



**Interview of Rosalind Greenstein, Senior Fellow and Chair of the Department of Economic and Community Development, Lincoln Institute of Land Policy; Cambridge, MA**  
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**Could you begin by describing how the Lincoln Institute became involved in community land trusts? Why?**

Our mission is to disseminate the ideas of Henry George as discussed in *Progress and Poverty*. So our interest in community land trusts (CLTs) stems from that. CLTs illustrate some of Henry George's ideas. As a "radical capitalist," George liked competitive markets and private property; at the same time, he was morally outraged by inequalities in wealth. Like classical economists he believed that competitive markets were the best institution for allocating society's resources. However, he understood land to be a different sort of "commodity" than others traded in the economy. He did not have a problem with owners of capital making profits from their own efforts and investments. He did, however, take issue when landowners made profits simply because demand increased for the scarce resource of land. He understood that population increases would naturally increase the demand for land, thus pushing up prices. So, along with his belief that private landowners ought not to make profits from general population increases, he did not think that landowners should make profits from government actions (e.g., giving away land or receiving increased land values with infrastructure investments such as railroads. George was writing at a time when the U.S. government was giving away huge amounts of land to private interests.)

The Lincoln Institute of Land Policy's research and training focuses on a wide range of land policies and land-related tax policies. We are especially interested in policies that capture the portion of land value created by public action. The current property tax is a fiscal instrument for such capture. Impact fees and benefit assessments are other policy instruments available. To the extent that traditional zoning regulations limit property values, they too can be seen as a mechanism to capture publicly created land values and use them for public benefit.

CLTs are another mechanism for capturing publicly created land value for public benefit. When a residential property increases in price by 8-10 percent or more, per year, it is the increase in land values, not in the value of the house or the improvements, which causes the price to rise. In fact, improvements typically depreciate in value over time. It is this fact of land economics that makes the CLT a logical and attractive policy to provide homeownership opportunities for households that have been priced out of the homeownership market. When the ownership between the land and house is split and the land is owned by the CLT, the land does not change hands when the house is sold. Therefore, the land value increases are never realized by the CLT. The household, however, receives the benefits of living in the house (what economists call "housing services"); the security of tenure that comes with homeownership; stability and

predictability in the monthly housing payments of typical mortgage financing; the equity invested into the house, and in the case of most CLTs, a portion of the land value increase. The community benefits as it receives the long-term stewardship of a stock of perpetually affordable housing.

**What do you see as the main benefits that community land trusts provide? What are the principal benefits in strong market cities? What benefits do community land trust provide in weak market cities?**

If you are thinking of using a Community Land Trust as part of a community development strategy in the broadest sense of the word “community development,” in a weak market or a place that has lower land values, it’s a lot easier to purchase the land – it’s more affordable. In hot real estate markets, CLTs have been used to provide homeownership opportunities to those priced out of the traditional homeownership market. Funders—the public sector, private donors, and foundations that see their mission as providing homeownership opportunities for those who have been priced out of the traditional market—see in the CLT a mechanism to use their funds efficiently. Often, homeownership programs allow the first owner to capture the real estate gain when they sell their house. We understand Community Land Trusts as a way to balance these multiple interests.

**What do you see as the appropriate role of "shared equity" housing in affordable housing strategy? Where are community land trusts more appropriate and how they should relate to rental and fee-simple home ownership housing?**

In a recent report on Shared Equity Housing, my colleague John Davis talks about the “housing ladder” and there are different rungs on the ladder (say from rental, to shared equity arrangements like CLTs and limited-equity co-ops). However, recently I have heard him talk about housing options as a continuum. I think that’s helpful. The ladder implies to me a hierarchy with fee-simple homeownership at the top. However, it’s probably more reflective of people’s experience to say that at different points in our lives we have different housing needs. I think the continuum reflects that thinking.

I certainly think from a policy perspective it’s reasonable to ask what is the appropriate role for home ownership within a larger affordable housing strategy? I don’t think that all of our housing needs can be met with CLTs. But I think the idea that CLTs provide one option that can work for some people, and that it’s one of many that people can choose from is fairly sensible.

**Can you add anything more about the community building impact of land trusts?**

We do know that the Community Land Trust as an organization, when it’s functioning at its best, provides services for the households in different ways than many other housing developers or housing programs. These services include pre-purchase workshops, home maintenance information, and, because the CLT has a moral *and* legal interest in the land, they help homeowners who are having problems meeting their mortgage obligations. My guess is that many of the Community Land Trust leaseholders are first-generation homeowners. So CLTs do a lot of training about homeownership, which requires some skills and knowledge and

experience. You're not born knowing how to change the filter on your furnace; you've got to learn it—that sort of thing.

CLT staff and volunteers also report that CLTs play a significant role in community building. At the last CLT national conference in Boulder, Colorado (August 2006) there were over 300 participants. One senses a large and growing community of practitioners. I think the question of the role of CLTs in community building would be an important research question to explore.

**How much subsidy is required to make community land trusts work? Where does funding typically come from? How does the subsidy level required to make land trusts work compare with other forms of affordable housing?**

The answer, which is annoying, is it depends. It depends on the market. How much does the land cost? In Cleveland, for example, land is less expensive than in, say, Boulder. So in Cleveland the CLT needs less money to purchase property. So part of it depends on what the market is. Another reason why “it depends” is that some CLTs find buying older houses and doing rehab on them is a way to increase their stock of housing at a lower cost. In Duluth, Northern Community Land Trust does a significant amount of rehab. They created a construction firm to help them, so they can probably do things a bit more cost-effectively than others.

The income level that you are targeting is another reason why ‘it depends.’ There are a number of CLTs that have been able to provide housing for households below 75% of AMI [area median income]. The lower you go, however, the more subsidies you need.

Where does the money come from? Where it has come from and where it is likely to come from are probably different. For many years, Community Land Trusts were small grassroots organizations with a few units, and maybe no paid staff. A huge amount of passion and commitment and energy, but they didn't produce hundreds of units a year. Now there are a number of land trusts that are of medium size, with a paid executive director and some staff – they are as skilled housing and community development professionals as you're likely to see in any organization. And, there are a couple of CLTs that are fairly large.

There is a new trend, with cities such as Irvine, Chicago, or a number of cities in Florida, where the city government has made an investment in a Community Land Trust. The city of Irvine has committed \$250 million over 10 years to build 10,000 units of community land trust housing. That's mind-boggling to me. These municipal CLTs look different in their governance structure than the “classic CLT”.

I think you're going to see more cities looking at Community Land Trusts for a number of reasons. The Inclusionary Zoning ordinances—the units created by inclusionary zoning—could be stewarded into a land trust. It's my understanding that subsidized units created by inclusionary zoning can “bleed” back in to the market. Some municipalities see that an unintended consequence of these programs is that they might offer real estate windfalls to homeowners in the program. To avoid that, the municipality needs to monitor the refinances and re-sales. In this context, some municipalities see the Community Land Trust as a mechanism to

provide that perpetual stewardship of the land and the housing. For many municipalities an investment in a CLT may be a more efficient use of public money.

Another example is in Rochester, Minnesota: The Mayo Clinic was looking at an employer assisted housing program. Using the Rochester Area Foundation as the vehicle, Mayo put in \$7 million and other area employers matched it with \$7 million and together they started the First Homes CLT. I think it's an interesting model. As employers – particularly large institutions like hospitals and universities, understand that their role in the city economy is changing. The need for employer assisted housing may lead these sorts of institutions to think about Community Land Trusts. So, if the question is where can CLTs get their money, I think a CLT can get its money anywhere it can.

**Are there specific ways that public policy could be changed—at either the local, state, or federal level — to better support community land trusts? What changes would you recommend?**

We're doing some research right now about this. One area that strikes us as quite important has to do with the assessing of the properties at the local level. Imagine two houses, side by side. One is fee-simple and one is a Community Land Trust house. The owner of the fee-simple house owns the land, the house, and the “development potential”. That is, in many communities the zoning is such that the homeowner can expand the size of the house. In the case of the CLT house, these various property rights are split. That is, the CLT owns the land; the homeowner owns the house. The development potential is owned by the CLT, but they have entered into a contract that says they won't realize that development potential. Should the CLT house be assessed as if the owner had the option to realize that development potential? I think working that problem out would be quite helpful.

**Often people start thinking about forming a community land trust in an emerging strong market city where rising property values and taxes are disrupting neighborhoods and begin to push people out of their homes. Are there cases where weak market cities have actually acted ahead of the speculators to develop a community land trust? If so, how did they do it and where did they find the funding to do it?**

The most famous one that comes to mind is Dudley Street Neighbors, in Boston. They've been around for over a decade. That's what they did. The conundrum, of course, is that you don't know in advance that prices are going to go up and it's hard to raise money to get ahead of the curve. How do communities escape this dilemma? They do it with civic leadership and vision. They do it when civic leaders have enough vision to understand the value and need to do this and the political will.

**For a long time, the community land trust movement has shown great promise, but has remained rather small—roughly 6,000 units nationwide. Yet today land trusts have received new interest both from public officials in cities such as Irvine, CA and Chicago, IL and from foundations. What has caused this shift?**

Maybe people are beginning to understand. Think about the euphemisms we use, such as “affordable housing.” In Europe they call it social housing. Each term we use becomes stigmatized and then we come up with a new term. Now it’s going to be workforce housing. If you tell people that we need housing for people who don’t look like you, they say no. If you say, “We need housing for people who serve you such as fire fighters, police and teachers,” then people are willing to say OK.

To me that leads us to the question of race. While it’s difficult to talk about, I think it should be out in the open. I think there are differences of opinion about this. Some people say CLTs are not a good option for people of color because all you are doing is restricting the capacity for wealth accumulation. Some say this is just a modern day version of sharecropping. Others believe that nobody should make real estate windfalls.

Right now I’m taking a pragmatic view. The reality is that access to real estate gains is unevenly distributed and is systematically structured by race and income. That’s a brutal fact. What does that mean here? For me the “housing continuum” that we talked about earlier is relevant. The Community Land Trust may turn out to be a preferable option for some people at some points in their lives. I don’t think it’s a prescription.

### **How, then, do you address the challenge race poses?**

I don’t know if we even know how to talk about this. Our limited social safety net, how we fund education and retirement, and who has access to these, all mean that if you forgo your opportunity to make real estate gains it’s a very big deal. Once you start unraveling this, everything unravels.

My thinking, though is, if you embed the question in how do we have control of our neighborhoods and community, Community Land Trusts might be a tool that helps you control the community. I’m more inclined to see it as part of a community development strategy than the be-all or end-all. Then if you say we want Community Land Trusts to be part of our community stock of affordable housing in perpetuity, and we also support affordable rental housing, and we are also willing to live with people who make real estate profits, then it becomes one of the many options people have. Then it’s not that we’re restricting this class of people from making real estate gains. Rather, it is that there are things in our community that you get access to ... access to housing services, access to our community, security of tenure, stability of housing payments. You’re getting a lot with it, maybe not a windfall at the end, but you’re getting other things. And, for some, that might be a good option. I think it is important conversation that we need to have.

**With community development corporations, it is not uncommon for them to participate in a development project that might include a mix of market rate and affordable housing, with earnings from market-rate housing subsidizing the affordable units. Are there similar examples of land trusts developing some of their land at market rate to cross-subsidize lower-income housing or to finance expansion of the land trust?**

I'm thinking of the Madison Area Community Land Trust. They have developed co-housing on land trust land and I think it is mixed income. I think there is a sense that increasingly there will be more of that because of federal funding programs. First Homes in Rochester provides a somewhat different example. Community Land Trust housing is often scattered site [disbursed throughout a community]. In Rochester, the way the Community Land Trust operated there, they worked in a new subdivision and made a deal with the developer. Say, for example, that the developer was putting in 200 units, they might get 20 – that's what lowered the price for them, buying in bulk essentially. So in a subdivision there is Community Land Trust housing right next to market-rate housing.

**What has been the level of the Lincoln Institute's involvement in the formation and development of the National Community Land Trust Network? Beyond the involvement of the Lincoln Institute, what other factors were important in the formation of the National Community Land Trust Network?**

The Network has been in existence for a while now, 5 or 6 years. My understanding is that the Institute for Community Economics created the Network with the intent that it spin off as an independent network. We were involved with ICE. We had given them funding for two conferences and had done a research roundtable with them. In addition we were doing some research and developing some training. We were doing that when in 2005 ICE decided they needed to cancel their conference, so Lincoln came in with some funding for that.

**What do you see as the most important challenges or opportunities facing community land trusts today? Where do you think the National Community Land Trust Network will focus its energies over the next 5-10 years?**

I see two challenges—or, perhaps they are just two different aspects of one challenge. If you see it as one challenge, it is about taking something that is on the fringe and making it mainstream.

If you split the issue in two, one part – I don't know if you call it race or diversity — or maybe it's the cultural issue. Whatever you choose to call it, I'm seeing that there is a potential for community land trusts to model a new kind of political behavior and it is a behavior that involves having to balance competing interests, not how you get a win for my side. I think that is the greater opportunity and challenge. It comes up with race—among the Community Land Trust staff, leaseholders and leadership—there are real differences. There's not a unity yet. There's a lot of consciousness about differences of race and cultural background. There's a lot of good will and interest in trying to figure out how these differences coexist. But I guess we're still figuring it out. I guess we don't have lots of good models for it. I would applaud the fact that people are trying to figure this out.

I think the other issue is the future of the new type of Community Land Trusts that are going to be big municipally sponsored organizations. They are going to bring more of a rationalization or a rational approach for CLT housing. That's going to help going to scale and it remains to be seen how the governance is going to play out.

As for the National Community Land Trust Network, they just did a survey of their membership. In the short term they will focus on capacity building. I think there are some policy issues that it would be sensible to deal with. For instance, there is the secondary mortgage market of buying up CLT mortgages. There have been long-standing discussions with Fannie Mae, but that's not all resolved. So I think on a policy front there is that. On the education front there is a lot of education we can do, particularly informing local officials about CLTs. There are also needs with program evaluation and with trade association services. I think those are all potential areas.

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