



Goal: Secure Land for Local, Achievable Housing
Models to Consider: Community Land Trusts and Land Banks
12.5.17

	Community Land Trusts (CLT)	Land Banks
WHAT	<p>Community land trusts are nonprofit, community-based organizations designed to ensure community stewardship of land. Community land trusts can be used for many types of development (including commercial and retail), but are primarily used to ensure long-term housing affordability.</p>	<p>Land banks are usually governmental or quasi-governmental entities, but could be nonprofit corporations, that are focused on the conversion of vacant, abandoned, and tax delinquent properties into productive use. In addition to tax foreclosed parcels, land banks can acquire Real Estate Owned (REO) properties and receive private donations and public land transfers.</p>
HOW	<ul style="list-style-type: none"> ○ The trust acquires land and maintains ownership of it permanently. ○ Land Trusts either develop the land themselves or lease it to developers. ○ Land Trusts lease the land to homeowners for a nominal fee through a 99-year ground lease instead of a traditional sale ○ Ground Lease and Deed are recorded, enforceable, legally-binding 	<ul style="list-style-type: none"> ○ Land Banks were created to strategically acquire problem properties, using their special powers (see Benefits Section) and convert these liabilities into assets. ○ They may demolish obsolete structures; remediate soil; give side lots to neighboring owners, donate land to nonprofits, or assemble properties for larger developers. ○ Land Banks then transfer the properties back



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HOW (continued)	<ul style="list-style-type: none"> ○ Homeowners own home and all improvements ○ When the homeowner sells, the family earns only a portion of the increased property value. The remainder is kept by the trust, preserving the affordability for future low- to moderate-income families. ○ Includes: affordable rental housing, commercial spaces, gardens, and community facilities. 	<p>to responsible ownership and productive use in accordance with local land use goals and priorities, creating a more efficient and effective system to eliminate blight.</p>
Do they stay involved?	<p>Yes, a CLT holds land in “trust” and uses its ownership to keep an eye on how it is used, its condition, and its affordability.</p>	<p>No, a land bank typically does not maintain any long-term interest in or restrictions on land it sells.</p>
Benefits	<ul style="list-style-type: none"> ○ Increased access to home ownership. ○ Banks land for affordable housing, taking it off of market. ○ Creates affordable housing by taking the cost of land out of the purchase price of a home. ○ Keeps housing affordable for future buyers by controlling the resale price of houses on land trust land through a ground lease and resale formula. 	<ul style="list-style-type: none"> ○ Most land banks have special powers that enable them to undertake acquisition and maintenance activities more effectively and efficiently than other public or nonprofit entities. Special powers include (varies state by state): <ul style="list-style-type: none"> ▪ Obtain property at low or no cost through the tax foreclosure process ▪ Hold land tax-free ▪ Clear title and/or extinguish back taxes



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Benefits Continued	<ul style="list-style-type: none"> ○ Homeowners enjoy the security, control, tax advantages and ability to build equity just like any home owner. If they sell their home, the resale formula ensures that the home remains affordable for the next family. ○ Rather than provide individual subsidies to households to purchase homes, permanent affordable housing is created that will remain even after the first tenant/owner moves on. ○ A study by the Lincoln Institute of Land Policy showed that, as of 2010, homeowners within a land trust were 10 times less likely to default on their homes than their private-market counterparts. 	<ul style="list-style-type: none"> ▪ Lease properties for temporary uses ▪ Negotiate sales based not only on the highest bid but also on the outcome that most closely aligns with community needs, such as workforce housing, a grocery store, or expanded recreational space ○ When thoughtfully executed, land banking can resolve some of the toughest barriers to returning land to productive use, helping to unlock the value of problem properties and converting them into assets for community revitalization. ○ Land banks are a direct response to vacant, abandoned, and tax-delinquent properties which destabilize neighborhoods, create fire and safety hazards, drive down property values, and drain local tax dollars.
Are loans available for potential buyers?	Yes - Most of the largest banks in the country are regularly making Land Trust home loans.	Assuming yes as the homeowner would gain ownership of the land and home so it would be a traditional home sale.



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Funding Sources	<p>Community Land Trusts can become Community Development Corporations. This makes them eligible for:</p> <ul style="list-style-type: none"> ○ HOME Investment Partnership Funds ○ Community Development Block Grant Program (CDBG) ○ HUD Section 4 (Capacity Building Grants) ○ HUD Choice Neighborhoods – 40% of residents in neighborhood must live below Federal Poverty Line ○ HUD Section 202: Supportive Housing for the Elderly ○ Low Income Housing Tax Credit (LIHTC) ○ NeighborWorks America (Neighborhood Reinvestment Act) <p>Other Sources of Funding Include: Federal Home Loan Bank, Private Lending Institutions, State Housing Finance Agencies, Institute for Community Economics' Revolving Loan Fund, Housing Trust Funds, Tax Increment Financing, Municipal Real Estate, Private Developer Exactions, Pension Funds, Private Foundations, Private Land Donations, Development Fees, and Lease Fees</p>	<p>A variety of sources, which may include:</p> <ul style="list-style-type: none"> ○ Revenue from the sale of properties ○ Foundation Grants ○ General Fund appropriations from local and county governments ○ Federal and state grants – ex. Neighborhood Stabilization Program via CDBG funds ○ Yearly budget allocations or in-kind assistance such as shared staffing by their local units of government



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Allowed in CA?	YES – there are currently 15 CLTs operating in CA	YES – CA Department of Housing and Community Development (HCD) recommends land banking as a strategy to assist in development of affordable housing, but they are not aware of any currently operating in CA.
How to create one?	<p>It takes about three years for a CLT to establish itself within a community.</p> <ul style="list-style-type: none"> ○ Determine local sponsorship and support – government, individuals/grassroots, banks/businesses, or other non-profits ○ Resource Organizing – find and secure funding ○ Acquire, develop, and/or improve land <p>Further information at: How to Start a Community Land Trust</p>	<p>Typically, land banks are created as public entities by a local ordinance, pursuant to authority provided in state-enabling legislation. Land banking programs can also be developed within existing entities, such as redevelopment authorities, housing departments, or planning departments.</p> <p>Further Information at: Land Bank Authorities Guide</p>
Markets	Land trusts operate in all markets, though they are best known for their goal of preventing displacement in appreciating markets.	Land banks are more common or more active in weaker or mixed markets where there is more vacancy.
When does this strategy make sense to	<p>One or more of the following rationales are commonly identified:</p> <ul style="list-style-type: none"> ○ Developing communities without displacing people (avoiding gentrification and displacement of low-income residents) 	<p>Some common triggers for creating a land bank include:</p> <ul style="list-style-type: none"> ○ Large inventories of vacant and abandoned property ○ Properties with little to no market value



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use? When does this strategy make sense to use? Continued	<ul style="list-style-type: none"> ○ Perpetuating the affordability of privately owned housing (avoiding market-rates on housing that was developed intentionally for affordability by public or private measures) ○ Retaining the public's investment in affordable housing (avoiding market-rates on housing that was developed for affordability by with public dollars) ○ Protecting the occupancy, use, condition, and design of affordable housing (ensuring occupancy, stewardship and maintenance of affordable housing over time) ○ Assembling land for diversity of development ○ Enabling the mobility of low-income people (providing additional routes to housing for lower- and moderate-income people beyond what the market offers) ○ Backstopping the security of first-time homeowners (stepping in to cure defaults and prevent foreclosures, protecting the homeowner, the housing, the bank and the community) 	<ul style="list-style-type: none"> ○ Properties with delinquent taxes in excess of fair market value ○ Properties with title problems ○ Inflexible policies that dictate the disposition of public property, denying local governments the chance to be strategic and nimble ○ The speculation and uncertainty inherent in the auction sale of tax-foreclosed properties ○ Where there are statutory powers, intergovernmental agreements or policies in place for a land bank to acquire properties through the tax foreclosure process at little to no cost



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Examples	<p>Champlain Housing Trust</p> <ul style="list-style-type: none"> ○ the largest community land trust in the country ○ has over \$223 million in assets under its stewardship, ○ manages 2,200 apartments, ○ stewards 565 owner-occupied homes in its shared-equity program ○ offers homebuyer education and financial fitness counseling, ○ provides services to five housing cooperatives, ○ offers affordable energy efficiency and rehab loans. <p>More info at: http://www.getahome.org/ Inspiring Article about this Land Trust</p>	<p>Fulton County/City of Atlanta Land Bank Authority</p> <ul style="list-style-type: none"> ○ Prioritizes land transfers for the purpose of affordable housing ○ Allows developers to acquire tax-delinquent properties at below market prices in exchange for producing affordable housing on the site. ○ Unique in possessing the power to waive all delinquent property taxes on parcels of land it acquires and conveys. <p>More info at: http://fccalandbank.org/</p>
Local Model in Place	<p>St Joseph Community Land Trust: our local community land trust (they are on the council and willing to come in and work in our region)</p> <p>-Truckee Donner Land Trust: local land only trust beginning conversations about expanding to include community land trust abilities</p>	None currently



Next Steps - Community Land Trusts

- Would be helpful to identify some lenders and mortgage brokers in our region who are familiar with land trust home loans.
- Is St. Joseph's Land Trust willing to become a community development organization? This is required for eligibility for receipt of most state and federal housing funds.
- Meet with Board President of Truckee Donner Land Trust

Next Steps - Land Banks

- Evaluate our region to see if we have a high number of foreclosures, vacant, tax delinquent, and/or abandoned lots to see if a land bank makes sense.
- Is one the local governmental jurisdictions willing to take on the management/administration – this keeps operating costs much lower?
- Further research needed about California State Law regarding special powers available.
- Further research needed about funding available for land banks operating in California.

Comments

- The primary difference between land banking and community land trusts is the long-term affordability of land and buildings.
 - Land Trusts hold land in trust “forever.” Buildings are sold to private owners with permanent restrictions on use and resale, which keeps homes affordable every time they are sold.
 - Land banks typically impose no lasting affordability restrictions on lands and buildings that are removed from the land bank's inventory and sold on the open market.



- [Land Banks and Community Land Trusts can be complementary.](#) Land banks are in need of ways to dispose of land that will help the community and keep it out of the speculative cycle so it is less likely to end up vacant again. Land trusts are often looking for either land to develop on or buildings to bring into their portfolio.

Further Resources

Comparisons of Land Banks and Community Land Trusts

https://shelterforce.org/wp-content/uploads/2017/02/TheAnswer_175_76_LBvCLT.pdf

http://www.burlingtonassociates.com/files/8513/4463/0249/1-Land_Banking_vs._Land_Trusting.pdf

Community Land Trusts

<https://community-wealth.org/strategies/panel/clts/index.html>

http://www.lincolnst.edu/pubs/1936_Stable-Home-Ownership-in-a-Turbulent-Economy

<https://community-wealth.org/strategies/policy-guide/index.html>

<https://www.shareable.net/blog/how-to-start-a-community-land-trust>

<http://www.getahome.org>

http://www.slate.com/articles/business/metropolis/2016/01/bernie_sanders_made_burlington_s_land_trust_possible_it_s_still_an_innovative.html

Land Banking

<http://www.communityprogress.net/land-bank-faq-pages-449.php#What%20is%20a%20land%20bank>

http://www.hcd.ca.gov/financial-assistance/neighborhood-stabilization-program/hr_3221_one_page_update_9_30.pdf

<http://www.hcd.ca.gov/community-development/building-blocks/program-requirements/assist-in-development-housing.shtml>

http://www.hcd.ca.gov/financial-assistance/neighborhood-stabilization-program/hr_3221_one_page_update_9_30.pdf



<http://fccalandbank.org>

<https://www.hudexchange.info/resources/documents/LandBankAuthoritiesGuideforCreationandOperation.pdf>

Community Land Trusts Operating in California

Humboldt Community Development Land Trust

Northern California Land Trust

St. Joseph Community Land Trust

Beverly-Vermont Community Land Trust

T.R.U.S.T. South Los Angeles

Bolinas Land Trust

Oakland Community Land Trust

Irvine Community Land Trust

Housing Land Trust of Sonoma County

Community Land Trust Association of West Marin

Hemet Community Land Trust

Sacramento Mutual Housing Association

San Diego Community Land Trust

San Francisco Community Land Trust

Habitat for Humanity Greater San Francisco