

Community Land Trust

Description

A community land trust (CLT) is a nonprofit corporation, established to hold title to land in perpetuity so that a selected community will never lose access to that land for family homes (and, in some cases, for income opportunities by working the land). The CLT is governed by a board elected from the community served, and like any corporation it will have both a charter that describes its aims and powers and a set of by-laws that set out its governance procedures. The land itself is usually received as a gift or bought at below-market prices from sellers who share the CLT's values.

The term "trust" emphasizes the responsibilities of stewardship for the community and its marginalized citizens. Central to the vision of the CLT is that it can better adjust the legitimate but often competing claims of individuals and of their community as a whole, in arrangements that do not depend upon market forces.

The CLT provides lifetime leases to selected residents for purposes of homes or agricultural and other acceptable working uses, thus assuring the residents of a security they would otherwise be unable to gain and the community of a stability that it could not otherwise maintain. The lease fees are typically based upon the use value of the land and will represent a fair return to the community as a whole from those who have been permitted to make use of the land for individual purposes.

The lease can usually be passed on to heirs, and any improvements made by the lease-holder may be sold to recover costs (with adjustments for inflation, depreciation, etc.), under arrangements regulated by the CLT. Usually the CLT has first option in any sale. The regulations are to assure that no seller will get any unearned profits, and targeted potential buyers will not be priced out of the market. In short, all appreciation accrues to the trust itself. Such appreciation can be used to reduce the fees for those residents who, under the policies of the CLT, may need subsidies.

Note that the CLT is not organized so much for common ownership as for ownership on behalf of the common good. It is a specialized instrument to deal with the fundamental issues of allocation, continuity, and exchange of land-holdings and the associated rewards - for all of which low-income people are unequipped.

CLTs are found in both rural and urban districts. In the latter, housing for low-income residents will be the chief concern with protection from gentrification, but recreational and other common facilities may also be involved. In both urban and rural settings, the

processes of speculation, gentrification, and over-development are countered by a CLT. However, the CLT must be distinguished from so-called conservancy trusts, by which lands are held primarily to avoid environmental degradation or development.

The CLT has a history in North America of less than 40 years, arising as part of a movement to redress the rights of low-income people who typically lose the homes they have rented or even owned, usually for reasons of outside market forces, but sometimes because of economic and racial discrimination. Thus the first CLT was an effort to protect the rights of black tenant farmers in southern U.S.

Every CLT comes into being by a different route. Rarely does it start de novo: Usually a community has gone through some other process of organizing and perhaps protest on other issues and then becomes concerned with stability and the problem of homeownership. So there is a social base upon which the CLT is built. Thus a CEDO might turn its attention to the issues of land tenure long after it has started dealing with other economic development issues. This was the history of a CLT organized by the West Bank CDC in Minneapolis to hold title to land which it hoped to develop on behalf of the community.

Benefits

The usual patterns of land tenure, appreciation, and transfer frequently deprive the community of the economic value of the land, passing it instead to outsiders or to a privileged few residents. The CLT maintains the economic value within the community. However, the most direct and visible benefit of the CLT is the opportunity for secure homeownership for people who rarely have that chance. And any community wins if it has a stable and committed citizenry.

Because the CLT is likely to be one of the significant landholders in the area, it can use its influence to promote good policies beyond its own boundaries. The CLT thus is a good citizen for its region.

Major challenges

As with all community groups, the CLT must maintain a businesslike approach to its income/outgo processes. Large mortgage payments can threaten the CLT's land tenure, and in fact were disastrous for the first CLT in North America, which today is but a small version of what it once was. Any development process carried out on the land has its own potential financial pitfalls, such as unanticipated costs in water and waste systems. In short, the major capital investment represented in a CLT brings with it extremely onerous and unrelenting demands for effective and efficient financial controls.

Some practical steps

1. All CLTs start with a coalition of credible leaders who articulate the issues underlying threats to stability and homeownership. They will reach out to allies and mobilize the community to deal with land tenure problems.
2. Careful research will underlie any attempt to begin to control the targeted land. What parcels are involved? Who owns them today? What are the facts about the owners and their use of the land? Are there any owners who would be sympathetic to the idea of a CLT? What is the assessment and tax situation? All these and many more questions will need to be answered in order to plan on land acquisition.
3. The CLT must be established legally so that it can take action and, after all, hold title to property. The legal format must also solidify and promote community control of the CLT.
4. Ideally the CLT will have established a financial plan (including income estimates and funding sources, attorneys' costs, etc.) before beginning a land acquisition process. But sometimes circumstances may urge proceeding without such care! For example, a gift or a very low-cost purchase opportunity may arise. However, the CLT must beware of getting property that it cannot support.
5. Before going too far down the line of acquisition the CLT must have established policies for leases and selection of residents.
6. The process of land acquisition will differ in an infinite number of ways in different communities, and this will be the impetus to creativity and careful fact-finding and analysis. The techniques will vary: outright purchase, tax sales, installment buying, donations, lease with option to buy, and so on.
7. When specific parcels are contemplated or finally acquired, there must be a plan for the use of the land, a development plan that lays out not only what will be done with the particular parcels but also how they can be financially managed for sustainability. If houses are already on the property, are they habitable or what sorts of reconstruction will be required and how will that be financed?

Resource organizations & contacts

- The Institute for Community Economics, 57 School Street, Springfield, MA 01105 (tel. 413-946-8660). The Institute has grown out of a long history of work in this field and is the prime source of sophisticated technical assistance.
- Zedingle Ghebremusse, a municipal social worker, has specialized in CLT issues: City of Edmonton Community Services, 10320 - 102 Avenue, Edmonton, AB T5J 2R7 (tel.: 780-495-5869; fax: 780-496-2995; e-mail: Zedingle_Ghebremusse@gov.edmonton.ab.ca).
- Ecotrust Canada, 1226 Hamilton St, Suite 202, Vancouver, BC V6B 2S8 (tel. 604-682-4141).

Publications

- *The Community Land Trust Handbook* (Institute for Community Economics, 1982).
This is the standard reference and includes a variety of detailed case studies, as well as the basic how-to's.
- *Case Studies: "CLTs, Self-Determination and Power," "Land Trust Basics," and "Affordable Housing and the Community Land Trust." Using land trusts to acquire power in order to provide for community stewardship of the natural and social environments.