

Community Land Trusts: *Problems & Possibilities in Chicago* October 2001

In many places around the country, Community Land Trust's (CLTs) utilize long term land leases for homes and buildings, affordability use and resale restrictions, and democratic membership control mechanisms to enable property assembly and scattered-site development of housing.

As is prescribed for CLTs, Chicago developments have utilized 99 year land leases, limited-equity and/or "right of purchase" resale provisions, and development sponsors have engineered organizational membership to include residents, professionals, and at-large representatives.¹

Financing sources and development methods of CLTs are similar to those used by community development corporations, mutual housing or cooperative associations.

However, the distinguishing feature of CLTs is the way in which the limited equity resale requirements (that restrict appreciation of property based on agreed upon formulas) provide an efficient method for using, "recapturing" and multiplying government subsidies required for initial development. In areas experiencing increased appreciation, CLTs have the potential to reserve a portion of the market for affordable housing in perpetuity.

There are no Community Land Trusts in Chicago that we are aware of, although the Chicago Mutual Housing Network represents a similar model and a potential ally in organizing a CLT.

Chicago presents interesting challenges and possibilities for use of the concept and approach. Many of the vacant parcels are off-market because of city acquisitions; however, an arrangement with the city could be the subject of creative programming. The appreciation rates in many neighborhoods have been so high as to threaten the viability of private-oriented acquisitions for affordable housing development. If that weren't hard enough, local aldermanic capacity to enable or stifle projects complicates matters further.

Still, CLT strategies that cross-neighborhood boundaries and rely on support of the mayor's office hold out potential. HUD-funded intermediaries are available to provide technical assistance to local groups trying to form CLTs.

Perhaps the best possibility for local application of a CLT strategy is as a membership organization attracting existing property owners rather than as a vehicle for acquiring, developing and selling property.

¹ CLTs are hardly novel. They are essentially scattered site limited equity Mutual Housing Associations. In any case, the term of art now for CLTs, MHAs, housing coops, and condo associations is ROMs – Resident Ownership Mechanisms. All ROMs providing affordable housing use the same lawyers, lenders and funders.

This approach could work if the membership includes benefits derived from policy initiatives that entice/support membership. These could include features like

- **Property tax abatements or special reduced assessment classification**
- **Tax credits for property sales/transfers to CLTs**
- **Priority funding/financing status from Chicago's Department of Housing mortgage and rent subsidy programs**
- **Requirement for CLT membership in city-designated redevelopment areas**
- **Inclusion of affordable units in CLT derived from "inclusionary zoning" organizing and set-asides**
- **Priority access to resident-members to social service supports and resident service programs**
- **Mandating CLT land ownership as part of New Homes for Chicago program**
- **Umbrella membership of Chicago CDCs and non-profit housing supporters**
- **Congressional or State funded line-item support for CLT administration.**

Burlington Associates has an informative web site and interactive tool for learning how the "recapture" of public subsidies makes good sense for public policy and programming. You can input housing/appreciation data relevant to your community/city and see how it works:

www.burlingtonassociates.org/SubsidyRetention1.6.BA.Txt.html
