



City of Arts & Innovation

Housing and Homelessness Committee Memorandum

**TO: HOUSING AND HOMELESSNESS
COMMITTEE MEMBERS**

DATE: APRIL 26, 2021

FROM: OFFICE OF HOMELESS SOLUTIONS

WARDS: ALL

**SUBJECT: AFFORDABLE HOUSING COMMUNITY LAND TRUSTS PANEL
DISCUSSION**

ISSUE:

Conduct an Affordable Housing Community Land Trust panel discussion.

RECOMMENDATIONS:

That the Housing and Homelessness Committee conduct an Affordable Housing Community Land Trust panel discussion.

BACKGROUND:

The City Council has identified affordable housing as a City priority. The City Council has cited a desire to help facilitate the development of new multi-family rental development affordable to extremely low, very low, and low-income households, which requires numerous tools. The City is currently exploring housing trust funds and inclusionary zoning policies as potential housing development tools.

DISCUSSION:

An affordable housing resource tool for consideration by the Housing and Homelessness Committee is a Community Land Trust (CLT), which is a form of permanently affordable housing in which a community-controlled organization retains ownership of the land and sells or rents the housing on that land to lower-income households. In exchange for purchasing homes at below-market prices, the owners agree to resale price restrictions that keep homes permanently affordable to subsequent households with similar income levels. Sellers are often still able to build some equity through profit-sharing arrangements. A CLT provides stewardship for housing on its land, such as preparing homebuyers for purchase, supporting owners through financial challenges, shepherding resales, and managing rental units.

CLTs are nonprofit organizations that hold land in perpetuity for the benefit of the users of the land. In the case of affordable housing, CLTs own the land and in some cases, the buildings, so that residents can buy or rent their dwellings at below market prices.

CLTs can be useful for acquiring vacant or developed land to develop or preserve housing at different affordability levels. Most CLTs, especially in California, are small and are limited in experience of the process. Therefore, CLT frequently work with experienced developers and property managers.

Cities can assist CLTs in acquiring and preserving housing through local land use regulations such as inclusionary zoning, density bonuses and other mandates or concessions. As a CLT builds its portfolio, cities can continue to provide support for its operations through capacity grants. Cities may also assist CLTs with a revision of tax assessment practices to ensure the fair treatment of resale-restricted homes built on their lands.

CLTs play a critical role in building community wealth by:

- Providing low and moderate-income individuals who are usually priced out of the market with an opportunity to build equity through homeownership. This ensures that these residents are not displaced due to land speculation and gentrification.
- Protecting owners from market downturns because individuals are overextended; as a result, foreclosure rates for land trusts have been as high as 90 percent less than conventional home mortgages.
- Placing decision-making and community control of local assets with residents that make up one-third of a land trust's board. Additionally, with the development of affordable housing, many land trusts are involved in a range of community-focused initiatives including homeownership education programs, commercial development projects, and community greening efforts.

An image of how a CLT operates can be seen in the Attachment.

Throughout the country, there are many examples that demonstrate that when residents took a leadership role in their CLTs, they also became leaders in their local community. Engagement on CLT boards, committees, and sponsored activities can translate into residents spearheading positive change within their communities.

The Grounded Solutions Network estimates that there are over 225 CLTs in the United States. City staff has assembled a discussion panel with existing CLTs to discuss how existing CLTs in California were established, how they have facilitated the development of affordable housing through land trusts, lessons learned, and successes.

FISCAL IMPACT:

There is no fiscal impact related to this staff report.

Prepared by: Michelle Davis, Housing Authority Manager

Certified as to

availability of funds: Edward Enriquez, Chief Finance Officer/City Treasurer

Approved by: Moises Lopez, Deputy City Manager

Approved as to form: Kristi J. Smith, Interim City Attorney

Attachment: Community Land Trust Infographic