

Starting a Community Land Trust

ORGANIZATIONAL AND OPERATIONAL CHOICES

Education and Organizing

CLTs depend upon a broad base of political, financial, and professional support for the survival of their organizations and for the success of their unusual approach to land and housing. Building that base by systematically educating and recruiting key constituencies is one of the most important tasks facing a new CLT.

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This is one chapter of an introductory manual, *Starting a Community Land Trust: Organizational and Operational Choices*, prepared by John Emmeus Davis, a Partner in Burlington Associates. The full manual is available on-line at the ***Burlington Associates CLT Resource Center***: www.burlingtonassociates.com.

ORGANIZING A CLT: KEY CONSTITUENCIES

CLTs draw their members, boards, financial resources, and political support from a broad spectrum of individuals and institutions. Membership is open to anyone who lives within the CLT's service area. The CLT's board of directors, a majority of whom are elected by the membership, is inclusive and diverse. Funding for the CLT comes from public agencies, private lenders, charitable institutions, and individual donors, many of whom may be outside the CLT's target community. Political support can come from nearly anywhere:

- from grassroots activists attracted to the model's potential for community control and its proven effectiveness in promoting development without displacement;
- from tenant rights organizations and fair housing advocates attracted to the model's potential for helping low-income households to improve their housing situations, either by moving up the housing tenure ladder or by moving out to communities with better services, schools, and jobs than their present neighborhood can provide;
- from public officials and private donors attracted by the model's promise of retaining and recycling scarce subsidies; and
- from anti-sprawl activists of every stripe, attracted by the model's ability to mitigate the inflationary impact that growth management can have on the affordability of inner-city land and housing.

Among the many tasks involved in starting and sustaining a community land trust, none is more important than systematically introducing the model to these various groups and steadily winning their informed support. Any campaign of CLT education and organizing must be pitched as widely as possible in the hope of eventually reaching all of these potential supporters. In the early days of a CLT's start-up, however, *five* constituencies deserve special attention: (1) the community of individuals and institutions that call the CLT's service area their home; (2) nonprofit organizations serving the same population as the CLT; (3) governmental agencies to whom the CLT must look for project funding, regulatory approvals, and equitable taxation; (4) private lenders and donors on whom the CLT must depend for mortgage financing and operating support; and (5) housing professionals on whom the CLT must depend for legal advice, accurate appraisals and development expertise.

Community

Who? Tenants, homeowners, churches, and businesses that inhabit the CLT's geographically-defined "community."

Why? It is from these individuals and institutions that the CLT will draw its membership and a majority of its board. It is on their behalf that the CLT acts. It is

to them that the CLT is accountable. In some communities, private employers or community-based institutions like churches, synagogues, or mosques or may also be an important source of financial support for a start-up CLT.

Nonprofit Organizations

Who? Community development corporations, neighborhood housing services organizations, housing counseling centers, and other nonprofit organizations engaged in developing affordable housing, managing affordable housing, or providing services to first-time homebuyers or life-long tenants. The highest priority are those nonprofits that share the same service area as the CLT. Even nonprofits that operate outside of this area, however, can sometimes be counted as potential partners – or potential opponents – if they are providing similar services to similar populations.

Why? A new CLT may be regarded as an ally by older housing organizations; conversely, it may be regarded as a competitor. At a minimum, a CLT's sponsors must make an effort to find a less threatening territorial niche or functional role, winning acquiescence from pre-existing nonprofits for the CLT's program. At a maximum, a CLT may negotiate partnerships with these older nonprofits, contracting with them for development services, management services, homebuyer counseling services, or even a programmatic niche within an older nonprofit's own operations.

Governmental Agencies

Who? For urban CLTs, any department (or departments) of city government directly involved in funding, regulating, or taxing affordable housing and/or community development should be a focus of the CLT's education and organizing campaign. Attention should also be paid to a city's public housing authority and to the state's housing finance agency.

Why? City government is not only the custodian of municipal funds and regulatory powers essential to the CLT's operations and projects, it is also the gatekeeper for federal subsidies like CDBG and HOME. The city's assessor will determine how the perpetually encumbered, price-restricted property of the CLT is to be taxed. The PHA may be a source of subsidies, properties, and clients for the CLT. The state's Housing Finance Agency may be source of construction financing for the CLT's projects and a source of mortgage financing for the CLT's homeowners.

Private Lenders and Donors

Who? Banks, Community Development Financial Institutions, and other private lenders; private donors, community foundations, family foundations, and other charitable institutions.

Why? From private lenders, the CLT will derive most of the financing to develop its projects and to mortgage improvements on its land. From private donors, the CLT may secure charitable gifts of money, land, and buildings, essential supports for a CLT's first projects and early operation.

Housing Professionals

Who? Beyond the housing professionals found within the agencies of city and state government, within the offices of nonprofit organizations, and among the ranks of private, for-profit businesses, the CLT will need to pay particular attention to educating three sets of private-sector professionals: attorneys; real estate appraisers; and real estate brokers.

Why? When prospective homebuyers are considering the purchase of a CLT home, most CLTs will require them to meet with an independent attorney prior to purchase. When it comes time for long-time CLT homeowners to re-sell their homes, the CLT's resale formula (depending on which type of formula is adopted) will require an appraisal of the home's appreciated value, one that excludes the value of the underlying land. Both of these professionals will need prior knowledge of the model's features and conditions if they are to perform their assigned roles effectively. Familiarity with the CLT model is also essential for any real estate brokers who are hired by the CLT to assist in the purchase of land and buildings or who are hired by CLT homeowners to assist in the sale of their limited-equity homes down the road. (Note: some CLTs use brokers; some do not. Those who do must make a special effort to ensure that the broker fully understands and fairly communicates the unique characteristics of the resale-restricted property that is being conveyed.)

BUILDING THE BASE FOR A NEW CLT: THREE ORGANIZING STRATEGIES

There are any number of approaches a CLT can take in recruiting key constituencies to the cause of establishing a new CLT. The most pressing issue is not who a CLT needs to reach, since it must eventually cultivate all of these constituencies, but where a CLT should *start*. Should the CLT start big and gradually narrow its efforts at building a base

of support – or should the CLT start small and gradually broaden its base? Should the CLT start with the community or start with individuals and institutions that may fund the CLT? These choices are not mutually exclusive. They sometimes occur on parallel tracks. These choices are not even the only ones a fledgling CLT can make in deciding which strategy to use in educating and recruiting key constituencies. For purposes of discussion, however – and to illustrate the advantages and disadvantages of different organizing strategies – three approaches to building a CLT’s base of support are described below.

Community Organizing

In this organizing strategy, sponsors of the proposed CLT conduct a campaign of popular education within the neighborhood, city, or region intended to be the CLT’s service area. Dozens (perhaps hundreds) of individuals, churches, voluntary organizations, businesses, and banks are introduced to the CLT.¹ Interested individuals are recruited to serve as an organizing committee for the CLT. That committee proposes a structure for the CLT and later convenes open meetings of the entire community to discuss, refine, and endorse that structure. The bylaws are adopted and a board is selected. The CLT then begins to solicit outside resources, to build its own internal capacity, and to explore opportunities for developing its first project. This is a bottom-up strategy that focuses on building an informed base of support for the CLT before a board is seated or a single unit of housing is built.

Advantages of a Community Organizing Strategy:

- ❖ **AWARENESS & ACCEPTANCE OF MODEL.** A campaign of popular education removes some of the strangeness and much of the confusion that surrounds an unfamiliar model of housing. A community that understands the model is more likely to embrace the CLT and to support it as a means of realizing the community’s own interests and goals.
- ❖ **RECRUITMENT BEYOND THE USUAL SUSPECTS.** CLTs tend to attract interest and support from unexpected corners of the community. By casting a wide net, a fledgling CLT reaches beyond the small cast of professional volunteers and self-anointed leaders that often dominate locality-based organizations.

¹ Popular education around the CLT model was given a boost in 1998 with ICE’s release of a 36-minute video, *Homes & Hands: Community Land Trusts in Action*, produced by Women’s Educational Media (www.womedia.org). Many other educational materials were made freely available in 2005 by Burlington Associates in Community Development, when it added a CLT Resource Center to its website (www.burlingtonassociates.com), offering hand-outs and PowerPoint presentations for use in introducing the CLT.

- ❖ **MARKETING.** At the end of the day, a CLT can only succeed if there are people within its chosen community who are willing to invest their savings and their hopes in buying a CLT home. An education and organizing strategy that is broadly based not only plants the seeds for recruiting people to the CLT's membership and board, but for selling the CLT's homes.
- ❖ **FUNDRAISING.** An organization with community roots that are wide and deep will make the CLT more legitimate and more "fundable" in the eyes of private foundations and public agencies outside the CLT's service area that may soon be asked to invest in the projects and operations of this new nonprofit. A community organizing approach to starting the CLT may also uncover churches, businesses, and individuals within the CLT's service area who will be willing to fund the organization, particularly in its early days when organizational development rather than housing development is the highest priority.

Disadvantages of a Community Organizing Strategy

- ❖ **TIME-CONSUMING.** Community organizing is a slow and deliberate process. Holding multiple informational meetings can consume an enormous amount of time, as can the deliberations of a broadly inclusive organizing committee. There are many moving parts to the CLT model, requiring many decisions to be made about the CLT's governance, service area, use restrictions, resale formula, the type of development it will do, and the type of roles it will play. The process of discussing and deciding these questions can continue for many months.
- ❖ **HIGH EXPECTATIONS.** Broadly educating the community about the CLT can raise high expectations among low-income tenants that they may soon be able to purchase a CLT home. By the time the organization has been established and the housing has been developed, years may have passed. Expectations that are quickly raised but slowly fulfilled can undermine the credibility of a fledgling CLT.
- ❖ **LIGHTENING ROD.** When a CLT "goes public," it provides a forum for any individual or organization whose self-interest might be threatened by either the CLT's non-speculative approach to private property or the CLT's possible competition for funds, sites, or constituents. Being denounced in public before it has the backing to withstand such challenges and before it has decided key questions about its structure and program can diminish the CLT in the community's eyes before it has even had a chance to get underway.

Core Group Organizing

In this organizing strategy, CLT advocates quietly approach influential individuals and institutions and ask them to support the creation of a community land trust. The most interested and committed of these recruits are asked to serve on an interim board. This interim board defines the service area, creates the corporation, fleshes out details of the CLT ground lease, and launches the CLT's first project. When the CLT is ready to do its first project – or, perhaps, once its first project is in the ground – the CLT moves to broaden its base of support within the targeted community. Popular education does not begin, in other words, until the details of the local CLT have been worked out and, perhaps, not until an actual project is underway. In time, the interim board is replaced by a duly elected tripartite board, once there are members and leaseholders to put on the board.

Advantages of a Core Group Organizing Strategy

- ❖ **FASTER DEVELOPMENT.** Like-minded individuals can move faster to establish the CLT, without taking time to cultivate and persuade the unconvinced. Furthermore, to the extent that the individuals serving on the interim board have had previous experience establishing nonprofits, running nonprofits, and developing affordable housing, not only can organizational development go more quickly, so can housing development.
- ❖ **FLYING BELOW THE RADAR OF POTENTIAL OPPONENTS.** Core group organizing is a stealth approach to establishing a CLT. By the time the CLT goes public, its leaders have decided key questions of structure and role and, possibly, have launched the CLT's first project. Opponents are forced to challenge an organizational reality rather than a speculative concept.
- ❖ **BUILDING CREDIBILITY.** A new organization that announces its presence in the community by putting housing in the ground has instant credibility – among residents and funders alike. When a CLT is able to move quickly in selling housing to persons who were previously excluded from the homeownership market, moreover, its own leaseholder/homeowners can help to spread the word and to build the base for the new CLT.
- ❖ **BORROWING CAPACITY.** The fledgling CLT borrows the experience and expertise of the individuals who step forward to sponsor it – and to serve on its interim board. One of its sponsoring organizations may even provide staffing and administrative support until the CLT is ready to fly on its own.

Disadvantages of a Core Group Organizing Strategy

- ❖ **BURDEN OF ELITISM.** A model that publicly boasts of its accountability to local residents and leaseholders, but privately begins as a small club of insiders, has a credibility problem. This is a burden that can be eventually overcome, but it can take considerable time and effort to do so.
- ❖ **BORROWED BAGGAGE.** A CLT created from scratch has an advantage over a community development organization that has been on the scene for many years. It has no political baggage. It has no history of inter-organizational conflict. Starting with a clean slate, the CLT can focus on explaining intricacies and correcting misunderstandings about its unusual model of housing, instead of fighting fights and combating whispers left over from organizational skirmishes of the past. This advantage may be lost, however, when a CLT is started by a core group of high-profile individuals and organizations, any of whom may burden the fledgling CLT with their own political baggage.
- ❖ **MARKET RISK.** Building and marketing resale-restricted housing on leased land without first testing the demand for such housing – or without creating the demand for such housing through intensive education and outreach – can be a risky proposition.

Resource Organizing

In this organizing strategy, advocates for a proposed CLT secure a commitment of funds or lands from public or private sources to seed the CLT. With these resources in hand, staff is hired to spread the word, to build the base, and to plan for the use of these committed resources, either through community organizing or through core group organizing.

Advantages of a Resource Organizing Strategy

- ❖ **ACCEPTABILITY.** The commitment of money and/or land bestows instant credibility upon a campaign to establish a new CLT. That does not mean that all skepticism about this unusual model vanishes, nor that popular education about the model is now unnecessary. It does mean that, instead of approaching the community hat in hand, the CLT's organizers come with coffers full, inviting the community to share in planning and using these new resources. Instead of competing from day one with existing nonprofits for scarce funding or scarce sites, the CLT arrives on the scene with its own money or land, ready to go.

- ❖ **EARLY STAFFING.** Rather than relying on volunteer efforts to do education and outreach and rather than relying on the temporary chairs of ad hoc committees to convene meetings and track decisions that form the organizational basis for the new CLT, a commitment of funds allows a fledgling CLT to hire one or two people to staff these functions. This may allow, in turn, for the wider recruitment of volunteers, the better use of volunteers, and the better coordination of the separate tasks that go into establishing a new CLT.
- ❖ **LEVERAGING.** Money attracts money. A CLT with some resources already in hand is in a stronger position to raise additional funds for its operations and its projects than one that is starting out with nothing more than a compelling idea for how affordable housing and community development might be done more effectively.

Disadvantages of a Resource Organizing Strategy

- ❖ **GUILT BY ASSOCIATION.** Endorsement of the CLT model by an unpopular funder, public or private, can be the kiss of death when it comes to community acceptance of this new approach to homeownership. Especially among groups who may already be aggrieved because of a real or perceived lack of investment in their communities by outside funders, the notion of limited equity housing on leased land can sound like a funders' ploy to save themselves some money, while limiting low-income people to a form of homeownership that is only half-a-loaf. When money talks, everybody listens – but many will reject what is said solely on account of who is doing the talking.
- ❖ **BUILDING PROJECTS BEFORE BUILDING AN ORGANIZATION.** The temptation, when money or land is committed upfront for building a CLT's first project, is to focus on project development to the detriment of organizational development. This can result in a mad scramble at the very moment that the CLT's first units are coming on line to finalize details of the ground lease, resale formula, marketing plan, selection policy, and orientation procedure for new leaseholders. When done in haste, these tasks are often done wrong.
- ❖ **CATAclysmic MONEY.** Jane Jacobs long ago warned city planners and community activists about the critical difference between “gradual money” and “cataclysmic money.”² The former allows a neighborhood – or, by analogy, a community-based organization like a CLT – to grow and change in small increments, becoming more complex, diverse, and stable over time. “Cataclysmic money,” by contrast, pours into an area (or into an organization)

² Jane Jacobs. 1961. *The Death and Life of Great American Cities*. New York: Random House, Inc.

in concentrated form, a torrent that not only produces drastic change but, by forcing development in a single direction, washes away whatever diversity and resiliency may have previously existed. When too much money or too much land is put into the hands of a fledgling CLT, it may get too big too fast, bypassing the steady learning and studied mastery of both its model and market that come from gradual growth.