LA's 42nd Place Community Mosaic
- Mixed Use Commercial and Residential • OakCLT's Liberated 23rd Avenue
- Transitional Housing • OakCLT's Harvest House
- Urban Farm • THRIVE Santa Ana's Walnut and Daisy Micro Farm
- New Construction Multifamily Rental Housing • T.R.U.S.T. South LA's Rolland Curtis Gardens

See Appendix A for more details and financial proformas.

CLT PROJECT CASE STUDIES

CLTs have demonstrated the capacity to preserve housing, but in order to expand and achieve a broader scale and impact, they need access to financial resources. When CLTs have access to the needed financial resources, possibilities are seemingly endless, as evidenced by the following six case studies, which are summarized here and shared in more detail as part of the BHC CLT Financial Training Series.

SINGLE FAMILY ACQUISITION WITH LEASE TO OWN: WENTWORTH & 87TH AVENUE

The Wentworth & 87th development case study presents a model for acquiring single-family homes, demonstrating how the CLT removes housing from the speculative market to provide residents with the necessary time to stabilize and gather resources to become homeowners by temporarily leasing a home from OakCLT. This case study also illustrates the necessity of public subsidy to achieve affordability and to ensure the CLT's financial sustainability.

SMALL MULTIFAMILY ACQUISITION/REHAB: COMMUNITY MOSAIC 42ND

This case study from T.R.U.S.T. South LA demonstrates the possibilities and challenges of acquiring buildings with low-income residents who have not yet organized to stabilize their housing. In this instance, T.R.U.S.T. used capital raised from a community benefits agreement negotiated by partners, as well as a foundation grant, to subsidize the acquisition of the five-unit property in the speculative market and identified a development partner to assist with the transaction and subsequent rehabilitation. Even as residents have become actively engaged in building management decisions, the building has not yet converted to cooperative ownership. This delay is in part due to financing, but also and more importantly, the residents are still preparing to assume the responsibilities of ownership.

MIXED USE: COMMERCIAL AND RESIDENTIAL: LIBERATED 23RD AVENUE

The Liberated 23rd Avenue case study demonstrates how the power and energy of residential and commercial tenants who are at-risk of losing their housing and workspace generated a fundraising campaign that contributed more than $100,000 of equity to purchase a mixed-use building. OakCLT arranged the funding to acquire the property and stabilize it while the tenants organize and prepare to become owners. Due to the differing interests of residents and the commercial tenants, the challenge facing the CLT is creating and implementing a plan to establish separate ownership entities that can be controlled by the occupants of the building.

TRANSITIONAL HOUSING: HARVEST HOUSE

This model for transitional housing demonstrates how a CLT was able to use its capacity to support another community-based non-profit residential program by acquiring and master-leasing the property. In this example, each organization brings its strengths to the benefit of the community without duplicating efforts. The CLT uses its expertise in acquiring, rehabilitating, and leasing real estate, meanwhile the non-profit transitional housing program continues to focus on providing services instead of trying to learn how to execute real estate transactions. Now, a cohort of similar transitional housing providers is interested in working with OakCLT to replicate this model.

URBAN FARM: WALNUT AND DAISY MICRO FARM

This case illustrates how a CLT's work can have applications for non-residential uses. After a lengthy negotiation and decades of advocacy, community members who had established THRIVE Santa Ana were successful in securing a donation of public land for the CLT to address a variety of commercial and agricultural uses that reflect the community's vision, interest, and priorities.

NEW CONSTRUCTION MULTIFAMILY RENTAL HOUSING: ROLLAND CURTIS GARDENS

The new Rolland Curtis Gardens emerged from a one and a half year tenant-led struggle against displacement from an aging 48-unit housing complex with expired affordability covenants that sits across the street from a new light rail station; a block from a 160-acre park and museum complex; and a stone's throw from the University of Southern California, LA's largest private employer and a main driver of escalating rents and real estate values in the local area. An extensive teaching case study was published in 2020 as a Working Paper by University of Southern California professor Annette Kim, co-authored by doctoral student Andrew Eisenlohr, entitled "Rolland Curtis Gardens Apartments: A Case Study of an Urban Community Land Trust in Los Angeles,"[31] with an article drawn from the Working Paper forthcoming from the Lincoln Land Institute in 2021.[32] Either should be reviewed for a full analysis of a 140-unit Low Income Housing Tax Credit project with a health clinic and community market located on CLT land.

See Appendix A for the six-part CLT Financial Training and Case Studies, which includes more detailed versions of these case studies proformas for each of the projects, as well as presentation materials from the cohort's CLT Financial Training series built around each of these case studies.

WHAT THESE CASE STUDIES TAUGHT US ABOUT CLT CAPITAL NEEDS

These case studies demonstrate the applicability, adaptability, and efficacy of the CLT land stewardship model for residential, mixed-use, and commercial development to prevent displacement of low-income residents and workers. However, as evidenced above, CLTs rarely receive compensation for their work in acquiring properties, arranging subsidies, and coordinating with residents. As a result, CLTs are challenged to advance their mission of facilitating resident-control over land assets while remaining financially viable. To address this essential need for long-term organizational sustainability, CLTs need a wide range of funding resources at their disposal to stabilize communities and support their work.

To underscore the inadequacy of the current affordable housing financing system to meet the needs of CLTs and their members, consider the smallest scale transaction among the case studies: the acquisition and rehabilitation of two single-family homes. OakCLT had to access four different sources of financing: bank, CDFI, local subsidy, and philanthropy. Despite layering these sources, the CLT was unable to incorporate a developer fee into their project budget to compensate themselves for their work in assembling nearly $1 million in financing. This example demonstrates not only the challenges facing CLTs but also the opportunities for creativity in restructuring funding sources and creating a system of financial resources that facilitates instead of hinders the production of resident-controlled housing and the sustainability of CLTs.

CLTs require capital at each of these stages:

- Early Feasibility
- Acquisition
- Rehabilitation and Permanent Financing
- Conversion to Resident Ownership
- Long-term Stewardship

Below is a summary of the funding sources most frequently used by CLTs in each phase of a project, and recommendations about how they can be improved to meet the needs of resident-controlled projects.

Early Feasibility Phase Working Capital

CLTs in these case studies received a public land donation in one instance, but in most cases the CLT had to secure and stabilize property from the speculative market where sellers typically want to sell quickly and to the highest bidder with the least amount of contingencies and complications presented by the property purchaser. Thus, when CLTs compete with market-rate investors, they need to be able to complete their due diligence and fund the acquisition in less than 60 days, sometimes as few as 30 days. To conduct due diligence, CLTs need working capital they control to pay for the feasibility analysis process (i.e. appraisal, environmental studies and testing, property inspections, title report), and be able to risk that money in the event they cannot go forward with the acquisition for any reason.

Philanthropy provides valuable operating support to CLTs and can fund working capital needs for escrow deposits as well as due diligence costs. However, grant funding is limited and intermittent and, therefore, not a sustainable means for producing housing at scale, or supporting the growth and maturation of CLTs in California. But, based on the case studies, equity funding through philanthropy was essential to full funding of the capital stack.

RECOMMENDATIONS

- Provide access to working capital in the early feasibility phase to secure more resident controlled projects.
- Provide working capital grants to CLTs and operating support.

Acquisition Phase Down Payment

CLTs also need to have a down payment that can stay in the property's capital funding stack until it can be refinanced. The average CLT has no equity, unless it is raised from philanthropy, so there are obviously limits to the amount of this type of funding. The inability to refinance properties with subsidies and recirculate this donated working capital into other projects also limits the potential productivity of this funding source.

RECOMMENDATIONS

- Create an investment pool of equity that CLTs can use for funding down payments on a short-term basis.
- Work with local and state government to create subsidy programs that support the refinance of down payments with subsidy that does not require repayment.
- Work with local and state government to create subsidy programs that support CLTs in achieving financial sustainability.

Rehabilitation and Permanent Phase Financing

CLTs encounter numerous challenges in financing acquisition and rehabilitation due to limited access to capital. CDFIs play a critical role in funding CLT housing preservation and development work because they understand CLTs and the nature of their work with cooperatively owned housing and businesses. However, CDFIs are generally in the business of providing interim financing for a term of up to three years and a cost of 6% to 7% per annum (in general). Although some CDFIs can provide permanent financing for longer terms, quite often these loans are not fully amortizing, which exposes the CLT to interest rate and refinance risk. CDFIs provide interim loans, but the interest rates for that financing may be as much as 200 basis points higher than traditional real estate mortgage loans. Securing interest rate write downs and providing a pool of equity or subsidy that CLTs can draw on would help increase production.

In our case studies, the rehabilitation phase was funded by a combination of philanthropy, public subsidy, and CDFIs. Ideally, public subsidy would fund all rehabilitation costs and be sufficient to pay for developer fees that compensate the CLT for its work to execute the transaction. For tax reasons, these subsidies are typically structured as deferred loans in LIHTC projects, but they could be structured as grants for small site acquisition/rehabilitation programs. They could also be structured as loans with 0% interest, 55-year terms, and repayment requirements of a pro rata share of residual receipts after operating expenses, reserves, and mortgage payments.

Subsidies from local and state government are usually structured to support housing financed with Low Income Housing Tax Credits, as opposed to the smaller, community driven resident-controlled housing developments within the CLT domain. However, the impact of local subsidies for CLTs is quantifiable in Oakland where OakCLT has removed a total of 40 projects from the speculative market in its first 10 years of operations. Within the last four years, since voters passed bond Measure KK, which made $100 million available for anti-displacement focused housing preservation in Oakland, including a set aside of $12 million for CLTs, OakCLT has been able to preserve 28 housing units across 12 projects, making each home affordable in perpetuity.

Aside from subsidies needed to achieve affordability, CLTs either need to be able to earn fees from their development and asset management activities, or they need reliable sources of grant or other operating support until their portfolios have enough units to generate operating revenue. Assuming development fees of approximately $20,000 per unit and asset management fees and ground lease fees of approximately $1600 per unit per year, CLTs needs to have a steady development pipeline of approximately five to six units per year for every staff person and roughly 200-400 units of housing in portfolio to support breakeven, or better, operations. By comparison, the Low-Income Tax Credit program provides for a capitalized developer fee of up to $2.5 million, which is in the range of $50,000 to $25,000 per unit for projects starting construction. Additionally, developers can collect asset management fees in the range of $15,000 to $25,000 per year. This fee structure is the lifeline of the affordable housing developer because it pays for organizational overhead in addition to the working capital needed to generate new projects.

RECOMMENDATIONS

- Work with CDFIs to access longer term money through selling these loans on the secondary market or packaging a portfolio of loans for sale. This structure would enable them to maintain the liquidity of their portfolio while providing fully amortizing debt to borrowers.
- Interest rate write downs to CDFI loans to bring down the cost of borrowing.
- Use the lessons learned from the Oakland Measure KK to inform best practices for public subsidy programs and distribute to local jurisdictions.
- Use the advocacy skills of CLT members to secure expanded subsidies for affordable housing, and resident controlled projects, specifically.
- Secure sufficient subsidy to pay for organizational operations through development fees and asset management fees.

Conversion to Resident Ownership

Converting CLT projects to resident ownership requires all the financing resources identified above as well as resources to prepare residents for ownership. The resident capacity building scope could include homeownership counseling, personal budgeting, organizational governance, as well as financial management of the building, including such things as oversight of professional third-party property management, reviewing financial statements, developing operating budgets, dispersing replacement reserves for capital expenditures, and house rules. There are no dedicated funding sources for these resident capacity building initiatives although homeownership counseling is widely available at little or no cost to participants.

RECOMMENDATIONS

- Provide funding to increase CLT staff and training and support resident capacity building.
- Develop a toolkit of training materials for resident ownership conversion process for use by CLTs and their members.
- Partner with California Community Land Trust Network to provide regular training to strengthen organizational capacity of CLTs and resident-owners.

Long-term Stewardship

CLTs play a unique role in providing ongoing stewardship of land, which can include approving homeowner-initiated rehabilitation projects and managing resales of properties, supporting homeowners and cooperatives to identify resources during economically challenging times, and managing responsibilities related to owning the land. While these responsibilities are central to what a CLT is, the CLTs are currently not adequately compensated for their stewardship. As a result, most CLTs must raise resources for ongoing operations from philanthropy or otherwise remain dependent on volunteers. This dynamic limits a CLT's growth and sustainability by taking organizational energy and focus from expanding its portfolio.

RECOMMENDATIONS

- Create a mixed portfolio that will provide diverse operating revenue, including membership dues, resale fees, monthly ground lease fees, developer income, and any rental income from residential or commercial properties.
- Create and fund programs for building CLT capacity in the practice of stewardship, resales, and homeowner training/support.
- Ensure sufficient subsidy is available to provide the CLT with developer fees at acquisition and at completion of construction/rehab to support the CLT as it launches into longer-term stewardship practices.

CHAPTER 4

CAPITAL STRATEGIES FOR SCALE AND IMPACT

CHAPTER HIGHLIGHTS

Grassroots CLTs can develop, refine, and scale their work through a diverse array of capital strategies and properly-tailored resources. Divided among three buckets – land donations, public subsidy, and private capital sources -- this chapter outlines strategies that our CLT cohort has identified as potential revenue sources to fill identified funding gaps.

"Land Donations" covers donations of surplus or acquired public land, and directing tax foreclosed properties to CLTs; as well as private property donations.

"Filling the Gap: Creating and Targeting Public Subsidy" is an extensive section that recommends approaches to a) optimizing existing funding sources to advantage CLTs, b) utilizing or adapting California Department of Housing and Community Development's CalHOME funding for both resale-restricted homeownership and to subsidize housing cooperatives, c) structuring local funds for CLTs to acquire, rehabilitate and preserve existing unsubsidized affordable housing, d) accessing disaster and COVID relief funding for CLTs, e) partnerships between Public Housing Authorities and CLTs, f) creating resources for CLT housing through Enhanced Infrastructure Financing Districts, f) generating public revenue through new strategies such as fines on poorly-maintained foreclosed properties, divestment from policing and incarceration, and taxing vacant properties, speculation or "flipping" of properties, real estate transactions by individuals or entities located out-of-state, or a "windfall" of rental income received by landlords.

Finally, the section on "Private Capital Sources: Shifting Investment from Extractive to Regenerative Strategies" includes a) philanthropic investment that can be deployed part of a low-interest, blended capital facility, as a top lot or rent reserves, or invested in CLTs through investment in a CLT-focused bond, b) impact investing that can be advance by collective, non-profit or private ventures – with examples offered of each, c) public finance agencies, including how California Housing Finance Authority (CalHFA) can be utilized for single family mortgages, could consider investing Phase II funding from the $331M National Mortgage Settlement in CLTs, could preference long-term affordability in its lending programs, and could be expanded to include cooperative lending; and how a State Public Bank could create an alternative financing tool for California, d) CLT-supporting community investment strategies like crowdsourcing, community investment funds, community development initial public offerings, and Community Development Financial Institutions, and e) how the Opportunity Zones instituted through the 2017 federal tax cut legislation must be constrained in order to protect vulnerable communities where CLTs are located from extractive investing, while exploring utilizing the legislation to advance community-controlled OZ funds.

For each of the strategies, Chapter 4 provides background information, an explanation of how the strategy does or could serve CLTs, and next steps for either further investigation or action. The chapter also adds color and texture to the proposed strategies by calling out multiple examples, such as LA County's new demonstration program to direct tax-foreclosed properties to the LA CLT Coalition; a housing stability proposal submitted to Sonoma County's Board of Supervisors to fund rental assistance and CLT capacity-building from $245M PG&E settlement for the 2017 wildfires that destroyed over 5000 homes; a partnership between the Housing Authority of Marin County and the Community Land Trust Association of West Marin (CLAM) to create Junior Dwelling Units (JDUs) and Accessory Dwelling Units (ADUs); vacancy tax efforts in Vancouver B.C., Oakland and Los Angeles; the Boston Impact Initiative Fund's partnership with the Boston-area CityLife/Vida Urbana to fight displacement through tenant-led building acquisitions; and how the Little Tokyo Community Investment Fund has created a vehicle for individual investors to preserve long-standing business, cultural institutions and spiritual centers.

Primary Audience: CLTs.

OakCLT homeowners Mario and Nidia with daughter Celine

As discussed above, community land trusts, along with other community ownership strategies, do not yet have the requisite financial support to produce and preserve affordable housing at the scale needed to address California's massive affordable housing gap. **While CLTs do not aim to independently solve the state's housing crisis, when sufficiently and appropriately resourced, CLTs can scale their strategies, operations, and outcomes.**

Grassroots CLTs can develop, refine, and grow their work through a diverse array of capital strategies and properly tailored resources:

- CLTs can receive land donations from public or private sources. The public sector can assist these efforts by lowering the cost of land through acquisition, development, and entitlement, and/or the public sector can prioritize CLTs for tax foreclosures and inclusionary zoning.

- CLTs can receive subsidies that give preference to CLTs, whether from Affordable Housing Trust Funds, from Housing Authorities, from general funds, or from COVID-19 or other disaster relief funds.

- Public sector entities can create resources for land acquisitions and housing development. Examples of this include: (1) bond issues, such as Oakland's Bond Measure KK and Richmond's social infrastructure bond, (2) create and/or adapt public resources like the California Infrastructure Bank, (3) support a local credit facility to advance a localized strategy, or (4) participate in a loan loss reserve to encourage involvement of conventional lenders.

- Public sector entities can also support private investment targeted at CLT development.

- Private capital can be engaged for CLT projects in a variety of ways including: (1) philanthropic capital, in the form of patient long-term PRIs and loan loss reserves, (2) targeted low-interest loan pools that mix philanthropic, public, and private capital, and (3) a bond issued specifically for CLT land acquisitions or rehab.

- Communities can create and control investment vehicles, through crowdsourcing or community-controlled models of shared resident and investor ownership. Examples of this include, the East Bay Permanent Real Estate Cooperative, Mercy Corps' Community Investment Trust, and San Diego's Market Creek Plaza.

This section outlines strategies that our cohort has identified and has begun to explore as potential revenue sources to fill previously identified funding gaps. Each strategy is outlined with a brief background, its potential to serve CLTs, and next steps for either further investigation or action. Insets throughout this section elucidate the strategies through examples and case studies.

LAND DONATIONS

Donations of land, whether public or private, can be a pivotal strategy to create financial viability for a CLT. Donations may be from a donor who resonates with the values of returning land to a public good and may be additionally motivated by the opportunity to secure a tax benefit. A government agency or elected officials may feel responsible to ensure that surplus sites or properties that are in tax arrears, once passing out of public control, should be secured as perpetually affordable to benefit both current and future generations. Land donations may be partial, as in a reduced cost or write-down at the time of sale. A public sector partner may add value to the land and increase the viability of its next use by assembling land, performing environmental remediation, and/or entitling those properties to facilitate a particular use or development plan.

PUBLIC LAND DONATIONS

Background[33]

California's Surplus Lands Act (Assembly Bill 1486)[34] prioritizes suitable surplus public land for affordable housing development. As of January 1, 2020, all cities, counties, and special districts in California must send notices about available, surplus local public land to the state's Housing and Community Development Department (HCD), to any local public entity within the jurisdiction where the surplus local land is located, and to developers who have notified HCD of their interest in developing affordable housing on surplus local land.[35]

In 2019, Governor Newsom ordered the California Department of General Services (DGS) and HCD to identify and prioritize excess state-owned property and pursue sustainable, innovative, cost-effective housing projects. The state has published a searchable and interactive GIS map of 44,000 excess properties that are potentially suitable for housing.[36] And by April 1, 2021, every California city and county is required to have a central inventory of surplus and excess land and must report each parcel to HCD for inclusion in a statewide inventory.[37]

HOW THE RESOURCE/STRATEGY DOES OR COULD SERVE CLTS

a} Government awards of surplus or acquired land: The feasibility of a CLT project can be significantly enhanced by removing the cost of land from the deal. When local or state government acquires properties intended for affordable housing, it can establish a policy to prioritize CLT stewardship of those properties by utilizing permanent affordability as a threshold criteria or scoring priority when disposing of the properties. To optimize the success of CLT efforts, the county could strategically acquire properties with the expressed intention of placing them into a CLT. Local or state government could also favor CLTs in its application of the Surplus Land Act.38 Fideicomiso Comunitario Tierra Libre is currently negotiating with the city of Los Angeles regarding the donation of two city-owned parcels in Boyle Heights, on which they intend to develop both Permanent Supportive Housing for unhoused Angelinos, and a Tenancy-In-Common or condominium project for low-wage workers.

b) Tax foreclosed properties: The state recently revamped the Chapter 8 sale process, which, through the State Revenue & Taxation Code, authorizes counties to sell commercial and residential properties that are in tax arrears to eligible non-profit entities to benefit low-income people. This is a tool that could increase transfers of property to CLTs for a cost that is generally far below its market value. As with other properties under government ownership, the county holding the tax-foreclosed property could take action to prefer acquisition by CLTs, provided that the process is in full compliance with state regulations.[39]

Key next steps for CLTs

- Register to the state of California's surplus land notification system, and research properties that may be of interest. Identify necessary partnerships to compete successfully when Requests for Proposals are issued.

- Identify local jurisdiction's procedures for disposing of surplus land and participate in the process. Identify a City Council member or County Supervisor to champion an effort to transfer surplus properties to CLTs.

- Identify a County Supervisor to champion an effort to transfer tax arrears properties to CLTs, learning from LA County's efforts to develop this program.

PRIVATE PROPERTY DONATIONS

Background

CLTs across the country have benefitted from individuals who choose to transfer property to a CLT. As with public property donations, a private property donation can significantly add to the viability of a CLT project. However, potential donors may be unaware that donating land and buildings to a CLT is a possibility, or may not be motivated before learning of the potential benefits.

How the resource/strategy does or could serve CLTs

Property transfers to CLTs can be in the form of outright donations of property, or the sale of a property at a reduced price. In either case, tax benefits may accrue to the donor. It is also possible for a property owner to leave a property to a CLT in a will, through a living trust, or to designate the CLT as a beneficiary. A property owner may also arrange to donate a home to a willing CLT, but to remain living in the home through her or his lifetime. In any of these scenarios, the CLT should ensure that the donor seeks independent counsel from legal and tax advisors and should not provide such advice themselves.

Based on an interest expressed by members of Sacramento Community Land Trust (SacCLT) to donate their home to the CLT, we have researched and prepared materials for interested CLTs regarding private land donations. Building off of the research and practice of San Francisco Community Land Trust,[41] two attorneys - Robin Rudderow of CommonSpace Community Land Trust and Susan Scott of Community Land Trust of West Marin and Sacramento CLT - who are familiar with tax and estate law consulted on the development of materials for SacCLT to share with potential donors. These materials, located in Appendix C, are available for adaptation and inclusion on any California CLT's website.

Key next steps for CLTs

- Acquire property donation template for incorporation into websites or other promotional materials, to ensure that the general public is made aware of donation opportunities.

LA'S CHAPTER 8 PROGRAM: DIRECTING TAX-FORECLOSED PROPERTIES TO CLTS

The Los Angeles Community Land Trust Coalition has partnered with LA County Supervisor Hilda Solis to develop a pilot program to transfer tax arrears properties to CLT stewardship. Properties include occupied and vacant residential and commercial, and vacant sites. A task force including the five LA CLTs are convening weekly with staff from the Supervisor's office, the County CEO, the Treasurer and Tax Collector, and County Counsel to develop a process to help secure tax-defaulted properties through the Chapter 8 Agreement Sales to create long-term affordable housing. The intention is to develop a Pilot CLT Partnership Program for the First Supervisorial District, with eventual expansion countywide. The CLTs will seek to stabilize any occupants of the properties in place, including homeowners who have struggled to make tax payments, as well as any authorized or unauthorized tenants. [40]

FILLING THE GAP: CREATING AND TARGETING PUBLIC SUBSIDY

As explained in the previous section, unless pursuing a LIHTC-funded new construction project, there is a dearth of public subsidy that is readily available for the diverse projects that CLTs pursue. Therefore, we must continue to optimize existing sources for use by CLTs, enhance CLT's positioning for those resources, and develop new resources. Here are some examples and opportunities:

OPTIMIZING EXISTING FUNDING SOURCES TO ADVANTAGE CLTS

Background

When public funding is available, it can be prioritized for CLTs or, alternatively, for permanent or perpetual affordability. This approach is a smart strategy for stewarding the public investment, ensuring that subsidy is retained for the long-term, rather than expiring and converting to benefit whoever owns the property at a future date. When a jurisdiction establishes longest-term or permanent affordability as a guiding policy in the disbursement of funds, a CLT is more likely to receive preference when applying for affordable housing resources.[42]

How the resource/strategy does or could serve CLTs

As a key example, the state of Vermont established a policy in 1987 creating the Vermont Housing and Conservation Board (VHCB), which has supported the growth of CLTs. The enabling legislation that established this quasi-public entity contained a statutory priority for investing in projects that "prevent the loss of subsidized housing and will be of perpetual duration."[43] As another example, the city of Burlington, Vermont, establishes "[t]he perpetual affordability of these units for very low, low or moderate income households " as the first priority disbursement of all housing acquisition, construction and rehabilitation funding.[44] It is worth noting that such prioritization has led to the largest CLT in the country,[45] and the majority of Vermont's affordable housing is now stewarded on community land trust land, and thereby maintained as permanently affordable.

Key next steps for CLTs

- Build a database of example ordinances, Request for Qualifications/Proposals (RFQ/Ps), and Notices of Funding Availability (NOFAs) that establish preferences for CLTs, permanent affordability, and/or longest-term affordability.

- Research and create graphic materials that demonstrate "Return on Investment" through perpetual affordability, as compared to other required affordability periods, for both rental and ownership property types, while including "ROI" regarding other CLT outcomes (e.g. preventing displacement/mitigating against homelessness for vulnerable populations, building community leadership and resilience, fostering versatile models).

- Create model proformas to demonstrate viability of permanent/perpetual affordability that address the "true debt test" required by Low Income Housing Tax Credit projects.[46]

UTILIZING CALHOME

Background

As a program of the California Department of Housing and Community Development (HCD), the purpose of CalHOME is "to support existing homeownership programs aimed at low and very low-income households, and moderate-income households which are impacted by disasters. The goal is to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize the use of existing housing stock."[47] According to the most recent CalHOME Notification of Funding Availability (NOFA), assistance is provided in the form of grants to local public agencies and non-profit developers to assist individual first-time homebuyers through deferred-payment loans for down payment assistance, home rehabilitation, including manufactured homes not on permanent foundations, acquisition and rehabilitation, homebuyer counseling, self-help mortgage assistance, or technical assistance for self-help homeownership. CalHOME does not grant or lend directly to homeowners, but funds can be utilized by the grantee agency or organization to make loans to individual homeowners.[48] The following apply to CalHOME assistance: a) Direct, forgivable loans to assist development projects involving multiple ownership units, including single-family subdivisions; b) Loans for real property acquisition, site development, predevelopment, construction period expenses of homeownership development projects, or permanent financing for mutual housing and cooperative developments; c) Project loans to developers may be forgiven as the loans convert into deferred payment loans to individual homeowners; d) Assistance to individual households will be in the form of deferred-payment loans payable on sale or transfer of the homes, or when they cease to be owner occupied, or at maturity; e) Eligible Activities are predevelopment, site development, and site acquisition for development projects; rehabilitation and acquisition and rehabilitation of site-built housing; rehabilitation, repair, and replacement of manufactured homes; and down payment assistance, mortgage financing, homebuyer counseling, and technical assistance for self-help.[49]

How the resource/strategy does or could serve CLTs

a) Funding resale-restricted homeownership: As explained in Chapter IV, the majority of California's subsidy for homeownership is provided though CalHOME, and the funding source is therefore valuable for CLTs to tap whenever feasible. CalHOME can provide funding for homeownership, including single-family homes, townhomes, and condos that are located on CLT land and have executed a ground lease.

b) Subsidizing Housing Cooperatives: While CLTs are potentially eligible applicants, CalHOME is not crafted to serve all homeownership types being employed by CLTs. One such strategy is the Limited Equity Housing Cooperative (LEHC). These housing cooperatives are owned collectively by the residents through shares that are held by each household, providing each household with one vote in all governance decisions, and creating an equity stake in the building. Codified as a form of homeownership in the State of California's Civil Code,50 LEHCs are utilized by many CLTs because they provide increased control by tenants, offer an affordable route to ownership, and can address property management challenges in small and medium multifamily buildings through resident self-management. It is possible to pair a LEHC with a CLT, where the LEHC maintains a 99-year renewable ground lease with the CLT that owns the land underneath their building, establishing affordability in perpetuity and providing ongoing administrative support and training resources to the LEHC. While some CLTs lease buildings to housing cooperatives that are legally controlled by an incorporated, non-profit tenants' association (sometimes called a "zero equity" cooperative), a "limited equity" cooperative offers below-market ownership for people with very-low or low incomes, and there is a limit on the profit that the shareholder-residents can make on the resale of their units. The below-market share price can be paid upfront or in some cases paid over time along with the monthly maintenance fee. With restrictions on resale, LEHCs are insulated from escalating prices, making them affordable to multiple generations of low-income residents.[51]

However, based on the experience of Northern California Land Trust (NCLT), CalHOME first time buyer or direct owner assistance programs are practically only usable with single-family home or condominium projects due to the collateralization and security requirements. According to NCLT's Ian Winters, while CalHOME down payment assistance loans may include a Limited Equity Housing Cooperative (LEHC) as allowable unit type, program requirements call for a promissory note and deed of trust which make it extremely hard to use on a cooperative project.

Not only does CalHOME not have any particular program that favors CLTs, CalHOME grants are not currently permitted for cooperative or share ownership, such as a Limited Equity Housing Cooperative. According to Emily Thaden (Director of National Policy & Sector Strategy at Grounded Solutions Network), LEHCs are eligible for funding under current federal HOME rules regarding homeownership.[52] However, California must address their priorities for HOME funding in an Annual Action Plan, and if LEHCs are not included in those priorities, they may not be competitive. Further, the Annual Action Plan must include resale provisions that function for California's CLTs and LEHCs.[53] This is an area where CalHOME could clearly be improved to better serve CLTs.

Key next steps for CLTs

- Research and engage in development of HCD's Annual Action Plan to establish CLTs and LEHCs as priorities for CalHOME funding, and to preference resale formulas that ensure permanent affordability.
- Consult with Habitat for Humanity regarding their success in establishing preferential guidelines and scoring for "Self-Help Housing Projects," and explore any potential partnership in future advocacy regarding CalHOME.
- In conjunction with California Community Land Trust Network, advocate to adapt CalHOME program regulations to allow for the purchase of shares in resale-restricted Limited Equity Housing Cooperatives, and for down payment assistance funds to be used for Limited Equity Housing Cooperative shares, not just condo projects.[54]
- Identify lenders willing to make share loans, work with the lenders cooperatively to develop a functional share loan product, and engage the lenders in discussions with CalHOME to adapt regulations/requirements to allow CalHOME subsidy for coop housing.[55]

LOCAL ACQUISITION/REHABILITATION HOUSING PRESERVATION FUNDS

Background

California's grassroots CLTs, particularly those in urban areas, have usually emerged from anti-displacement initiatives, and continue to be closely aligned with tenant rights organizing campaigns seeking long-term housing stability and affordability. At the 2019 California Renter Power Assembly, participants established CLTs and tenant ownership as one of the groups multi-year goals.[56] Additionally, 54% of national housing stock is in small and medium multifamily apartments[57]; and small apartments in particular, tend to house a higher percentage of Black and Brown people.[58] Over the past decades, the federal, state and local governments, and the affordable housing industry, have invested heavily in the resources and infrastructure necessary to build new affordable housing; while there has not been a commensurate investment in preservation of unsubsidized housing. According to Enterprise's Bay Area study published early this year, in contrast to new production, acquisition and rehabilitation of existing lower-cost housing can be cost-effective, and flexibly expand housing choices with a quick turnaround time, produce long-term and environmentally-sustainable outcomes, and -- perhaps most importantly aligned with the objectives of the BHC CLT's - can be deployed as an anti-displacement strategy that advances racial and economic equity and anti-displacement strategy.[59] For these reasons, establishing resident-centered housing preservation programs has become a key strategy for Bay Area and Los Angeles CLTs, and is also attracting the attention of CLTs in the smaller urban communities of Santa Ana and Sacramento.

How the resource/strategy does or could serve CLTs

The city of Oakland's Permanent Affordability Program is an annual funding set-aside for preservation of existing housing to create permanently affordable, resident-controlled housing through community land trusts and Limited Equity Housing Cooperatives.[60] This funding through Measure KK, an infrastructure bond passed in 2016, included a $100 million set-aside for anti-displacement focused affordable housing preservation programs. Round I disbursements included: a $19 million program to acquire properties with five units or more, a $3 million program for properties with one to four units, a $10 million program for the rehabilitation of existing deed-restricted housing, $10 million for acquisition of transitional housing facilities, and $5 million for owner-occupied and private rental rehabilitation loans. In Round II, OakCLT and Alliance of Californians for Community Empowerment[61] advocated extensively for a $12 million program set-aside for CLTs and housing cooperatives focused on occupied properties with 25 units or fewer, with preferential scoring for buildings where residents are at demonstrable risk of displacement. An additional $18 million was set aside for acquisition or acquisition/rehabilitation preservation projects by all affordable housing developer types and of any project size. Oakland city staff continue to work with community partners to develop programs, distribute funds, and support acq/rehab projects, and the city is in the process of developing new program guidelines to support models of resident ownership and ownership conversions through CLTs and housing cooperatives.[62]

The city and county of San Francisco have also established and resourced a Small Sites program, built off of the small residential building preservation work of the San Francisco Community Land Trust.[63] Unfortunately, the funding guidelines prohibit tenant ownership, restricting applicability to CLTs that prioritize that strategy, while making it more appealing to conventional affordable housing developers.

Key next steps for CLTs

- Build a database of example ordinances, Request for Qualifications/Proposals (RFQ/Ps), and Notices of Funding Availability (NOFAs).
- Craft a model local ordinance.
- Set up CDC/CLT partnerships as necessary for less experienced CLTs to qualify.
- Establish a capacity-building program in conjunction with grant dollars – see San Francisco Small Sites program[64] as an example.

RELIEF FUNDING

Background

The impact of disasters is frequently felt in people's homes and in the housing market, as our state is experiencing now with wildfires again sweeping through communities, the connection between home and health has been elevated during the pandemic. Relief funding inevitably follows disasters, often not reaching the communities who were the most economically precarious before the disaster struck, and who are frequently the hardest hit by the disaster. Hurricanes Katrina, Harvey, and Maria, and the wildfire that decimated the Californian town of Paradise provide stark examples of how low-income households suffer disproportionately from the ravages of natural disaster. With COVID-19, we can expect the same. As the impact of the economic crisis precipitated by COVID-19 changes shape, we anticipate that many single-family and 'mom & pop' property owners will have challenges paying their mortgages, and unless we approach the crisis differently than post-2008, as these distressed properties enter foreclosure, or are put up for sale, we will see them snatched up by speculators, triggering the same steep increases in housing unaffordability, widening racial wealth gap, and further aggravation of our State's homelessness catastrophe.

CLTs across the country and the state are uniquely poised with well-suited strategies to have a targeted and incisive impact in communities that are usually hardest hit by these disasters. As local, state and federal relief funding is allocated - whether for a climate change related natural disaster or the current COVID-19 pandemic - public officials have the opportunity to institute policy that takes housing out of the speculative market and creates long-term affordable homes.

How the resource/strategy does or could serve CLTs

a) Disaster Relief: According to Belén Lopez-Grady of the North Bay Organizing Project, in the Fall of 2017, the Sonoma Complex fire destroyed 5,400 homes, 5% of the County's housing stock. PG&E was found at fault for the fire and has settled with the county of Sonoma and city of Santa Rosa. However, since the Sonoma Complex fire, Sonoma County has experienced several additional fires and a historic flood that have destroyed homes including Kincade ('19), Walbridge ('20), and Glass ('20) fires and the flood of '18 - a series of climate change-induced disasters that have been layers on top of historic inequities. While the fires impacted wealthy, middle class, and working-class households, the recovery has not been even, with a redevelopment process that has transferred land to speculators, increased the concentration of wealth among homeowners, and insufficiently responded to the housing needs of low-wage immigrant workers.[65] (See call out: Wildfires, Settlement Funds, and CLTs in the North Bay)

California certainly will face many more natural disasters, and likely of increasing severity. Whether wildfire, flood, mudslide, earthquake, or tsunami, each may involve loss of housing; and recovery can be designed to exacerbate past inequities, to return communities to the status quo, or to repair them. With targeting of Disaster Relief funds, CLTs can play a role in the repair work.

b) Local COVID-19 funding: COVID-19 relief funds can be directly utilized to advance CLT strategies. As an example, the Healthy LA Coalition[66] convened and launched efforts of the Los Angeles Acquisition and Rehabilitation Working Group to pursue COVID-19 relief funding from city and county of LA to stabilize and preserve multifamily units, prioritizing acquisition in areas where lower income residents are facing the most displacement pressure, and where tenants would face negative health impacts through the destabilization of their housing. The program is designed as follows: A CLT, potentially in partnership with a mission-aligned Community Development Corporation (CDC) housing organization, and ideally also with the tenants, conducts due diligence, acquires, and rehabilitates the building. After rehabilitation and a period when the property is stabilized, ownership of the units, if acquired originally by a CDC, will be transferred to the partner CLT. The CLT may maintain the property as rental, or it may immediately or in the future convert to tenant ownership through a Limited Equity Housing Cooperative (LEHC) or "zero equity" housing cooperative; or if the residents are prepared, they can assume ownership at the time the property is acquired by the CLT. Depending on resident income levels and the level of public subsidy committed, a private mortgage could be secured on the property based on current rents (or, potentially, on reduced rents, if the project can withstand that). The COVID-19 relief funding will remain in the project as a permanent subsidy to be stewarded by the community land trust. Through land stewardship, this one-time public subsidy can be retained in perpetuity, benefiting not only the current family, but all future families. Properties within the CLT can facilitate a range of tenure and ownership structures to maximize long-term community stability and to balance opportunity for developing household wealth. The CLTs can maintain the properties as affordable rental housing, or work with tenants of multifamily buildings to acquire and operate the building as a housing cooperative, providing a stepping stone from tenancy to ownership. In either case, the homes will be income-restricted to create an equity-building opportunity at affordable prices.[67]

c) Federal COVID-19 Relief: Ultimately, an infusion of federal funds will be necessary to scale a program to acquire and rehabilitate distressed small and medium multifamily apartments. Representative Ilhan Omar of Minnesota included effective language in her proposed Rent and Mortgage Cancellation Act[68] that married cancellation of rent to the cancellation of mortgages, and created a federal investment that (1) conditioned mortgage relief on tenant protections, and (2) created significant funding and a right of purchase to facilitate community acquisitions of properties. Although, to date, the legislation has not accrued sufficient backing in Congress, core elements could be included in other legislative packages. Additionally, there is some potential to resurrect the Neighborhood Stabilization Program (NSP)[69] established by HUD as part of post-2008 recovery efforts, to purchase distressed and abandoned homes and other residential properties, and to craft new legislation to address lessons learned from those who implemented earlier rounds of NSP, and are intimate with its strengths and foibles.

WILDFIRES, SETTLEMENT FUNDS, AND CLTS IN THE NORTH BAY

PG&E has provided a $245 million settlement payment for in the 2017 wildfires. Northern California Organizing Project submitted a housing stability proposal to the Sonoma County Board of Supervisors in September 2020, calling for rental assistance and a fund for local CLTs to build organizational capacity, partner with government to create a small sites acquisition program, and support public education: "Fires resulting from PG&E mismanagement destroyed over 5,000 homes exacerbating a constricted housing market with historically low vacancy rates, which incentivized significant rent increases. During this pandemic, increased market speculation is compounding displacement in communities of color, reinforcing the rent burden of low-income earners and working against public health priorities. We need to address the source of housing inequality and community land trusts are a proven solution."

Key next steps for CLTs

- With statewide housing and climate justice allies, research opportunities to influence guidelines and allocation plans for Community Development Block Grant Disaster Relief (CDBG-DR), Community Development Block Grant Disaster Planning Mitigation (CDBG-MIT) funding, as well as any settlement funds to assert CLTs as a strategy to protect against post-disaster speculative activities.[70]

- Join statewide and national advocacy efforts to secure COVID-19 relief and recovery funding that will stabilize properties currently held by CLTs, and will support property acquisitions for long-term community ownership and resident control or ownership, including through potential 2.0 of the Neighborhood Stabilization Program.

- In conjunction with the Stable Homes California coalition, which coalesced to pursue statewide opportunity to purchase/right of first offer legislation, advocate for state resources for CLTs to acquire and rehabilitate distressed single-family and multifamily rental properties, either on the market, or through lender "First Look" programs established through Assembly Bill 1079.[71]

HOUSING AUTHORITY PROGRAMS

Background

There are 113 Public Housing Agencies - or PHAs - in California funded by the federal government and regulated by the Housing and Urban Development Department (HUD). Housing Authorities offer a range of resources, including Public Housing, Section 8 Housing Choice Vouchers, and Project-Based Section 8.[72]

How the resource/strategy does or could serve CLTs

Under HUD's guidelines, Housing Authorities are permitted to establish a Housing Choice Voucher (HCV) Homeownership Program, which allows a household to convert a Section 8 rental voucher to buy a home and receive monthly assistance in meeting homeownership expenses. To be eligible, a family must meet specific income and employment requirements, be a first-time homeowner, families that own or are acquiring shares in a cooperative, and complete a designated homeownership counseling program.[73] For 15 years, Champlain Housing Trust has had success working with CLT homebuyers who enroll in their local Housing Authority's Housing Choice Voucher Program, and convert the rental voucher to a homeownership voucher. The Housing Authority calculates a monthly subsidy, making direct payments to the mortgage lender.[74]

Housing Authorities may be interested in supporting other creative programs, such as the ADU/JDU program established by the CLAM with the Housing Authority of West Marin (see Partnership Call Out), and El Sereno Community Land Trust is currently negotiating with the Housing Authority of the City of Los Angeles (HACLA) to steward two dozen homes previously owned by the California Department of Transportation. These homes were occupied in March 2020 by unhoused families through the Reclaim Our Homes campaign.[75] (See call out: Partnerships between CLTs and Housing Authorities)

Key next steps for CLTs

- Engage with local housing authorities to explore establishing a partnership which includes utilization of project-based Section 8 resources, establishment or expansion of a Housing Choice Voucher (HCV) Homeownership Program, an ADU/JDU program, or another joint initiative.

PARTNERSHIPS BETWEEN CLTS AND HOUSING AUTHORITIES

The Community Land Trust Association of West Marin has partnered with the Housing Authority of Marin County to create the Real Community Rentals program, which offers incentives and support to homeowners willing to create rentals on their property by building out Junior Dwelling Units (JDUs) or Accessory Dwelling Units (ADUs) and establishing affordable rents. While providing an income stream for homeowners, the program offers benefits including:

- Free feasibility visits to evaluate the best options for creating a rental
- Zero-interest loans up to $40,000 with principal deferred for funds to create a second unit
- upport with tenant screening, rental agreement, and periodic check-ins,
- Additional loss coverage for unforeseen short-term vacancy or damage beyond the security deposit (up to $3,000)
- Enhanced security deposit beyond what tenants can pay (up to $2,500), and
- Waived or reduced permit fees for certain repairs or improvements.

It is also possible to transfer the home into a limited liability corporation (LLC), invite others to invest in the LLC and pay for the creation of a JDU or ADU. This creates an opportunity to create a community shared ownership. For example, a Community Land Trust could own the ground and make it more financially stable and affordable. The Community Land Trust Association of West Marin (CLAM) program can assist with this process.

ENHANCED INFRASTRUCTURE FINANCING DISTRICTS

Background

Prior to the 2012 dissolution of Redevelopment Agencies throughout California, cities and counties provided substantial funding for affordable housing through tax increment financing (TIF)–the increase in tax revenues generated by development. In 2017, Senate Bill 628 (Beall) and Assembly Bill 313, authorized Enhanced Infrastructure Financing Districts (EIFDs) that re-established the ability to utilize tax increment financing as a way of fostering regional cooperation on infrastructure investment and economic development, including affordable housing, parks and open space, Transit Priority Areas, Brownfield restoration, military base remediation and water/wastewater infrastructure.[76] The taxes paid by property owners who benefit from the improvements are an important municipal finance tool because they provide a new revenue source.[77]

How the resource/strategy does or could serve CLTs

EIFDs are a potential source of funding for CLTs if affordable housing dedication obligations are substantial. Signed into law in September 2018 (SB 961[78]), the "Second Neighborhood Infill Finance and Transit Improvements Act" or NIFTI-2 allows local governments to create an EIFD within one half mile of high-frequency bus and rail corridors, supporting mixed-use housing with ground floor commercial uses can provide services and jobs near to residents, increasing walkability, and reducing traffic and pollution.[79] Importantly, 40% of the tax increment funds can be used for acquisition, construction or rehabilitation of affordable housing below 60% AMI (with half of those funds at 30%-60% AMI, and half below 30% AMI), and 10% goes to urban greening and active transportation. The remaining 60% of the funds can also be used for multifamily Transit Oriented Development, mixed-use development, and/or transit capital projects including stations and programs supporting transit ridership.

Key next steps for CLTs

- Identify model of EIFD or comparable program for replication in California jurisdictions.

- Analyze what it would take for these to work for CLTs and/or unsubsidized affordable housing (NOAH) preservation; and determine if preference could be established for permanent affordability.

NEW PUBLIC REVENUE STRATEGIES

Background

Even with efforts to align and optimize various existing funding sources to support land acquisition, significant gaps in funding will remain. It is critical that we also prioritize efforts to locate alternative sources to produce more revenue. New funding streams for acquisition can be generated from the untapped or underutilized sources described below.

How the resource/strategy does or could serve CLTs

a) Fines on Poorly Maintained Foreclosed Residential Properties: CLTs could work with local government to tap into the resources generated through Senate Bill 1079,[80] which makes lenders responsible for the upkeep of any property they have foreclosed on. Local government has the right to levy fines on poorly maintained vacant properties up to $2000 per day for the first 30 days, and then up to $5,000 per day thereafter.[81]

b) Disinvestment from policing and incarceration: The recent national reckoning with white supremacy and systemic racism has enlivened local efforts to reduce funding in policing and incarceration, and a commitment to reinvest in alternatives to incarceration and strategies to strengthen communities of color, particular Black, Latinx, and Indigenous communities that have long borne the violence of the police state. There is an opportunity for CLTs to be part of the discussion about reinvesting in communities and putting that investment under community direction and control. Los Angeles County's Measure J: "Reimagine LA County," on the November 2020 ballot, is an effort to mandate a shift of the County's budget to Alternatives to Incarceration and to community-serving uses, including affordable housing.[82]

c) Vacancy Property Tax: In addition to disincentivizing speculative development of luxury condos that can sit vacant for extended periods of time, a vacancy tax can generate funds that could be utilized for CLTs and other affordable housing and neighborhood stabilization strategies. (See call out: Generating Revenue Through Vacancy Taxes)

d) Speculator/Flipping Tax: This tax would be applied to property sales that are following certain real estate patterns that indicate that the property is being "flipped," with a quick resale just months after the original purchase and usually for a sizable increase in price.

e) Out-Of-State Property Tax Transaction Tax: This type of tax would levy fees against property sales made by individuals or entities located outside of the state of California.

f) Windfall Tax: This would tax the rental income of landlords above current gross receipts.

Key next steps for CLTs

- Work with local partners to advance flipping, vacancy, or other anti-speculation penalties or taxes, with revenue to be directed to land and property acquisitions by CLTs and other mission-aligned buyers who commit to permanent affordability.

- Support and engage with efforts to disinvest from policing, and to invest instead in housing, and in long-term strategies for communities of color to control land and housing.

GENERATING REVENUE THROUGH VACANCY TAXES

Vancouver, British Columbia instituted a vacancy tax based on an overall vacancy, not specific to rental units; and in the first year, it showed success with its principal goal of returning empty homes to the rental market, with a 15% decrease in vacant properties. Additionally, the program estimated it would generate $38 million in its first year of implementation. Voters in Oakland, CA passed a Vacant Property Tax Act in 2018, which is also based on an overall vacancy, defined as properties in use fewer than 50 days per year, and including non-residential and undeveloped properties. The city expects to raise an estimated $10 million annually for 20 years. When LA's City Council was considering placing an "Empty Homes Penalty" on the ballot, the City's Housing and Community Investment Department determined that the tax could generate approximately $150 million annually.

PRIVATE CAPITAL SOURCES: SHIFTING INVESTMENT FROM EXTRACTIVE TO REGENERATIVE STRATEGIES

In addition to securing sufficient public subsidy for CLT projects, having access to debt capital that is affordably priced is one of the key ingredients for rapidly expanding CLT activity throughout the state. There is a range of strategies to engage private capital in filling the gap on CLT projects including philanthropic investments, and community investment such as through sale of shares. In addition to these proactive private capital investment approaches, it is essential to mitigate harmful investment strategies such as Opportunity Zones, which are designed to benefit outside investors and to extract community wealth - whether intentionally or unintentionally - and increase land costs in neighborhoods where CLTs are located, making CLT investment more challenging.

In each case where private capital is engaged to advance a community-generated vision, it is critical that community leadership be not only consulted, but engaged in the design of any financing products and underwriting criteria, so as not to perpetuate racial biases that are infused in all financial systems, and to counteract pernicious assumptions about the incapacity of communities of color to steward their own financial strategies.

PHILANTHROPIC EQUITY INVESTMENT

Background

Philanthropy has a critical role to play by supporting general CLT operations with multi-year grants during start-up and ramp-up periods, by making capital grants to subsidize acquisitions and development projects, and by providing low cost, patient capital. These funds can be directed to CLTs through a foundation's Program Related Investment (PRI) program, or mixed with other philanthropic and/or public funding in a facility. Key to the latter is that the underwriting process be streamlined so as to lower the ultimate cost to the CLT and its partners in securing the funds, and to make the funding accessible to a range of real estate and land stewardship strategies, including acquisitions of properties in the market.

How the resource/strategy does or could serve CLTs:
a) Low interest blended capital facility: The $50 million Metro Denver Impact Fund, which was assembled by Urban Land Conservancy, a CLT serving Denver and its surrounding communities, provides an inspiring example of how philanthropic, public, and conventional financing steams can be combined into a low-interest capital debt facility for strategic acquisition of land for CLT stewardship and perpetual affordability, while creating jobs and bringing needed services to communities. The Impact Fund is structured with philanthropic foundations lending to the facility via PRIs providing loans, and the quasi-public Colorado Housing Finance Agency, at 0.5% to 2%.[83] The borrower is responsible for assembling a development plan and permanent financing, and may also contribute up to 10% cash equity for each property acquired. This combined capital then leverages an equivalent amount of Senior Debt ($25M) from the local bank. First Bank lent at a below

market rate of 4-4.25%. First Bank then manages the fund and serves as the sole underwriter for all development deals, creating a simplified and efficient process for the CLT. The structure has tremendous benefits, with loan terms of up to ten years, providing at least a 90% Loan to Value, and establishing a blended interest rate that ranges from a low of .05% to a high of 4.25%, depending on the capital mix and the use. The facility is being utilized by ULC for stand-alone community facilities such as non-profit community centers, schools, and libraries. Additionally, permanently affordable multifamily and single-family housing are eligible uses, and up to one third of the facility can be used for land banking for mixed-use development with the majority of them serving nonprofits and low income residents. Since working with partners to establish the lending facility, ULC has frequently organized take out of the loans within a three-year timeframe, allowing for the funds to be revolved into another deal.[84]

b) Top loss, and/or rent reserves: In conjunction with capital grants or PRI investment programs, reserves could be established to absorb the perceived level of risk for conventional lenders, public partners, and other philanthropic investment. As with other equity strategies, these reserves should be structured as a commitment from a philanthropic source to a particular project, or could be more efficiently deployed in a fund that is held by a CDFI, has inputs from one or more philanthropic sources, is potentially mixed with public funds, and has a single set of underwriting terms that are matched to underwriting criteria for a partnered debt facility. Such a streamlined and coordinated system will allow for lending to CLTs that have a slim lending history, cannot offer collateral, and/or are dealing with buildings where tenant income is inconsistent. The latter is a dynamic - of renters who are or may face economic hardship and are unable to pay rent - that definitely needs to be solved if acquisitions of occupied multifamily properties are to proceed during the critical post-COVID-19 period, which has created dramatic disruption of the job market and seen inconsistent federal and local government relief responses. Rent reserves, or a liquidity reserve, could prove to be a critical component for advancing acquisitions during the COVID-19 recovery period, when lenders may shy away from multifamily housing stock that houses workers who are unemployed or facing reduced hours and are struggling to pay rent.[85]

c) CLT-focused bond issue: California Community Land Trust Network efforts to create a statewide acquisition fund for acquisitions and land banking by California CLTs. One option to capitalize a fund could be through the issuance of private non-profit tax exempt "Community Land Trust" bonds via partnerships with entities such as the California Infrastructure Bank and or regional entities with bonding authority. One proposal being advanced by a collaborative of Bay Area and Los Angeles CLTs is to develop a public/private infrastructure at the state level for the issuance of private activity bonds that will support the development of CLTs as a tool for rebuilding community wealth, CLT development capacity, and stabilizing critically threatened housing at risk of foreclosure or market-rate displacement.[86] The California Infrastructure Bank does provide 501(c)(3) bonds for acquisition and/or improvement of facilities and capital assets and could potentially participate in a CLT-driven bond issue.[87]

Key next steps for CLTs

- Work with philanthropic and CDFI partners to develop regional CLT acquisition funds, starting with establishing a facility serving grassroots CLTs in Los Angeles in conjunction with Genesis LA and Southern California philanthropic partners.

- Work with Genesis LA, Community Vision, and key philanthropic partners to develop a model for a top loss or rent reserves program that would support and facilitate PRI and conventional debt in CLT acquisitions, particularly of occupied unsubsidized affordable housing (NOAH).

- Consider how to leverage SPARCC Capital Strategies in both the Bay Area and Los Angeles (and any future sites) for capital investment in CLTs as an innovative racial justice and anti-displacement approach.[88]

- Organize, convene, and educate existing and potential banking and CDFI partners on CLT strategies rooted in emergent community needs and demands for resident and community ownership.

- Research legal and financial models to develop pilot programs for public-private partnership to issue a tax-exempt private bond for CLT acquisition/rehab/preservation fund.[89]

IMPACT INVESTING

Background

Although it can take many forms, the goal of impact investing is to generate social or environmental benefits in addition to financial gains. This form of investing uses capital for positive social results. Values-driven individuals may seek out impact investment opportunities, as may institutional investors such as private foundations, pension funds, banks, and even hedge funds and other fund managers.[90] The multi-benefit outcomes of CLTs, including being led by and serving marginalized low-income communities of color, bringing to life a community's vision, enhancing climate resilience, and decommodifying housing, can make them appealing to impact investors. (See call out: Putting Impact Investing to Work: City Life/Vida Urbana and the Boston Impact Initiative Fund)

How the resource/strategy does or could serve CLTs:

a) Seed Commons: A collectivized, community driven investment strategy is being deployed by The Working World[91] through the Seed Commons loan fund, as they seek to bring capital under control of the community and to counter extractive practices in how capital is deployed through a democratically governed network of local revolving loan funds. While focused on resourcing cooperative businesses engaged in climate resilience work, Seed Commons has provided loans for land/property acquisitions related to business development or expansion. The impact fund puts into practice an alternative approach to underwriting, and payments as a percentage of net profits, in order to not risk the investment by charging more than the business can sustain. Seed Commons has financed community-owned real estate initiatives, including a cooperatively owned mobile home park. In another case, Seed Commons lent to a worker owned construction and property management company that has access to a $1 million line of credit which it uses to acquire distressed, vacant row houses, rehabilitate them, refinance completed projects, and start with another. Seed Commons has found philanthropic organizations are more comfortable investing in a fund rather than in a single project, such as The Baltimore Community Foundation's decision to invest $5 million in cooperative infrastructure, which, when invested in a $20 million fund, has its risk mitigated, even while the Foundation's investment is targeted to a particular geographic region. In addition to foundation investments, Seed Commons has received investments from high wealth individuals - mostly people with inherited wealth - who will lend at as low as 0% interest. Seed Commons has been able to leverage conventional debt by coming into the deal with riskier capital up front, in the form of a bridge loan (at 8%), to allow for acquisition/rehab and hold at a higher interest rate 8%, until it can get into a conventional mortgage. Often the Seed Commons debt will be part of a capital stack as a strategy to mitigate speculative capital, financing at 5%, or sometimes at 3% but with an upside return at point of sale.[92] Alternatively, if a philanthropic loan is brought in at 0%, then that could be passed through to the borrower.[93]

b) Massachusetts Housing Investment Fund:
Chinatown Community Land Trust in Boston, Massachusetts benefits from a partnership with Massachusetts Housing Investment Fund (MHIF), a privately-held entity that was founded as a partnership between private corporations and community leaders to create collective impact. Seeking a holistic approach to community health through affordable housing, jobs, neighborhood stability, and social equity, MHIF established the Healthy Neighborhoods Equity Fund, developed in conjunction with hospitals and foundations.[94]

c) Full Spectrum Capital: THRIVE Santa Ana has been exploring a partnership with Full Spectrum Capital. Full Spectrum Labs was created as a vehicle to help accelerate the flow of capital into communities denied access to the resources needed to build community wealth. FSL organizes capital stewards, those entrusted with significant financial resources, to direct the mix of grants, loans and investment resources they manage to protect public health, economic security, democracy and ecological restoration, working with communities systematically excluded from capital access who are experiencing deep, generational income and wealth inequality. In Memphis, TN, South Dakota, Humboldt County, and in Denver, Colorado, Full Spectrum is supporting community stewards, the leaders and teams entrusted by their communities to advance community vision and priorities, and whose creativity, ingenuity and innovation is critical in times of crisis.[95]

PUTTING IMPACT INVESTING TO WORK: CITY LIFE/VIDA URBANA AND THE BOSTON IMPACT INITIATIVE FUND

City Life/Vida Urbana is a grassroots organization led by working-class people in Boston, Massachusetts that fights against displacement, to build community control of neighborhoods, to build power to win policy protections for renters and lower-income homeowners, and to build community leaders. The organization has been organizing tenants to acquire their own buildings, and has found that the organizing campaigns have resulted in lowered acquisition prices. However, they still have a need to mobilize capital for the acquisition and rehabilitation. City Life/Vida Urbana has partnered with the Boston Impact Initiative Fund, which focuses its impact investing on economic justice efforts to provide opportunities "for all people--especially those most oppressed or abandoned by our current economic system--to lead a dignified and productive life." The Fund is able to partner with City Life/Vida Urbana to direct funding to building acquisitions, and additionally, City Life/Vida Urbana is also able to pursue mission-driven investors to encourage their investments into the Fund. This has included targeting Donor-Advised funds, where the donor is poised to direct their investments to a specific purpose.

PUBLIC FINANCE AGENCIES

Background

The public sector can play a significant role in financing CLT projects, either independently or in conjunction with private sector capital. The California Housing Finance Agency (CalHFA) could play this role, as could a public bank if one were to be established by the state or a local jurisdiction. Housing Finance Agencies are quasi-public entities that have been established by many states expressly to finance affordable housing, CalHFA was chartered in 1975 as the state's affordable housing lender, financing affordable rental housing through partnerships with jurisdictions and developers and providing first mortgage loans and down payment assistance for first-time homebuyers. CalHFA is not funded by taxpayers, but instead supports its own budget through bonds that are repaid by revenues generated through mortgage loans.[96]

How the resource/strategy does or could serve CLTs

a) Utilizing CalHFA Single Family Lending Program:

CalHFA loans can be a valuable source of financing for single-family CLT housing; however, significant restrictions apply. Effective February 1, 2018, through a partnership with California Community Land Trust Network, CalHFA established the following lending terms:

- CLT loans will only be accepted from CA CLTN approved lenders.
- Can only be used with CalHFA Conventional Loan Program.
- Can be combined with either the MyHome or the School Teacher and Employee Assistance Program (School Program).
- Must follow Fannie Mae guidelines.
- MyHome and School Program loan amounts will be based on the leasehold sales price, including any enforceable restrictions on future resale prices.
- All CLT documentation must be submitted to Lakeview Loan Servicing at time of purchase for review and approval.[97]

It is positive that CalHFA is accustomed to the ground lease and resale restrictions of CLTs. However, this set of terms may prove to be limiting for a CLT that chooses to work with a different lender or loan servicer.

b) Accessing National Mortgage Settlement for CLTs: In addition to these functions, in the Governor's 2020-2021 budget,[98] CalHFA was charged with administering the $331 million National Mortgage Settlement to provide housing counseling services in Phase I. It is worthwhile to investigate if these resources could be utilized to support CLT homeowners, to pay legal costs for tenant acquisitions, or to support legal expenses for Tenant Opportunity to Purchase legislation and/or implementation. While Phase I funding was released in August 2020, Phase II is anticipated to be released in mid- to late- 2021,[99] and CalHFA is currently accepting comments on program plans.

c) Preference HFA lending for long-term affordability: CalHFA does not currently provide any preference for permanent affordability, pursue affordable housing development with long-term ground leases, nor carve out any programs for CLTs. Like CalHFA, the Colorado Housing Finance Authority (CHFA)[100] partners with state government, municipalities, and the private sector to support affordable housing for low and moderate income households. However, in contrast to CalHFA, Colorado Housing Finance Authority supports CLTs for both single-family and multifamily residences, participates in the Denver Metro Impact Fund assembled for the Urban Land Conservancy's acquisitions, and has grown comfortable with ULC's 99 year + 99 year CLT ground lease structure.[101]

d) Expanding CalHFA lending to cooperative ownership: CalHFA's Property Requirements limit eligible properties to single-family, one-unit residences, including approved condominiums, and potentially guest houses, granny units, and in-law quarters; and manufactured housing is permitted. Therefore, similar to CalHOME discussed above, the CalHFA loans do not currently work for cooperative or share ownership, such as Limited Equity Housing Cooperatives.[102]

e) California State Public Bank: Although the state established the California Infrastructure Bank in 1994 as a general-purpose financing authority,[103] the bank does not provide lending for affordable housing. However, currently under consideration by the California legislature is Senate Bill 310, which, by creating the California State Public Bank, would create an alternative to Wall Street banks by investing state funds in California's communities and could potentially fund affordable housing production and preservation.[104]

Key next steps for CLTs

- Arrange CLT meeting with the Executive Director of CalHFA[105] to strategize about how CalHFA can expand support for CLTs. Discuss National Mortgage Settlement. Consider connecting CalHFA personnel with Colorado's Housing Finance Authority staff.

- Provide input to CalHFA regarding Phase II expenditure of National Mortgage Settlement, proposing programs that could serve CLTs, resale-restricted homeownership, and/or tenant acquisitions.

- Adapt existing CalHFA lending guidelines to permit the use of CalHFA CLT mortgages[106] for the purchase of shares in resale-restricted Limited Equity Housing Cooperatives; and with CLT units including an ADU or JDU where the overall property is otherwise eligible but the property is owned by residents through a CLT cooperative entity guaranteeing permanent affordability.[107]

- Expand list of California Community Land Trust Network Approved Lenders[108] and loan servicers.[109]

- Research and align funding opportunities with potential additional loans to partner with CalHFA loans, such as FHA and VA programs, MyHome Assistance Program, Zero Interest Program (ZIP), School and Teacher Employee Assistance Program (formerly Extra Credit Teacher Home Purchase Program), Energy Efficiency Mortgage with Grant (Cal-EEM + GRANT), and Mortgage Credit Certificate (MCC) Tax Program.

- Track Senate Bill 310 California State Public Bank legislation. If passed, engage in advocacy regarding financing priorities and guidelines in conjunction with California Community Land Trust Network.

COMMUNITY REINVESTMENT ACT OBLIGATIONS

Background

As stated so eloquently by Angela Glover Blackwell and Michael McAfee of PolicyLink in a June 2020 New York Times op-ed, "Every industry must now use its power to repair the damage and heal the wounds. The financial industry is a good place to start. Banks have been underwriters of American racism – no industry has played a bigger or more enduring role in black oppression, exploitation and exclusion."[110] Whether we speak to the role that the financial industry played in collateralizing chattel slavery, creating segregated communities through redlining, advancing discriminatory and predatory lending practices, or being the architect of the 2008 collapse of the housing market that wiped out half of Black wealth, we know that this industry owes much back to Black communities. CLTs have been named within the Movement for Black Lives' policy platform that calls for "economic justice for all and a reconstruction of the economy to ensure Black communities have collective ownership, not merely access."[111] Although the impact on Black communities has been egregious, California's Latinx communities and other low-income, economically-marginalized people of color also continue to experience the similar mistreatment by the financial industry; and similarly deserve reparations for those damages.

Federally regulated banks must adhere to the requirements of the Community Reinvestment Act, which was passed in 1977 to reverse the urban blight that had become evident in many American cities by the 1970s. One particular goal was to reverse the effects of redlining. The purpose of the Act was to strengthen existing laws that required banks to sufficiently address the banking needs of all members of the communities they served.[112] The CRA exists today as a crucial tool to hold financial institutions accountable. We can anticipate that, as COVID-19 has revealed the deep structural flaws and inequities of centuries of systematic racism, we can anticipate that financial institutions may benefit during the turmoil – and specifically may lend to speculative investors – and will need to be held accountable.

How the resource/strategy does or could serve CLTs

a) Community Reinvestment Settlement to New York CLTs: NYC Community Land Initiative (NYCCLI) is an alliance of social justice and affordable housing organizations working to advance CLTs to address the root causes of homelessness and displacement New York City. The collaborative, which engages in community education, capacity-building training, and advocacy to support CLTs and non-speculative housing models, received its significant early funding through a settlement agreement negotiated by the New York State Attorney with Wells Fargo. This direct accountability effort led to resources that supported NYCCLI and other CLT networks in New York State to launch, and to secure additional resources to expand.[113]

b) Linking Community Demands to COVID-19-related Bank Profits: According to Paulina Gonzalez-Brito of the California Reinvestment Coalition and Nikki Beasley of Richmond NHS, financial institutions in California were compensated $2B in fees by the federal government for processing Payroll Protection Program (PPP) loans, only 6% and 2% of which went to Latinx and Black small business owners. While the campaign to return a portion of these ill-gotten gains should directly benefit the inequitably served business community, we can anticipate more COVID-19 relief funds rolling out after January 20th. This PPP campaign offers a valuable example of monitoring who benefits as COVID-19 relief funding flows, and ensuring that BIPOC communities are properly served.[114]

Key next steps for CLTs

- CLTs should call on banks and investment firms throughout California to sign on to California Reinvestment Coalition's "Anti-Displacement Code of Conduct," which calls for no financing of mortgages that will displace existing residents and businesses, and for "reinvest[ment] in gentrifying neighborhoods only through an anti-displacement lens, targeting loans and investments to local residents and businesses so they can remain in their communities, build wealth, and thrive."[115]

- The California Community Land Trust Network, the TCE BHC CLT cohort, and regional CLT coalitions should communicate with the California Reinvestment Committee to determine shared interests and opportunities in bank accountability campaigns and legislation.

- CLTs may choose to either independently or collectively pursue funding from banks for CLT acquisitions, ideally through a community investment program that is controlled directly by the CLTs or by trusted partners.

COMMUNITY INVESTMENT STRATEGIES

Background

Community investing refers to direct investment into lower-income communities facilitated through credit unions and community development banks, loan funds, and microfinance institutions. Community investing institutions often elevate the position and voice of community stakeholders in determining how and to what end the funds are invested. The goals of community investing are invariably to increase the well-being of economically marginalized communities, providing financial services and counseling to communities and neighborhoods that have been long underserved by traditional banks and lenders. In some instances, community members themselves engage in the investment process. Investments can include cash deposits in community banks, purchasing debt from nonprofit loans funds, and equity investments in real estate property. Investments can be held and managed by a community development bank, credit union, community development financial institution (CDFI), community development corporation (CDC), or directly by a community land trust.[116] Community investing helps create a multitude of opportunities for community members to engage in both sustainable household and community wealth-building. At the same time, community investment assists community members in retaining control over community assets with mission-aligned stakeholders, while enhancing intergenerational financial stability and self-determination.

How the resource/strategy does or could serve CLTs

a) Crowd-sourcing: Crowdsourcing or crowdfunding is a fundraising mechanism that can be utilized as a form of real estate investment. Through crowdsourcing, individual prospective investors are directly connected to properties, and community-based entities seeking funds are granted access to capital that they might not have been able to raise alone. Crowdsourcing can be used as a community-based financing model that provides a pool of potential one-time donors and/or long-term investors of a project. Oftentimes, long-term investors, who may also be philanthropically inclined, negotiate the terms of their investment and may offer a more favorable loan than a bank would.

An example is Hasta Muerte Coffee Shop & OakCLT's Mixed-Use Project in Oakland, California.[117] Through a joint partnership, the owners of Hasta Muerte Coffee Shop and OakCLT successfully acquired the mixed-use commercial and residential building that the coffee shop was renting. They launched a crowdfunding campaign, raising $50,000 in one-time donations and then tapped into the pool of individual donors who contributed to their campaign and their networks to seek potential long-term investors. Using this strategy, they were able cover the remaining costs to purchase the property.

b) Community investment fund: A community investment fund (CIF) refers to an initiative that allows individuals and groups to invest in a social purpose corporation which, in turn, invests capital in a variety of ventures or mission-driven projects for a particular social purpose. A CIF can be community owned and managed, receiving unlimited direct contributions by both community members and others who may not live in the geographic service area. In the literal sense, a CIF helps to build a culture of community investment and community control by allowing communities to build wealth through a cycle of investment, growth, profit, and reinvestment. (See call out: Community Investment to Preserve LA's Little Tokyo)

COMMUNITY INVESTMENT TO PRESERVE LA'S LITTLE TOKYO

The Little Tokyo Community Investment Fund was organized by community leaders from Los Angeles's Little Tokyo, which is one of the few remaining historic Japantowns in the country. Located adjacent to Downtown LA's civic center, the neighborhood faces growing uncertainty as gentrification and real estate speculation threaten to displace its long-standing residents and small businesses. In response, community members and advocates in partnership with the Little Tokyo Service Center established the Little Tokyo Community Investment Fund (LTIF) in efforts to preserve long-standing small businesses, cultural institutions, and spiritual centers in Little Tokyo. The LTIF purchases, leases, and manages, directly and indirectly, commercial real estate in and around Little Tokyo.

c) Community Development Initial Public Offering: A community development initial public offering is a multi-stakeholder cooperative structure that creates an opportunity for neighbors and community members to come together to purchase buildings and cooperatively govern a community-owned enterprise. Like a traditional initial public offering (IPO), a CD-IPO refers to the process whereby an entity sells shares of a company to institutional investors or qualifying individual investors whose income or net worth is above a certain threshold. It can be used to raise equity capital for an entity or project while monetizing the investments of shareholders. However, with a CD-IPO, the opportunity to purchase shares is restricted to community residents who might not qualify for a traditional IPO, thereby creating an inclusive and flexible community-owned enterprise with everyday community members as shareholders.

California's premier example of a community development IPO was with Market Creek Plaza in San Diego.[118] The Jacobs Center for Neighborhood Innovation partnered with Diamond Neighborhood residents to conceive, design, plan, and communally own the development of a neighborhood shopping center, Market Creek Plaza. Together, they created the Neighborhood Unity Foundation and pioneered the first CD-IPO in the nation, aimed directly at neighborhood residents whose median income is $35,000. People who live, work, or volunteer in the neighborhood are granted the ability to purchase shares of the company with the Unity Foundation. Over time, the Jacobs Center retired its shares so that Market Creek Plaza could be completely owned by residents and the Unity Foundation, with resident control.

d) Community Development Financial Institutions: A community development financial institution (CDFI) is a private mission-driven lending institution. CDFIs cater to and provide financial assistance to underserved communities. They can include community banks, credit unions, non-profit organizations, venture capital funds, or loan funds. Their financial products and services are focused primarily on serving low-income communities in some capacity through low-interest loans and direct funding to small businesses, microenterprises, non-profit organizations, commercial real estate, and affordable housing development.

Local CDFIs play a critical role as partners to CLTs, often offering a first loan opportunity, or working creatively to structure loan products in partnership with CLTs. National Housing Trust, based in Washington D.C., is a national non-profit CDFI engaged in housing preservation through public policy advocacy, real estate development, and lending for under-served communities, and has assisted in the preservation of 36,000 affordable homes in all 50 states, leveraging more than $1.2 billion in financing. NHT offers specific loan products geared to CLTs. Based on their origin as a merger of a lending institution with Institute for Community Economics, which provided TA and lending to CLTs in the 1980's, NHT continues to demonstrate an understanding and interest in CLTs.[119]

Key next steps for CLTs

- Focus on community investment strategies during Year 2 of the TCE BHC CLT cohort's project, to identify and integrate funding and financing approaches that are both non-extractive and which can be organized to ensure that control is maintained by frontline communities.

- Consider developing partnerships with organized labor and pension funds, as two other significant sources of capital that serve, and are to varying degrees under the control of, working people.

OPPORTUNITY ZONES

Background

The Opportunity Zone program was instituted by the federal government through the Republican-led 2017 Tax Cuts and Jobs Act. Taken at face value, it is an initiative that uses generous tax breaks as an incentive to attract investors into targeted geographic areas in cities across the United States that have been flagged as having the greatest need, otherwise called Opportunity Zones. However, this program primarily serves the interests of private speculative investors, as it provides capital gains tax exemptions that continue to scale up the longer an investment is held in place and a complete tax exemption on any profits made on investments after ten years. As highlighted in a report by Strategic Actions for a Just Economy (SAJE) on Opportunity Zones, this federal program fundamentally operates as a tax shelter for large real estate investors and encourages aggressive alterations to the built environment, creating a landscape of accelerated and uninhibited speculation, demolition, and development in targeted areas.[120] The areas that have been designated as Opportunity Zones are concentrated in neighborhoods that have suffered historically from targeted disinvestment. These areas are overwhelmingly occupied by poor communities and renters, both of which shoulder the greatest risk of gentrification, rising housing prices, and displacement that the program incentivizes. Without any local intervention and regulation, Opportunity Zones will subject some of the most disadvantaged neighborhoods and communities to the greatest harm from speculation and direct displacement.

How the resource/strategy does or could serve CLTs
The discussion about Opportunity Zones is included here because of the risk that they present to the neighborhoods in which California's grassroots CLTs are located. One newer Los Angeles based land trust, Liberty CLT, intends to invert that threat by establishing their own Opportunity Zone investment fund, and controlling the levers of investment themselves.

Key next steps for CLTs

- Support any efforts by allied organizations and elected officials to place constraints on Opportunity Zones, to enhance transparency regarding Opportunity Zone funds, to mitigate their negative impacts or potentially to eliminate them.

- Consider partnership with community-managed Opportunity Zone investment funds, such as one established by Los Angeles County Neighborhood Housing Services (LANHS).

Even as this chapter has focused on how investing in community land control strategies can provide quantifiable impacts, we want to be clear that CLTs provide many co-benefits beyond increasing the supply of affordable housing units. To name a few: CLTs shift control from exploitative real estate investors and absentee owners to the residents and community-based stakeholders in historically marginalized communities. CLTs retain public and private subsidy for the long-term for the benefit of future generations. CLTs enhance community stability and connectivity. CLTs support resident leadership development, and their democratic governance structures enhance the capacity of community members to engage in civic society. Impacting much more than the numbers of affordable housing units, these outcomes are essential to addressing systemic inequities across race, class, gender, and ability.

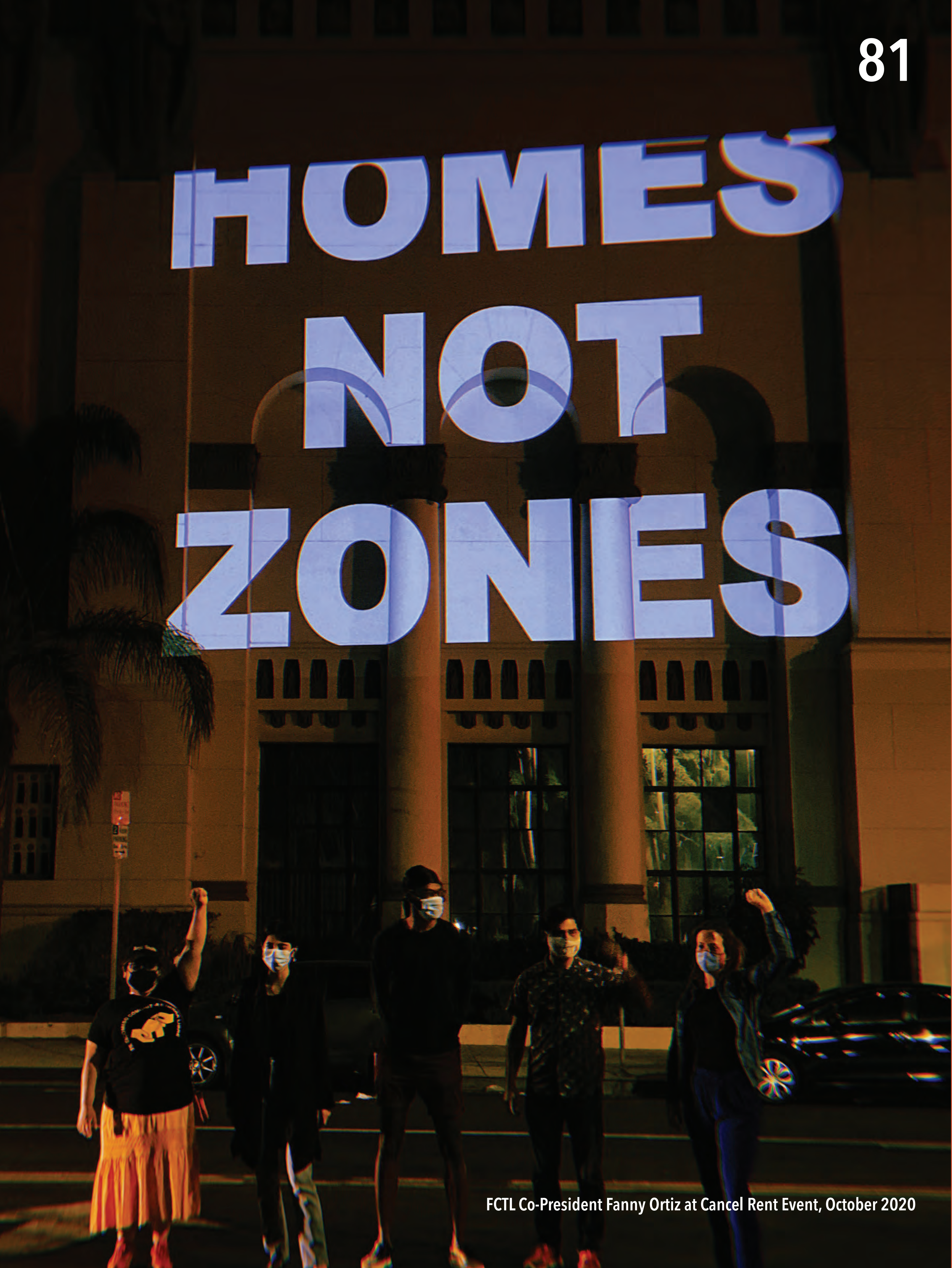
CHAPTER 5

BUILDING CAPACITY TO IMPLEMENT STRATEGIES

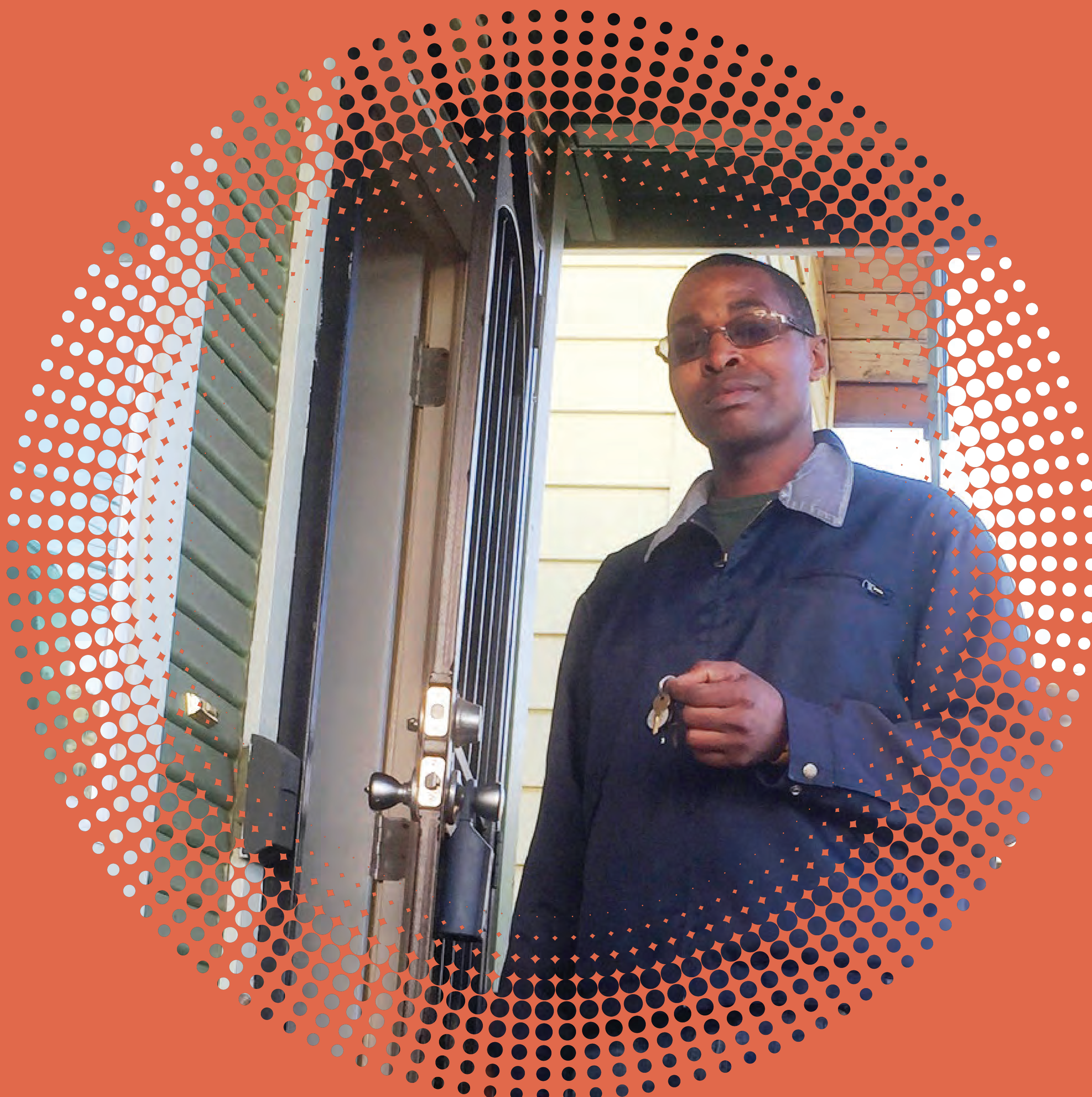
CHAPTER HIGHLIGHTS

To build and maintain capacity, CLTs often seek support from others who can provide distinct skills necessary during various phases in a CLT's formation and development. As outlined in this section, they may be volunteer or paid organizers, members of a grassroots base, board and staff members from other CLTs, consultants, housing technical assistance organizations, municipal agencies, or financial services partners. Capacity-building also includes training and access to shared resources/materials to upgrade the skills and knowledge of staff, board members, leaders, residents and homeowners. Summarized in Chapter V's "Capacity Building Initiatives" table are various efforts that are being developed or are currently available – locally, statewide and nationally – to build the capacity of California's grassroots CLTs. The chapter also highlights the Los Angeles Community Land Trust Coalition, which has formed to build the capacity of LA's five existing grassroots CLTs through joint policy and resource development, collective leveraging of partnerships, and peer consultation.

Primary Audience: CLTs, Philanthropy, Public sector, and other community partners.



FCTL Co-President Fanny Ortiz at Cancel Rent Event, October 2020



Vigorous and ongoing capacity-building is critical to successful implementation of any of the above strategies. There is an array of capacity-building initiatives underway in California and nationally. Some are designed with or by CLTs, and others are enhancing capacity in housing development areas that CA CLTs focus on. Some of these initiatives are listed here:

OakCLT homeowner Dieuveny

CLT CAPACITY BUILDING INITIATIVES			
NAME	**LEAD**	**PROJECTED OUTCOME**	**LINKS / MATERIALS**
CLT Training Program	California Community Land Trust Network	Comprehensive series of trainings to prepare CLT Board, staff, and residents for CLT operations, development, and stewardship (in development)	CA CLT Network Curriculum Outline
Stable Homes CA capacity-building plan	Non-Profit Capacity Working Group of Stable Homes California	Prepare plan and proposal re: staffing requirements, training needs, partnerships, and resources required to implement a statewide Opportunity to Purchase legislation for acquisition/rehabilitation and tenant/community ownership of small and medium (SMMF) multifamily buildings	CLT/CDC capacity needs matrix Recommendations from CA CLT Network Policy Committee re: capacity building for housing preservation ecosystem
Community Ownership training series	SPARCC-National	National philanthropic initiative focused on building strong, prosperous, and resilient communities is developing materials to advance community ownership strategies.	https://www.sparcchub.org/
Los Angeles Acquisition/ Rehabilitation Working Group	Healthy LA	CDCs and CLTs partnering to advocate for resources and design programs to preserve SF and SMMF housing under community and tenant control	http://healthyla.org/
Publications, research, educational materials, and technical assistance – with focus on international CLT movement	Center for Community Land Trust Innovation	Promote and support community land trusts and similar strategies of community-led development on community-owned land in countries throughout the world	https://cltweb.org/
Publications, research, educational materials, technical assistance, policy advocacy, and networking – throughout the United States	Grounded Solutions Network	National network of CLTs and related organizations which seeks to cultivate equitable, inclusive, and opportunity-rich communities by advancing affordable housing solutions that last for generations.	https://groundedsolutions.org/

CLTs often engage others who can provide distinct and necessary skill sets that are relevant to phases in a CLT's formation and development. For example, this can include volunteer or paid organizers, often supplied by movement partners who have helped inspire and are birthing the CLT, who provide education to community members and other stakeholders, and can potentially begin building relationships with local government. Organizers, during this start up period, often guide or play a critical role in a community visioning process. They can recruit a founding board, guide decision-making about how the CLT will be governed, start to build a grassroots membership base, and provide training to the Board, members, and community partners about what a CLT is and how it functions. One of the goals of such a training is to prepare the nascent CLT and its partners to advocate for the funding and policies that will enable the CLT's growth. In addition to this early organizing work, the CLT will require legal services: for incorporation, filing for tax exempt status, and establishing contractual agreements with development partners.

During both the start-up and later phases, the CLT may also seek out the expertise of peer CLTs and/or consultants to be advised on governance structures, membership training, policy opportunities, strategic planning, real estate development and land stewardship models, feasibility analyses, and business planning. Local jurisdictions, or the State, could provide resources for this type of organizational capacity building. As an example, California's 2019 Budget Act includes a one-time $20 million General Fund budget allocation to fund legal services including pre-eviction and eviction legal services, counseling, and renter education;121 such an allocation should be explored in conjunction with implementation of any First Look or Opportunity to Purchase policies to ensure that CLTs have access to legal resources for real estate transactions as well as operational needs.

There is already tremendous capacity in grassroots communities, and the ultimate goal of all capacity-building efforts should be to build upon and strengthen existing capacities. Each grassroots led CLT needs to build capacity for engaging with financial systems that have historically disenfranchised and extracted wealth from communities of color, working classes, and poor people. CLTs need to assemble resources so that the organizational staff, board members, leaders, and members have time to learn and to share those learnings. Whenever possible, this time must be compensated to try to level the playing field for community leaders doing essential work; too often consultants and public and private sector workers get paid to learn on the job doing community oriented work while the commitment of residents goes uncompensated.

Additionally, the 30+ CLTs across California, and the 200+ CLTs across the United States can provide a wealth of peer-to-peer instruction and advice, such as what is occurring in New York City, Boston, and most recently Los Angeles with the growth of vibrant regional networks. Established CLTs can incubate start up organizations, as is happening currently with California's oldest CLT - Northern California Land Trust - incubating the start-up of a new CTL initiative in the Bay Area community of Vallejo.[122] In either scenario, it is critical that these efforts be sufficiently resourced to make it viable and not strain the consultant organization.

LOS ANGELES COMMUNITY LAND TRUST COALITION

The five established CLTs in Los Angeles County – Beverly Vermont Community Land Trust, El Sereno Community Land Trust, Fideicomiso Comunitario Tierra Libre, Liberty Community Land Trust, and T.R.U.S.T. South LA – began to formally convene in late 2019 to advance effort to pass Tenant Opportunity to Purchase policies. The five CLTs collectively operate in Central, East and South LA, and although CLT has a distinct origin story, geographic reach, growth trajectory, and land acquisition opportunities, they all serve poor and working-class Black, indigenous and immigrant communities of color, and share a commitment to racial and economic justice. The partnership matured quickly inside the economic pressure-cooker of COVID-19, and the Coalition has achieved multiple policy wins and strategic alliances in its first year:

- Two demonstration programs approved and $15M allocated by LA County Board of Supervisors: preservation of unsubsidized 4-20 unit multifamily apartments through CLT/tenant ownership, and transfer of tax-foreclosed properties to CLTs.
- Three Los Angeles City Council motions referencing CLTs.
- Strategic partnerships with affordable housing developers, CDFIs, housing TA providers, and the local COVID relief campaign, Healthy LA.
- Over $1M of philanthropic support to hire staff for each CLT, to fund joint Coalition campaign and technical consultation, and to initiate land acquisitions.
- Convening of grassroots CLT Members for joint education and activation.

The Coalition is currently convening to consider potential shared functions, such as asset or property management, policy campaigns, and sustainability or business planning. The established CLTs have also brought together other organizing groups from across LA County that are considering establishing CLTs, to design the concrete steps and infrastructure necessary to grow the regional CLT movement.

BHC CLT COHORT IN YEAR 2: BUILDING FINANCIAL READINESS AND IMPLEMENTING CAPITAL STRATEGIES

Over the coming year the Building Healthy Communities CLT cohort will build on peer-based learnings to advance the actionable capital strategies that were identified through 2019-2020 TCE-supported activities of the cohort. In order to increase the impact of CLTs through increased public and private investment and through other pathways identified during the previous year's collaborative work, the CLTs will work with mission-driven CDFI partners Community Vision and Genesis LA to define the cohort's capacity-building needs and create a training and coaching plan. Through this tailored capacity-building program, the BHC CLT cohort and their partners will participate in creating a capital strategies ecosystem that supports CLTs as a potent resident-centered, health-promoting anti-displacement development strategy at scale. Activities will include:

- Work with CDFI partners to define capacity-building needs and craft tailored trainings to advance capital strategies.
- Grassroots BHC CLT staff and leaders will increase capacity through trainings and group coaching sessions to enhance their readiness to access statewide and/or local funding and financing to pursue emergent post-COVID-19 acquisition opportunities.
- Through the partnership with Community Vision and Genesis LA, BHC CLTs partners will develop plans to operationalize capital strategies identified above, participating in a coordinated capital strategies ecosystem with CDFIs, CDCs and other key partners.

Former T.R.U.S.T. South LA Board Vice President Georgina Serrano hosting T.R.U.S.T.'s 2011 re-naming celebration

CHAPTER 6

POLICIES TO ENABLE STRATEGIES

CHAPTER HIGHLIGHTS

CLTs must prioritize advocacy to secure enabling public policies at the local, regional, and state level. This involves building strategic alliances at various levels of the political process and participating in the policy-making process, in order to ensure that outcomes are tailored to CLT-specific needs. Chapter 6's "Enabling Policies" table summarizes key enabling policies for CLTs, clarifying if they are enacted or implemented at the state or local level, and the anticipated outcome. Policies cover prioritization of funding, public land disposition, land use regulations and concessions, preservation of subsidized and unsubsidized affordable housing and mobile home parks, opportunity to purchase requirements related to market and lender-owned banks, and sale of debt of distressed assets. Massachusetts' Community Development Tax Credit is called out as a statewide policy that could potentially generate operating and predevelopment resources for California's CLTs.

Primary Audience: CLTs and public sector partners.

Mural at OakCLT's Liberated 23rd Avenue Project

T.R.U.S.T. South LA Community Clean Up, 2020

In order to implement the recommended capital strategies, California CLTs must prioritize advocacy to secure key enabling public policies. Some policies and programs are necessary at the local or regional level to create the necessary conditions and resources to launch the CLT. Other policies essential to scaling CLTs may be statewide and will require coordination with other CLTs and strategic allies. Whether local or regional, the policies generally aim to: 1) to enhance feasibility of the CLT's real estate development and land stewardship model; 2) to provide for the medium- and long-term sustainability of CLTs, and; 3) to serve the CLT's members and community.

Local jurisdictions and the state legislature both have a variety of powers and resources that can potentially be used to support a CLT. Further, existing programs, whether with statewide reach, or targeting local communities, can be adapted to better serve CLTs. Advocacy can be led by CLT leaders, Board, and staff, or can be advanced by local and statewide partners.

Enabling policies are summarized below.[123]

ENABLING POLICIES			
NAME	**JURISDICTION**	**POLICY DETAILS**	**KEY OUTCOMES**
Prioritize permanent affordability in directing existing affordable housing funding	State and Local	Both state and local jurisdictions can adopt policies that prioritize and/or incentivize permanent affordability when financing the acquisition/rehab or construction of owner-occupied, renter-occupied, or tenant-owned affordable homes, by establishing threshold criteria or scoring priorities to direct resources toward projects with permanent affordability.	Resources for construction/ preservation of affordable housing
Convey acquired, surplus, abandoned, and tax-foreclosed properties to a CLT	State and Local	Both state and local jurisdictions can transfer surplus or other publicly-owned properties to CLTs or sell them to CLTs at a minimum cost, establishing selection criteria that favors CLTs, and/or the establishment of permanent affordability, while maintaining compliance with California's Surplus Land Act, which directs all public agencies with land and properties to provide them first to qualified non-profit entities. The state could also pursue legislation that would allow for municipalities to take possession of abandoned properties, which could subsequently transfer them to CLTs. California Counties can facilitate the disposition of tax defaulted properties to CLTs through existing, yet underutilized, provisions in the State Revenue and Taxation Code; this process requires enhanced coordination between city, county, and state agencies.	Donated or low-cost land
Land bank for disposition to CLTs	State and local	With the support of enabling state legislation, local jurisdictions could establish land banks, either by individual municipalities or via a joint-powers authority, with directives to prioritize permanent affordability and disposition of properties to CLTs. The land bank could drive down costs of affordable housing development through investment in land assembly, environmental remediation, and entitlement.	Bank land for future CLT development and/or stewardship
Enact inclusionary zoning, award density bonuses, and grant regulatory concessions to steer units into a CLT's portfolio and to cover a portion of the CLT's cost of stewardship	Local	Whenever for-profit developers are required to set aside a percentage of the units in a newly constructed or newly rehabilitated residential project and to offer for-sale units at a below-market price, the municipality establishing the density bonus or inclusionary programs could require those units to be placed into a CLT for stewardship in perpetuity, or alternatively could contract with a CLT to monitor those units. Similarly, the jurisdiction could assign responsibility for monitoring and enforcing the eligibility, occupancy, and affordability restrictions on these owner-occupied homes to a CLT. Under such an arrangement, the county can either: (1) Give a CLT the first right to purchase these affordably priced units at a below-market price, contingent upon a CLT agreeing to impose and to enforce the county's restrictions on eligibility, occupancy, and affordability; or (2) Contract with a CLT to monitor and to enforce affordability covenants that have been imposed by the county on units that have been retained by developers or that have been sold directly to income-eligible households.	Capture value of land use approvals for community ownership and permanent affordability

ENABLING POLICIES			
NAME	**JURISDICTION**	**POLICY DETAILS**	**KEY OUTCOMES**
Incorporate CLT Strategy in City or County General Plan	Local	In order to eliminate regulatory hurdles to desired development strategies (including alternatives such as tiny homes, Accessory Dwelling Units (ADUs) and Junior Dwelling Units (JDUs), General Plans and, as necessary, community land use plans should be updated or amended.	Local land use plans that accommodate or favor strategies being advance by CLTs
Provide funding for acquisition and rehabilitation of unsubsidized affordable housing and at-risk deed-restricted multifamily properties	State and Local	Both state and local jurisdictions can dedicate resources – directly or by capitalizing a fund – to subsidize acquisition/rehabilitation of unsubsidized affordable housing and subsidized housing with expiring affordability covenants. Whether providing funding directly or through a partnership with a mission-aligned lender, funding and financing must be structured to allow CLTs to act quickly and be competitive in market-based environments. Direct allocation could be modeled after the city of Oakland's Permanent Affordability Program (see above) annual funding set-aside for the preservation of existing, occupied housing to create permanently affordable, resident-controlled housing through CLTs and Limited Equity Housing Cooperatives.	Resources for preservation of affordable housing
Place subsidized Affordable Housing with affordability covenants that are expiring in CLTs	State, with Local implement- tation	In 2017, California enacted Assembly Bill 1521, which strengthens the State's Preservation Notice Law by requiring: (1) that rental housing with expiring affordability restrictions be offered for sale first to an entity that would preserve the units as affordable, (2) the state to monitor compliance with the law's provisions, (3) additional notice to tenants and local governments in advance of expiration, and (4) providing affected tenants and local governments with the right to enforce the entirety of the law. The state or any municipality can play an active role in identifying expiring-use properties, and facilitating CLT acquisition of those properties by aggressively implementing AB 1521.	Preserve affordability in perpetuity of properties that have been subsidized, but are at risk of losing affordable rents

ENABLING POLICIES			
NAME	**JURISDICTION**	**POLICY DETAILS**	**KEY OUTCOMES**
Establish Opportunity to Purchase/Right of First Offer when housing is slated for sale, conversion, or demolition, allowing a CLT to exercise that right on the occupants' behalf	State and Local	A Right to Purchase/Right of First Offer policy can be enacted at either the state or municipal level, positioning tenants, community land trusts (CLTs), mission-aligned housing organizations, and other qualified buyers committed to permanent affordability to purchase residential properties at fair market value before they become available for speculators to acquire. Tenant opportunity to purchase is the ultimate solution to addressing the destabilizing impacts of a speculative market, positioning tenants in private property transfers of multifamily properties, and can fit seamlessly with a CLT to ensure permanent affordability, retention of public investment, and providing training, technical assistance, and other long-term support for tenants or tenant-owners. In 2020, AB 1703 (Bloom) would have established a statewide Right of First Offer for tenants, CLTs and other housing organizations. The Stable Homes California coalition, which includes Housing California, Public Advocates and California Community Land Trust Network, intends to reconvene to sponsor a new version of this legislation in early 2021.[124] Various Bay Area cities have passed or are considering Right to Purchase or First Right of Refusal/Right of Last Offer ordinances.	Advantage CLTs and tenants over speculators and investors in private market transactions
Protect mobile home owners through community land stewardship	State and Local	Across the State, mobile homes provide housing to many economically vulnerable families. However, mobile home owners rarely own the land under their homes, leaving them particularly susceptible to speculative increases in ground rent. The separation of ownership of housing from the land on which that housing sits makes a mobile home park highly compatible with CLT stewardship, and there are numerous such examples around the United States. California State Law establishes an obligation for mobile home park owners to notify mobile home owners of the intention to sell a park if those owners have previously provided notice of their interest to that park owner.	Create stability and wealth-building opportunity for lower-income mobile home owners

ENABLING POLICIES			
NAME	**JURISDICTION**	**POLICY DETAILS**	**KEY OUTCOMES**
Create "First Look" programs on Real Estate Owned properties for tenants and CLTs	State	In accordance with newly-enacted Senate Bill 1079, require state-chartered banks and other lending institutions to participate in a first-look program, to provide a comparable opportunity for tenants, community land trusts (CLTs), mission-aligned housing organizations, and other qualified buyers committed to long-term affordable housing covenants to purchase Real Estate Owned properties before they are offered to other buyers, and to provide homeowners facing a mortgage default to assign right of purchase to a community land trust or other qualified buyer who commits to permanent affordability.	Advantage CLTs and tenants over speculators and investors in sale of foreclosed properties
Record and tax mezzanine debt on distressed assets	State	The above referenced Senate Bill 1079 prohibits bulk purchasing of foreclosed properties but does not place restrictions on the sales of notes held on distressed assets. State legislation could track and potentially dampen these activities - and simultaneously generate revenue that could be redeployed for CLT and tenant acquisitions - by placing a fee on mezzanine debt (which is a loan other than the primary loan) on those distressed notes. At this time, such transactions are not recorded, and do not generate any transactional fees.	Dampen sales of distressed assets and potentially generate revenue for CLT acquisitions

ENABLING POLICIES			
NAME	**JURISDICTION**	**POLICY DETAILS**	**KEY OUTCOMES**
Ensure the equitable taxation of CLT land and tenant-controlled housing	State and County	The California Community Land Trust Network has been active in addressing the issue of taxation of CLT land and homes, having successfully advocated for the passage of CLT property tax legislation AB 2818 (Chiu) in 2016, which requires county assessors to consider the impact of affordability restrictions imposed by a 99-year ground lease between a CLT and an owner-occupied single-family dwelling when assessing the value of that property. AB 2818 should have clarified for assessors that the restricted purchase price of a CLT home is the total value for property tax purposes (inclusive of both land and improvements). Furthermore, the bill is limited because (1) it only addresses single-family homes, not other forms of homeownership such as limited equity housing cooperatives, and (2) the Board of Equalization did not issue clear guidelines for implementation to County Assessors after the bill was passed, resulting in uneven treatment of owner-occupied properties on CLT land throughout the state. In 2019, the Network was able to apply additional fixes to AB 2818 through SB 196 (Beall), which establishes a property tax welfare exemption for CLT-owned properties and for limited equity housing cooperatives that are working with CLTs, even if they do not currently have affordable housing on them, but intend to have that housing within the five years. Additional clean up language was signed by Governor Newsom in September 2020. However, there are outstanding questions not addressed for resale-restricted cooperative housing, and the Policy Committee of the California Community Land Trust Network continues to research and consider solutions to this matter.	Ensure fair and equitable tax assessment in recognition of social benefit created through permanent affordability mechanisms
Create tax credit program to support CLT operations	State, with Local implement- tation	Building on Massachusetts' example, a community investment tax credit can be established through state legislation designed to support community development, leverage private contributions, and build strong local partnerships. CDCs accomplish this through adoption of community investment plans to undertake community development programs, policies, and activities. Donors invest in an organization's Community Investment Plan, i.e. a CDC business plan, providing flexible working capital that can be used to seed new programs, fill funding gaps, and leverage other resources. If the donor does not have sufficient tax liability, the credit is refundable, whereby the Commonwealth will issue a check for the balance of the credit to the donor. The minimum donation each year is $1,000. (See call out: Massachusetts Community Investment Tax Credit: Generating Operating and Pre Development Resources	Create revenue stream for CLT operations and predevelop- ment activities, activating individual donors

ENABLING POLICIES			
NAME	**JURISDICTION**	**POLICY DETAILS**	**KEY OUTCOMES**
Provide legal, organizing, and technical assistance to CLTs	State and Local	As detailed in the preceding section, CLT requires a range of capacity-building strategies. These can be resourced through a State-funded program, and/or at the municipal level.	Leverage public and private investment through increase capacity

MASSACHUSETTS COMMUNITY INVESTMENT TAX CREDIT: GENERATING OPERATING AND PRE DEVELOPMENT RESOURCES

Massachusetts has developed an impactful funding source to support operations and pre-development activities of CDCs and qualified CLTs: the Community Investment Tax Credit (CITC). The CITC is designed to support high-impact, community-led economic development initiatives through a strategic, market-based approach that leverages private contributions and builds strong local partnerships. Important to CLTs, the CITC enables local residents and stakeholders to work with and through community development corporations (CDCs) to partner with non-profit, public, and private entities to improve economic opportunities for low and moderate income households and other residents in urban, rural, and suburban communities across the Commonwealth. The Department of Housing and Community Development (DHCD) is the administering agency for CITC and is responsible for managing the process by which the credits are allocated to eligible CDCs. Signed into law in 2012, it will be available through 2025.

Dudley Neighbors Inc., the CLT associated with Dudley Street Neighborhood Initiative in Boston, Massachusetts, was awarded $150,000 in tax credits for 2019 and was then able to solicit donors who would receive a 50% tax credit against the donor's tax liability with Commonwealth of Massachusetts, which is applied at the time that taxes are filed, reducing the tax bill by half of the donation amount. Additionally, the donor may receive up to 35% of the federal tax deduction for the balance of 50% of the donation, reducing the net cost of the contribution by up to 67%. If the donor does not owe taxes, the Commonwealth will issue a check for the balance of the credit.

CHAPTER 7

RECOMMENDATIONS TO OUR PHILANTHROPIC AND PUBLIC SECTOR PARTNERS REGARDING HOW TO SUPPORT GRASSROOTS CLTS IN BHC SITES AND THROUGHOUT CALIFORNIA

CHAPTER HIGHLIGHTS

In this short closing chapter, we present eight overarching conclusions regarding opportunities that philanthropy, the public sector and other community partners have to support grassroots CLT to scale their work and increase their impact.

Primary Audience: Philanthropy, public sector, and other community partners.

OakCLT homeowner Elizabeth and her four siblings

T.R.U.S.T. South LA's Members' Day of Service Community Cleanup with Board Member Araceli Alvarado, February 2020

Recommendations are made throughout this report, including advice related to financial analysis and case studies (Chapters IV); proposed 'next steps' to advance capital strategies (Chapter V); capacity-building approaches that can be modeled and resourced (Chapter VI); and an array of policies that would enable CLTs to expand (Chapter VII). Rather than reiterating previous recommendations, the following are overarching conclusions regarding opportunities for California's movement-driven CLTs:

1. MEASURE THE SCALE AND IMPACT OF CLTS HOLISTICALLY
CLT "scale" is about more than numbers. Grassroots CLTs are part of a racial and economic justice movement, and should be understood as one tool that can be used to address the toxic dynamic between the speculative market and its extraction of wealth from indigenous land, Black and brown bodies, immigrant workers, and from poor and working-class neighborhoods. Instead of measuring success strictly through housing production numbers, we should measure scale and impact holistically.

2. UNDERSTAND AND VALUE THE VERSATILITY OF CLTS
CLTs have taken root at the confluence of housing unaffordability, economic inequality, and health inequities. For this reason, CLTs have been instrumental not only in creating affordable housing, but they also increase food access, create parks and recreational space, address climate resiliency, foster local small business, and support job creation and training—always with community members at the helm. Although the funding and finan cing challenges vary depending on the use, a fully-developed statewide community ownership strategy must include commercial and other community-serving uses as well as housing.

3. BOLSTER HOUSING PRESERVATION STRATEGIES
Tenant opportunity to purchase strategies and CLTs have surpassed the traditional affordable housing development model by focusing on increasing community stewardship of existing unsubsidized housing. Millions of dollars in public and private investments have been expended to build new multi-family projects only to place low-income residents of color at risk of displacement at the end of their affordability covenants. Today, CLTs are working with tenants to purchase existing buildings, providing the necessary rehabilitation and support for tenant-owners, with the condition that their homes become affordable in perpetuity per the CLT's deed restrictions.

4. CREATE CLT-SPECIFIC AVENUES FOR PUBLIC AND PRIVATE RESOURCES TO MAXIMIZE CLT BENEFITS
Scaling the CLT model requires that we provide resident-driven entities access to public and private resources that have historically been prioritized for corporate developers and wealthy investors.

5. RETAIN AND PROTECT SUBSIDY FOR INTERGENERATIONAL PUBLIC BENEFIT
CLTs are unique in real estate development as a tool that will retain public and private investment in perpetuity, to benefit not only current but all future generations. This is smart public policy that makes for wise mission-driven investment.

6. WORK WITH CLTS AND OTHER COMMUNITY-BASED STAKEHOLDERS TO CREATE LOW-COST FINANCING
CDFIs and financial intermediaries often charge above-market interest rates to ensure their own sustainability. However, extraction of wealth and assets from low-income people and communities of color should not be perpetuated through mission-driven lending that overcharges on the very projects that seek to counter historic exploitation. Instead, we urge lenders to partner with CLTs to craft equitable financial tools, to structure interest write-downs and other viable lower-cost approaches.

7. PRESERVE AND PROTECT PUBLIC LAND USING CLTS
For too long, public land has been sold or transferred to the private market with little to no consideration of community benefits or even the slightest consideration of long-term loss. CLTs are the perfect alternative, ensuring community stewardship and benefit for future generations.

8. INVEST IN CLT OPERATIONS, SUSTAINABILITY, AND RESIDENT LEADERSHIP
Funding land acquisition and preservation through the existing infrastructure of affordable housing finance will require much needed innovation. This innovation should be supported through long term operating grant commitments and ongoing capital flows that support CLT operations, staff, and technical support necessary for success, and lead to sustainability. Resources must be designated to support and train residents and resident-owners at all stages of development and operations.

APPENDIX

APPENDIX A:
CLT Project Case Studies and Finance Training (English/Spanish)

A.1: Overview of CLT Finance Training

A.2: Presentations

i. Session #1: Background on Financing Affordable Housing
ii. Session #2: Single Family Acquisition with Lease to Own: Wentworth & 87th
iii. Session #3: Small Multifamily Acquisition/Rehab: Community Mosaic 42nd
iv. Session #4: Mixed Use: Commercial and Residential: Liberated 23rd Avenue
v. Session #5: Transitional Housing Master Lease: Harvest House
vi. Session #6: Urban Farm: Walnut and Daisy Micro Farm

A.3: CLT Project Case Studies

A.4: Proformas

APPENDIX B:
Community Land Trust Development Glossary (English/Spanish)

APPENDIX C:
Donating Property to a CLT: Example Promotional Material from Sacramento Community Land Trust

Facade of OakCLT's 2701-3 Fruitvale Avenue Project

END NOTES

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99 California Housing Finance Agency. (2020). *National Mortgage Settlement.*

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101 Interview with Aaron Mirapol, Executive Director, Urban Land Conservancy, September 14, 2020 (Sandra McNeill); and internal promotional materials made available to interviewer.

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