Investing in Community Land Trusts
A Conversation with Funders of CLTs

By Miriam Axel-Lute

Prepared for the Neighborhood Funders Group Annual Meeting
Minneapolis, MN
September 29 - October 1, 2010
Over the past four decades, the community land trust movement has grown steadily in the United States. Today there are approximately 240 CLTs in 45 states and Washington, D.C. Their growth has accelerated in the past few years as CLTs have become embraced by community builders, organizers, local governments, the philanthropic community, and advocates of affordable housing, asset building, smart growth and transit-oriented development. Especially important has been the philanthropic community, whose initial and ongoing support has made much of this growth possible.

Why have funders embraced CLTs? To answer that question, NHI interviewed 15 funders from 13 foundations whose scope ranges from local to state to regional and national. Their responses are detailed here.

Community land trust funders have come to work with CLTs along a variety of paths, engaged with them on different levels, and chosen to support them for very different reasons. But one unifying thread among all the CLT funders we spoke with was that they saw it as an exciting model that had the potential to take a much larger role in affordable housing and neighborhood stabilization/revitalization work.

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**First Impressions**

Some funders, especially those who worked extensively in the field before coming to their current positions, had long been familiar with the CLT model before they encountered them as potential grantees. Not everyone knew Chuck Matthei, one of the leaders of the Institute for Community Economics in the 1980s, as Joe Belden of Housing Assistance Council did, but many had crossed paths with CLTs a few times.

Some had run into criticisms of the model that had to be overcome with their boards, such as Joanne Walz of the Minneapolis Foundation describes: “We learned early on about the model, but were aware that there was real resistance to it, mostly from national groups. One colleague, with a bias toward homeownership as an asset, argued it was inappropriate for the African-American community. There was a lot of miscommunication about the model then, but we’ve come a long way. It has also taken a lot of education for some of our trustees because it is a complicated and very different approach.”

For others though, the idea was completely new to them or their board when the first grant request came in. CLTs’ unusual approach to housing and equity building sometimes took a little time to understand and get used to. The Field Foundation, for example, was first approached about funding a CLT in 2004 by the West Humboldt Park Community Development Council, on Chicago’s near west side. “We were familiar with rural, open-space preservation land trusts in our environmental portfolio,” says program officer Kim Riordan, “but the concept of an urban land trust for permanently affordable housing was completely new to us. We were intrigued by the idea. We did have some concerns about whether they would be able to pull in off, attract other funders, work in an urban setting. But historically our funding has focused on seed funding for new, innovative ideas, so we saw it as an innovative solution worth taking a risk on. It was a disappointment to us that other larger private funders didn’t join us.”

“When it first comes up, people always bring up the shared equity part, and ask ‘Are you shortchanging people from the equity they could obtain?’” remembers Timothy Block of The Home Depot Foundation, which had been funding CLTs for many years before he arrived. “I was a little concerned about that, but as I dug deeper and learned more about the model, I realized you have to give up a little to obtain a lot. As long as people are educated about it going in, it works—and it works well.”

For others it was instantly obvious that this filled a gap they’d been seeking to fill. “I was amazed at this idea of owning the land together in a cooperative sort of way,” recalls Sandy Mattingly-Paulen of Catholic Campaign for Human Development. “I thought that this was a fantastic way to create affordable housing.”

The Walter & Elisa Haas Fund actually chose not to fund CLTs the first few times they applied. “They had come in through the asset-building door,” explains Amanda Feinstein, “but in our asset-building work we’ve homed in on small business development, financial education, access to financial services and savings strategies.” This means Hass thought of CLTs more as affordable housing than an asset-building proposition. Now, however, they are funding the Oakland Community Land Trust as part of a foreclosure response strategy, where it supports their goal of preserving affordable housing in communities hard-hit by foreclosure—and, as a bonus, builds wealth as well.
Meeting the Mission
From gentrifying neighborhoods to foreclosure-riddled ones, from permanent affordability to wealth creation, CLT funders work in a range of different contexts and with different priorities, so different aspects of the CLT model appeal to them.

“We’re the U.S. Conference of Bishops’ antipoverty program,” says Mattingly-Paulen, who supports many land trusts around the country. “I think everyone in this work knows that acquiring assets is what gets you out of poverty. Land trusts are a fantastic way to achieve affordable housing and asset development.” The far lower incidence of foreclosure is also exciting to her.

The Field Foundation, being regional, was more focused on the dynamics in specific neighborhoods. They had been working on fair housing a lot, along with things like transit-oriented development, and this worked as an extension of those themes. “At the time we were making the grants there was concern about gentrification and soaring home prices. Housing was becoming unaffordable,” says Riordan. “We liked the fact that the urban land trust model could help lower-income persons of color not be displaced from their neighborhoods, either due to soaring home prices (mainly in Evanston) or encroaching gentrification (in West Humboldt Park). Land trusts are a way to increase affordable housing stock and also housing opportunity for diverse populations.” Field had also supported advocacy for subsidized housing, so “the permanent affordability, as opposed to a subsidy that would expire and having to take up that mantle all over again,” was especially appealing. “There was a lot of community support and empowerment that was quite appealing to us.”

In New Orleans, the Greater New Orleans Foundation is using a pool of money from various funders, called the Community Revitalization Fund, to support affordable housing, with three goals: a strengthened housing system, increased production, and smart land use planning. “We see the land trust as a strategy to pursue all three,” says Liza Cowan, GNOF program officer for community revitalization. “It’s gotten a lot more expensive to live in New Orleans in the last five years—the cost of construction, insurance, and utilities have all gone way up. In the lower 9th Ward, [though] it’s not so much about affordability, it’s about revitalization. It’s about bringing people home, but we know it will preserve affordability over the long term.”

Also, Cowan adds, “we have so much philanthropic and federal funding here right now, and it’s all one-time money. This is a way to leverage it for long-term support for the residents. Most importantly, I like the resident engagement. It’s a way for neighborhoods to create a sense of community.”

“We like the social justice aspect of it,” says Mauri Ingram, President/CEO of the Whatcom Foundation. “Generating the ability for people to become homeowners if they can’t get conventional financing. We have a developing focus on ‘healthy people/healthy places,’ and the way that [Kulshan Community Land Trust] focuses on larger issues like land use planning (i.e., promoting infill development and redevelopment) and works at the individual level by helping people to realize the benefits of sound land use planning fits perfectly.”

The Home Depot Foundation is focused on “ensuring that low-income families have the means to have savings because of reduced energy bills and water bills, and we’re also thinking about the whole community, building sustainable communities,” explains Timothy Block, program manager for affordable housing. “We want to protect affordability. CLTs are an excellent model for keeping affordability in perpetuity. They are just terrifically aligned with the goals of the foundation.”

Although sweat equity, where homeowners contribute labor to the building of their house, is not usually part of the CLT model, the Housing Assistance Council, which focuses on building low- and very low-income housing in rural areas of high need, finds CLTs to be “successful and natural partners” in their sweat-equity programs because of their cooperative nature. HAC also appreciates how the CLT approach “removes speculation from the homeownership model without cutting out the ability to build assets.”

Ann Sewill of the California Community Foundation, which started its own nonprofit subsidiary land trust after one of its affordable housing grantees closed up shop, finds the long-term stewardship commitment to be exciting. “I’m constantly reminding the foundation that you are creating something that isn’t just being funded now, but also creating obligations that will go on for years — 99 at least,” says Sewill. “Antonia [Hernández, foundation president and CEO] keeps asking me, ‘Are you taking good notes?’ We are developing a really good asset management system that will be usable by people 20 years from now.”

“The permanent affordability feature of the CLT is very appealing to us, more so than other nonprofit approaches that are only affordable to the first family going in,” says Erik Torch of the Northland Foundation. “Now that we’re seeing resales, we can see that the model is working the way it was intended to work. Many of the families moving out of the CLT are moving into
market-rate housing. And those homes are now open to new low-income families going into their first homeownership opportunity.”

“Our work seeks to stabilize and strengthen communities and provide long-term housing options and other opportunities,” says Angela Brown of the Hyams Foundation, a supporter of the Dudley Street Neighborhood Initiative’s land trust. In DSNI’s footprint, a community devastated by foreclosure, “the land trust model, along with effective community engagement and well-underwritten loans, resulted in a miniscule foreclosure rate,” she notes. “The land-trust model itself is a form of community building.”

“There are a number of alternative homeownership strategies, but CLTs have the longest track record,” says Kari Suzuki of the Otto Bremer Foundation. “When I came to the foundation there was a worry about the turnover of subsidized rental properties for low-income families and seniors to market rate. That concern remains and CLTs are a part of that whole collection of approaches that need to be utilized to keep affordability available.”

The attraction for the Annie E. Casey Foundation, says Beadsie Woo, AECF senior fellow, is that the CLT model “helps build out the continuum between rental and 100 percent ownership. It removes some barriers to homeownership, by the ongoing support from the land trust and the decoupling of the land from the house price lowering the cost of owning. That piece is incredible. There are a number of alternative homeownership strategies, but CLTs have the longest track record.”

CLTs “fall into our goal of lessening the gap in assets and opportunities,” says Kari Suzuki of the Otto Bremer Foundation. “The fact that the dollars put into a home to make it affordable stay with that home and lead to benefits by and for the community is important. CLTs help people to understand what it means to be a homeowner and help give them the opportunity to participate in a community in an ongoing way.”

**Working with CLTs**

The level of funding needed to support actual housing development at scale is beyond most smaller/regional funders, so while a few we spoke with had provided grants or loans to support production, most provided support to CLTs in other ways: operating support, especially in start up years; strategic planning, capacity building, or training support; or specific project support for initiatives such as greening an existing development or starting to work on farmland preservation and farmworker housing.

A few funders have gotten more actively involved in promoting the model. The Home Depot Foundation, along with regular CLT grants and sponsorship of the National Community Land Trust Network’s annual conference, has gotten deeply involved in Atlanta’s project to create a citywide organization that will act as a “central server” for a range of neighborhood-based land trusts that will preserve affordability along the Atlanta BeltLine transit route. Along with funding various aspects of the project, Timothy Block from the foundation serves actively on their planning committee.

In New Orleans, in addition to supporting a single residential land trust forming in the lower 9th Ward, GNOF has pulled together a multi-stakeholder advisory committee to talk about creating a citywide CLT initiative, perhaps modeled on what Atlanta’s trying. “New Orleans is a city of 72 different neighborhoods. One of the strengths of CLTs is that they are advised locally. But this not a big enough city to have 72 land trusts,” says Cowan. “It’s great that we’re exploring a residential land trust in one neighborhood, but if it works we need to be deliberate about how we grow. We hope we will have a structure in place, where other neighborhoods won’t have to start from scratch.”

The California Community Foundation actually created its own land trust in 2003 as a nonprofit affiliate of the foundation. Its emphasis today is on rental housing and it has about 600 units in the pipeline, with 300 already completed, mostly tax credit projects. The land trust is now moving from new construction to the preservation of existing units to stretch the tax credit dollars. CCF’s land trust is affiliated with other local land trusts in the Los Angeles region and uses the CLT model to stretch subsidy dollars and draw developers into wealthier communities that have a big need for affordable housing.

**CLTs into the Future**

Having followed their CLT grantees for many years, the funders we spoke with think that not only is the model robust, but that it deserves a greater place in housing policy going forward as the country struggles to come to terms with its housing and economic crises.

“It strikes me that CLTs could be one of the big solutions to the challenges facing communities now, especially the challenge of foreclosures,” says AECF’s Woo. “In my ideal world a CLT will ultimately control a large number of the vacant and abandoned homes, creating a whole new layer in the housing market.”

“The boom and bust real estate cycle made clear the weakness and challenges of the push for homeownership in our current market, especially as it affects commun-
ities of color,” says Hyams’s Angela Brown. “We need to have a conversation around individual homeownership opportunities for people trying to put roots into a community for the long-term while still keeping that affordable home as a community asset and allowing people to build their personal assets. The land trust model is in the sweet spot of reconciling those needs—individual asset building with long-term affordability and control of property by the community.”

“With so many homes lost and underwater, driven by the speculation in the market, this model might be a much better alternative,” agrees HAC’s Belden.

“I think it’s another tool that affordable housing developers have at their disposal to guard against the fluctuations in the housing market,” says Home Depot’s Timothy Block. “We’ve been able to show that they can build quality, high-performing, innovative projects, and that helps with telling the story and being able to leverage additional resources.”

In fact, beyond a larger role for the model, several people saw the values and methods of CLTs as potentially influencing the whole housing sector.

“The CLT model is a critical piece of the whole housing continuum to move families and communities forward,” says Walz. “If we can keep them healthy and thriving, CLTs are in a unique position to stabilize the whole sector for us. They are, in a way, building the leadership for the future.”

“They have all these wonderful statistics behind them,” notes CCHD’s Mattingly-Paulen. “I would like to see land trusts coming together and building their power, so they can get funds from the national level, the federal government. They have a great story to tell and they need to lift themselves up as a solid model that works.”

“If advocates for the CLT model engage in this conversation,” Brown adds, “they can reframe the current housing dialogue. But CLTs have to be aggressive and push us all to rethink the policies and programs we support.”
People Interviewed for this Report
The National Housing Institute would like to thank all of the funders who took the time to share their experiences with us:

Joe Belden
Deputy Director
Housing Assistance Council
Washington, DC
(202) 842-8600
joe@ruralhome.org
www.ruralhome.org

Kim Riordan
Senior Program Officer
Field Foundation
Chicago, IL
(312) 831-0910
KRiordan@fieldfoundation.org
www.fieldfoundation.org

Timothy Block
Program Manager for Affordable Housing
The Home Depot Foundation
Atlanta, GA
(770) 384-5399
timothy_block@homedepot.com
www.homedepotfoundation.org

Ann Sewill
President
Community Foundation Land Trust
Los Angeles, CA
(213) 413-4130
asewill@ccf-la.org
www.calfund.org/learn/land_trust.php

Angela Brown
Director of Programs
Hyams Foundation
Boston, MA
(617) 426-5600 x310
abrown@hyamsfoundation.org
www.hyamsfoundation.org

Kari Suzuki
Director of Operations
Otto Bremer Foundation
St. Paul, MN
(651) 227-8036
kari@ottobremer.org
www.ottobremer.org

Liza Cowan
Program Office for Community Revitalization
Greater New Orleans Foundation
New Orleans, LA
(504) 598-4663
Liza@gnof.org
www.gnof.org

Erik Torch
Grant Program Manager
Northland Foundation
Duluth, MN
(218) 723-4040 or (800) 433-4045
erik@northlandfdn.org
www.northlandfdn.org

Amanda Feinstein
Senior Program Officer
The Walter & Elise Haas Fund
San Francisco, CA
(415) 398-4474
Amanda@haassr.org
www.haassr.org

Joanne Walz
Valerie C. Lee
Community Philanthropy Officers
The Minneapolis Foundation
Minneapolis, MN
(612) 672-3839
jwalz@mplsfoundation.org
vlee@mplsfoundation.org
www.minneapolisfoundation.org

Mauri Ingram
President and CEO
Whatcom Community Foundation
Bellingham, WA
(360) 671-6463
mingram@whatcomcf.org
www.whatcomcf.org

Beaside Woo, Senior Fellow
Jillien Meier, Associate
Center for Family Success
Annie E. Casey Foundation
Baltimore, MD
(410) 547-6600
BWoo@aecf.org
JMeier@aecf.org
www.aecf.org

Sandy Mattingly-Paulen
CCHD Grants Specialist - Area E
Catholic Campaign for Human Development
Washington, DC
(202) 541-3211
smattingly-paulen@usccb.org
www.usccb.org/cchd