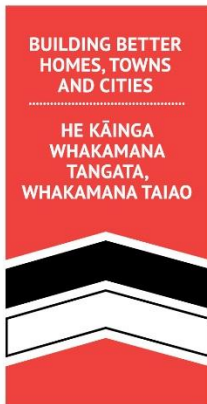


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Community Land Trusts: Performance and Relevance for Aotearoa New Zealand

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Report for Affordable Housing for Generations

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Every effort has been made to ensure the soundness and accuracy of the opinions and information expressed in this report. While we consider statements in the report are correct, no liability is accepted for any incorrect statement or information. The comments of from peer reviewers are very much appreciated.

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Executive Summary

Community Land Trusts are a growing response to the failures of market provision of housing in a number of countries, especially in the US and the UK but also emerging in Western Europe, Australia, and South America. Across these diverse contexts, Community Land Trusts (CLTs) vary from case to case, not only in purpose, number of dwellings and housing typologies etc., but also in their institutional settings, legislation, and funding arrangements. But all incorporate three elements:

- *Community* – most often as a place-based element in which the development of continuously affordable housing will be guided by the local community;
- *Land* – management and stewardship of the land attained by removing the land from the market-place permanently; and
- *Trust* – usually non-profit organisations with the main aim of providing affordable housing for people who have not been served by the housing market and of preserving affordability into the future.

The model has many appealing characteristics, and hence proponents, with guidance material on implementation available in abundance. But how does the model work in practice? Given the diversity of CLTs, what can we learn from the research literature, to determine the relevance of the approach for addressing housing issues in Aotearoa New Zealand?

The report introduces the basic elements of the Community Land Trust model, noting that in practice the model exhibits considerable diversity both between countries, within countries, within cities and even within communities. The English experience with the model starts with its emergence in small rural villages. The UK has approached growing the CLT sector through supporting the exchange of “good practice” between locally-based projects, recognizing the diversity of places, communities and capacity to respond. This is a “horizontal model” of growth which does not assume a one-size fits all.

This diversity can also be seen in the US where the features of the “Classic” Community Land Trust, which is directly linked to funding regimes and legislation in the US can be found in some, but not all, Community Land Trusts in that country. Indeed, CLTs in the US have emerged in response to their local contexts and exhibit considerable diversity as a result. Their comparative success has led to pressures for growth especially in urban areas in large and small American cities. In this context, upscaling (via funding and institutional structures) encourage each CLT to grow in size and in locational spread, referred to as a “vertical model” of growth.

Some key emerging issues are the tensions between ongoing stewardship and the pressures for growth; the meaning of “community” in Community Land Trusts; and the reframing of CLTs (especially in the US) away from community-control and empowerment to becoming primarily tools for perpetual affordability and subsidy retention.

The emergence of CLTs in Western Europe, draws on the results of a large European research project seeking to create a supportive local, regional and national policy, funding and regulatory environment for CLTs. Even from the small number of case study examples provided it is clear that each case study has unique characteristics, and as a result inherent complexity needs to be considered in developing appropriate supporting regimes, including institutional frameworks, legislation and funding.

In all of these case studies, some elements of start-up funding, subsidy or gift of land; institutional support; appropriate legal and financial structures; and funding sources are identified as necessary to overcome the barriers facing implementation of this new form of housing. Once CLTs are established research findings identify that the potential for CLTs lies across a number of policy interventions and housing market processes. These include supporting mixed-communities in urban regeneration projects; mitigating some of the negative impacts of gentrification; mitigating some of the negative impacts of significant market uncertainty and volatility; making good use of land in public ownership for affordable housing; positively impacting the price of neighbouring properties; providing pathways to ownership opportunities for households excluded from housing market purchase; helping individual household build wealth; enabling households to remain home-owners over time; delivering more than affordable housing; engaging residents and support community capacity building; and meeting the needs of vulnerable households at on-selling.

CLTs face challenges in meeting their full potential. The research literature clearly identifies that many CLTs have to work around existing legal frameworks and funding regulations in order to deliver housing for their target communities. There is a need to develop and implement appropriate legal frameworks, public funding, and requirements around internal governance. In many contexts local government already plays an important role but with guidance could provide more support for emerging CLTs.

What are the lessons for Aotearoa New Zealand?

1. Legislation: There is a lack of an explicit statute for Community Land Trusts in Aotearoa New Zealand. Adopting a CLT-based legal structure would enable the development and growth of CLTs. In crafting a statute care must be taken to design for, expect and accept diversity in CLTs. The level of correspondence between CLTs and papakāinga should be recognised upfront, acknowledging both the similarities and the differences
2. CLTs need legal frameworks that acknowledge their diversity, where this diversity encompasses funding mechanisms, policy frameworks and internal governance. CLTs

need legal frameworks that enable the sector to grow horizontally – leading to a network of place-based and community-based CLTs.

3. CLTs must have regard to the following legal issues: a clear vision statement; effective governance; and an articulated ground lease (or equivalent arrangement) that establishes security of tenure, protects affordability in perpetuity, and establishes management mechanisms.
4. CLTs need institutional support (including financial and policy frameworks) that grow the sector horizontally – leading to a network of place-based and community-based CLTs. A national network organisation should be considered to provide education and training, dissemination of best practices, easily accessible legal advice, and standard documentation that could be used by and adapted as needed by all CLTs.
5. The existence of national funding is an important factor in almost all of the cases considered in this report, both in the research and practice literature and should be considered in Aotearoa New Zealand. In addition there is a high priority need for funding to support set-up and pre-development costs.
6. In areas experiencing urban regeneration and / or gentrification, CLTs have significant potential to support mixed-income communities, to enhance community stability, to reduce displacement and to contribute to building community assets. Funding support for CLT initiatives in advance of urban regeneration should be considered.
7. CLTs should be a primary consideration for public policies for marginal house purchasers. CLTs can provide owner opportunities for marginal purchasers and maintain that ownership. CLTs have the potential to mitigate some of the negative impacts of falling house prices and negative equity.
8. CLTs should be considered for all housing developments on publicly-owned land.
9. CLTs can enable owners to build wealth – both financial and personal. The potential for CLTs should be considered as part of social, community and economic development policies.
10. A provision in the ground lease should clearly establish the conditions around re-sale balancing long-term affordable provisions with certainty for individual households. The CLT should consider what conditions it might place on exercising an option to re-purchase a dwelling if the owner wants to sell and is unable to find an eligible purchaser.
11. Local government can play a number of roles in supporting CLTs from identifying potentially available sites, through capacity building and funding. Guidance should be provided on possible roles for local government, and best practice, knowledge and experience should be shared.
12. Where there is an inclusionary zoning policy in place (as in Queenstown Lakes), the local council should consider directly linking the outputs of inclusionary zoning (dwellings, land or other equivalent funds) to a CLT and to local Māori Housing Providers
13. CLTs should either be exempt from paying local rates or be appraised on the basis of incorporating perpetual affordability with restrictions on resale price.

1. The Community Land Trust model

Affordable Housing for Generations is an Aotearoa New Zealand-based research programme, part of Building Better Homes Towns and Cities, National Science Challenge 11. The starting point for this research is recognition of the lack of reasonable quality affordable housing for low-income families and key workers. The focus of this research programme is to develop evidence-based solutions to sustain people in their homes and communities over generations. (<https://homesforgenerations.goodhomes.co.nz/>)

In the context of this research programme, this report investigates the Community Land Trust model for its potential in responding to the current housing crisis. With their emphasis on community-ownership of land in perpetuity and built-in mechanisms for retaining affordability, Community Land Trusts have the potential to not only respond to the immediate crisis but also sustain people in their homes for generations.

Land in collective management and / or stewardship is common for many Indigenous peoples around the world, including Māori, and these precedents have contributed to our current understanding and implementation of diverse models of Community Land Trusts (CLTs) in many countries. The purposes of this report are firstly to provide an understanding of the significant diversity of Community Land Trusts in practice. Case studies from England and Wales, the US and Western Europe explore the development of CLTs, their variety and diversity, the public policy approaches adopted to support the growth of CLTs (including new institutional arrangements and funding regimes), and the flexibility of the approach in radically different contexts. And secondly, to review the international research, policy, and practice literature on the experience of CLTs in order to gain a better understanding of how CLTs perform in practice. The underlying question is what can we learn from the diversity of CLTs and the research literature to determine the relevance of the CLT model for addressing significant housing problems in Aotearoa New Zealand?

1.1 What is a Community Land Trust?

Internationally there is growing interest in separating the value of land from the value of improvements on the land, particularly for the purposes of land value capture (OECD, 2022). In England, the origins of Community Land Trusts (can be traced back in England to Ebenezer Howard (with his seminal publication in 1898 of *To-morrow: A Peaceful Path to Real Reform*) and the development of Letchworth Garden City in 1903. Letchworth was the first Garden City in England based on a land value capture model. In this approach the ownership of the land is separated from the buildings and other infrastructure on it, using a leasehold arrangement, with the intention of stewardship of the land for the benefit of the community.

In the US, the civil rights movement led to the establishment of the forerunner of American Community Land Trusts, “New Communities” in Albany, Georgia in 1969, by African-American activists seeking agricultural land (Davis, 2010). Whilst initially used in the US to capture land rights in rural areas, it has more recently become a critical tool for communities facing gentrification and displacement in cities. Community Land Trusts in North America, the UK, across Western Europe, and emerging in Australia and South America now demonstrate considerable diversity, to fit their local context. Almost all exhibit the three elements in the name:

- *Community* – this most often includes a place-based element in which the development of continuously affordable land uses (including housing) will be guided by the community;
- *Land* – management and stewardship of the land by the community is attained by removing the land from the market-place permanently. Owners of the buildings, and their activities on the land, lease the land from the Trust; and
- *Trust* – these are usually non-profit organisations with the main objective of providing affordable housing (and buildings for other activities) for people who have not been served by the housing market and of preserving affordability into the future.

Whilst the initial reason for bringing these three elements together is usually focused on affordable housing, there are greater anticipated benefits:

- Community can lead to a wider expression of community interest and governance;
- Land ownership (and locking in the initial investment in perpetuity) can enable issues of distribution, affordability, and sustainability to be addressed; and
- Trust leads to stewardship, holding the land in perpetuity, in acknowledgement of the interests of future generations.

Combined, the model is radically different from both the market and the government (or public) delivery of housing. In the CLT model the terms of the ground lease are critical in bringing the three parts together. In addition to spelling out the usual management and maintenance requirements and responsibilities of the home owners (such as for local property taxes and insurance), the ground lease sets the purchase and resale formulae and requirements, the target households for the homes (for example by household income or by links to the local community), and the responsibilities of the owners with regard to the Trust and vice versa.

Whilst CLTs often require public or private funds to acquire the first plot of land and to pay for the first housing development, the resale formula limits the return on the investment received by the initial dwelling owner and ensures that the next sale is affordable to a low-income purchaser. The resale formula used differs from Trust to Trust, but it is commonly based on the initial (affordable) purchase price plus an adjustment based on annual changes in the area median income (AMI) or in the Consumer Price Index (CPI) or similar. The

formula provides the CLT-resident owner with an increase in their investment on resale, and hence assets that can be used for purchasing in the market or as the household wishes. Limiting the amount of equity that can be taken at each sale point, is a highly efficient way of ensuring that the subsidy from the initial public (or private) funds reaches households in need of affordable housing in the future.

1.2 Introduction to this Report

CLTs have the potential to not only provide affordable housing in the short term, going some way to address the current housing crisis, but also provide a distinctive form of housing tenure that can sustain people in their homes and communities for generations.

In practice, CLTs exhibit considerable diversity. Indeed, the variety and diversity of the CLT model in practice serves to illustrate the range of possibilities within the model, and its inherent flexibility and resilience. This considerable diversity arises from a number of factors including (SHICC, 2020):

- The nature of the project leader – for example, it could be a small community group through to a regional governing body
- The nature of the population targeted by the CLT – for example, by household type, size, income, occupation
- The objectives pursued by the CLT - for example, affordable housing, community development, mitigating gentrification
- The development process – for example, renovating an existing building through to a large-scale new build
- The legal environment – for example, the existence of barriers or enablers
- The policy environment – for example, access to funding through existing housing policies and supportive local politicians
- Access to land – for example, at a subsidised price and suitable location
- Tenure of housing provided – on the continuum between ownership and rental
- Scale of the CLT – from a small-scale rural scheme through to complex large scheme in an urban area.

The flexibility of the model, the significant differences in initiation, housing markets and policy contexts results in the diversity found in practice.

Section 2 below opens with a description of the first CLT in England. Some of the English experience with CLTs follows, focusing on the role of central government in supporting the Trusts to upscale with appropriate legislation, technical support, and funding. The role of intermediary organisations in fostering growth is considered. This has resulted in rapid growth with the number of CLT homes exceeding 23,000 in 2020 and CLTs are now operational in rural communities and in urban centres.

Section 3 draws on four case studies to illustrate the diversity of CLTs in the US. The first, Champlain Housing Trust in Vermont, tracks the growth of the CLT from its first dwelling as a response to a housing affordability issue in the City of Burlington to its expansion to assisting more than 3,000 households into affordable housing. The second outlines the story of Dudley Neighborhoods Inc (DNI). This is a Boston CLT formed by a social and environmental justice advocacy organisation for its community of predominantly African-American and Hispanic residents. The third, Rolland Curtis Gardens in LA, illustrates the role that a CLT can play in retaining affordability, when the time-restricted covenants on an existing affordable housing complex expire. And the fourth, from Chicago, demonstrates a city-wide model linking Inclusionary Zoning with a CLT.

Section 4 describes the emergence of Community Land Trusts in Western Europe, focusing on the Sustainable Housing for Inclusive and Cohesive Cities Programme (SHICC) started in 2017. This programme was established to assess the relevance of the Community Land Trust model for Belgium, France, and England. This programme identified the need for new institutional frameworks and funding regimes to be created, appropriate to the local context. These findings have been used to identify the most supportive funding regimes to extend the model to other countries in Western Europe.

Section 5 assesses the research literature on how Community Land Trusts perform in practice, focusing on the evidence base for the performance of CLTs, and on emerging issues with implementation. This includes balancing tensions between ongoing stewardship with a growing need for more affordable housing, particularly in urban areas; and how the ethos of “community” will become challenged by significant growth and the need to provide more housing.

Section 6 assesses the evidence base for the performance of CLTs in addressing significant housing market issues, in addition to contributing to affordable housing. Research findings considered in this section, include the potential for Community Land Trusts to support mixed-communities in urban regeneration projects; to mitigate some of the negative impacts of significant market uncertainty and volatility; to provide ownership opportunities for households excluded from housing market purchase; and to engage residents and support community capacity building.

The institutional settings, such as legal structures, internal governance arrangements, the role of local government and the setting of local property taxes are considered in Section 7.

And the final Section 8 draws on the research findings on the experiences of the CLT model internationally, whilst recognising diversity (responding to its local context), to consider the relevance of the model for widespread implementation in Aotearoa New Zealand.

2 England and Community Land Trust Growth

Whilst there were a variety of forerunners of the modern Community Land Trust movement, the first Community Land Trusts (as we know them today) started to emerge in both England and the US in the early to mid-1980s. This section starts with the first CLT in England which was established in 1983 in the village of Stonesfield in Oxfordshire. Some of the English experience with CLTs is then discussed, focusing on the role of central government in supporting CLTs to upscale with appropriate legislation, technical support, and funding. The role of intermediary organisations in fostering growth is considered. This has resulted in rapid growth with the number of CLT homes in England exceeding 23,000 in 2020. Partnerships between Housing Associations and CLTs have the potential to benefit both players, although tensions are evident. Despite the rapid growth, the majority of CLTs are small-in scale and often in villages and small towns. More recently CLT initiatives are now being implemented in London and other urban centres

2.1 Stonesfield, Oxfordshire: the first English Community Land Trust

Steep rises in house prices for houses in villages in West Oxfordshire, England in the 1980s exacerbated by demand for second homes in the village, meant houses were becoming out of reach of local residents. In 1983, Tony Crofts (a committed Quaker and former owner of the Boot Inn) donated a small area of land (a 0.1 ha site once used as the Boot Inn's car park) and, with other locals, established a housing Trust (registered as a charity in 1983).

Gaining planning permission for housing on the land, increased the value of the asset 50 times over, enabling private sector finance to build four dwellings affordable for young local families. The purpose of the Trust was primarily to provide affordable housing for local people in perpetuity, and to this end the land remained with the Trust.

Additional funding in the form of loans from the local council and from ethical investors allowed new high-energy performing dwellings to be built for rent to local families on low to moderate incomes.



Figure 2.1: The Diversity of Dwellings in the Stonesfield CLT (Image Source: author)

In addition to a total of 15 affordable dwellings the land trust model was used to provide a variety of affordable premises for two workplace units (retrofitted from a small redundant factory), a village Post Office and shop, and a pre-school. Once the loans for the first dwellings were paid off in 2005, the income stream has been used to fund local community and education services for the village. The Trust is now currently investigating using the ongoing income stream and raising funds against the current assets to purchase adjacent rural land for a sustainable affordable housing development.

The Stonesfield CLT is an appealing model. Implementation of one small initiative has delivered perpetually affordable housing for the local community and a steady income stream sufficient to manage the land trust and support the delivery of local community services. Stonesfield is just one example of a CLT but it exhibits elements that are commonly found in others. In many cases, CLTs are independent non-profit organisations, initiated (and often managed) by volunteers with the main purpose of providing affordable housing in perpetuity. In Stonesfield, the lack of affordable housing available for local families in the village and the strong likelihood of displacement, in this case as house prices increased with demand for second homes, led to the desire by local residents to gain some level of control over affordable housing.

The following table provides a summary of the various factors contributing to the particular form of CLT found in the Stonesfield CLT.

Table 2.1: Stonesfield CLT Summary

	Stonesfield CLT
Project leader	Community volunteers
Population targeted	Local working families
Objectives	Response to rural gentrification and displacement
Development process	New build + renovation
Legal context	Not developed at the time the CLT was set up
Policy environment	Supportive local government
Access to land	Initial gift from local individual
Tenure of housing	Mix – majority affordable rental
Other activities	Yes – small businesses and community services
Scale	15 dwellings and 4 community buildings

2.2 Supporting Community Land Trusts to grow

Stonesfield was the earliest CLT in England. The small scale and rural village setting found in the Stonesfield CLT are common features of the early CLTs in the UK. Indeed, most of the current CLTs in England are small in size and are still predominantly in small towns and villages. Much of the growth has come from information sharing through developing networks between communities that have CLTs and those considering them. There appears to be a heavy reliance on community volunteers. CLTs in urban areas in England and Wales in London and Liverpool have had mixed success in acquiring sites, gaining funding, and delivering CLT homes, but see the London CLT below.

By the mid-2000s, CLTs were starting to appear in more locations in the UK, but were spatially scattered, small in scale and led by local volunteers in predominantly rural areas. Whilst still considered to be experimental, they were seen as having potential to address housing affordability issues in a different way from the main third-sector model - housing associations. Funding from central government (Department of Communities and Local Government) and from various philanthropic organizations during the period 2006 – 2010 was provided to support existing CLTs to up-scale and to address technical and financial barriers enabling the emergence of new CLTs (Moore & Mullins, 2013). The barriers were conceived as twofold: the lack of specialist skills for developing (and managing) housing, and lack of capital funding (arising not least from CLTs being unknown to most finance agencies).

Following legislation in 1993 (The Leasehold Reform and Urban Development Act) a process known as “leasehold enfranchisement” was enabled. This gave leaseholders the right to purchase the freehold of their dwelling. As a result, many of the UK CLTs now use covenants instead of ground leases where the purpose is to provide affordable ownership in

perpetuity. The covenants put an asset lock obligation in place that prevents assets being used or sold in a way that contravenes the Trust's objectives. These covenants enable housing affordability in perpetuity and link CLT owners with the community and with stewardship of the land. And, as in the Stonesfield case, uses other than affordable housing may be part of the CLT: where the uses include commercial spaces, community services and facilities, community gardens and agricultural land (Rosenberg and Yuen, 2012). More recently, CLTs established under a Community Right to Buy Order (under the Localism Act 2011) are exempt from leasehold enfranchisement and may use a ground lease to ensure affordability in perpetuity.

In the 2000s, intermediary organisations were formed to not only provide technical support for emergent CLTs but also to promote CLTs through national and regional networks and foster growth. (Moore & Mullins, 2013). The aim of these intermediary organisations at the regional level was to "disseminate good practice and promote public understanding and acceptance of this mutual approach to ownership of land and property" (Countryside Agency, 2005: 53). These intermediary organisations (which have drawn on grants from charities and local authorities to form umbrella CLTs) have formed partnerships with volunteer-led Trusts and housing associations. Several of the umbrella organisations have themselves become players in affordable housing development utilising their assets in combination with local CLTs and local government (Moore & Mullins, 2013).

Funding from the National Housing Federation supported the creation of the National CLT Network in 2010 to work in partnership with the regional umbrella CLTs. And the sector as a whole received a boost in 2014 with government funds (£240 million) being made available for start-up costs of new CLTs. This resulted in significant growth in the number and scale of CLTs in England and Wales. Most of this growth took place in rural communities, villages, and small towns. By 2013 there were 150 CLTs in existence in England, by 2022 this had reached more than 500 across England and Wales. The rapid growth in numbers of CLT homes can be seen in the following figures: from 600 dwellings in 2017 to 23,000 in 2020.

Over the years, a number of programmes of intermediary support have enabled local small-scale CLTs to become operational and to meet their objectives. This has primarily been achieved by creating an institutional framework that enables the exchange of 'good practice' between locally-based projects. This approach recognises the diversity of places, communities and capacity to respond, and seeks to expand the number of Trusts horizontally. It does not assume a one-size fits all approach and contrasts with the more usual practices of public policy support where scaling-up involves standardization and larger budgets (Moore & Mullins, 2013). In contrast, institutional arrangements in the US (discussed in the following chapter) tend to assume a "vertical model" in response to pressures to grow, in which the CLT expands to deliver more dwellings, often over a larger area.

2.3 The Role of Housing Associations

In the UK housing associations have been a long-standing third-sector provider of affordable housing. Whilst their origins can be traced back to Victorian philanthropy, the UK Housing Act 1974 provided significant public funding for new builds, resulting in more than 400,000 housing association dwellings by 1980. The Large-scale Voluntary Transfer Schemes (in the late 1980s) saw many (but not all) local councils transferring their council housing to housing associations. Freedom to borrow from the private sector enabled ongoing growth with an additional 419,000 new housing association homes built to 2020. Changes in housing policy (and a reduction in government funding support) led to housing associations developing more dwellings for market sale and rent, with the profits used to build 140,000 affordable dwellings between 2015 – 2019, in a mix of tenures: social rented homes (paying a government subsidised rent for low-income households); affordable rent (80% of market rent); and shared ownership. (National Housing Federation, n.d.). As a result of these changes UK housing associations are no longer small-scale community-based non-profit organisations but, through stock transfer, mergers and acquisitions, have become large in scale, professionally-managed, seeking out economies of scale, and adept at accessing private and public finance.

Partnerships between CLTs and housing associations can be directly related to a requirement (pre-2010) from the government's Homes and Community Agency (HCA) that, in order to access capital funding for new development, the CLT must partner with a local housing association, with the housing association managing risk and ensuring completion of the project (Aird, 2009). With the growth of CLTs, HCA's 2011-2015 Affordable Homes Programme reduced the "requirement" to a "strongly encouraged" approach. Due to the lack of expertise in the CLT sector, many CLTs opted for partnership, despite the option of seeking independent funding. The latter required "rigorous and prohibitive registration process to even apply for the funding" cited in Moore (2016, p. 89).

Whilst partnerships between CLTs and housing associations can provide access to needed capital funding, the tensions between the two sectors is apparent. Many CLTs in England and Wales have a strong local focus, are often initiated and managed by volunteers and are designed to address specific local needs. Whereas housing associations are large professionally staffed organisations with considerable experience of the technical, complex processes for housing developments and the delivery and management of affordable housing.

In England and Wales the intermediary organisations, which were set up to provide support for emergent CLTs, enabled them to broker a wide variety of partnerships between some CLTs and housing associations. For other CLT initiatives, more strongly focused on local control and independence, finding a suitable housing association partner may be difficult and, as a result, partnerships rejected or limited to one aspect of the scheme. For example,

this could be a partnership around development of dwellings but not to allocation of households to dwellings. Whereas for other CLTs a housing association partnership could be limited to a contract to provide ongoing management. In addition to concerns about local independence, partnering with a housing association may limit the ability of the CLT to eventually generate surpluses from the rental incomes for investment in the community (as in the Stonesfield CLT example). This would be the case when the partnership involved the CLT retaining ownership of the land and receiving a ground rent from the housing association, which, in turn, retained the rental income from the households. This limits the ability of a CLT to control any future surpluses generated from rental income for reinvestment into the community (Moore, 2018). This is more than a financial matter, as it concerns the ownership and control of a community asset, directly impacting on the core values of the CLT (Moore, 2016).

Despite these difficulties, partnerships between CLTs and housing associations are of growing importance especially given the funding interdependencies associated with the social housing sector in England and Wales. Clearly the CLTs get a number of benefits from the partnership: including the capacity to deliver housing, technical expertise, speedier delivery of desired housing and managing risk. In addition, the involvement of a housing association provides the volunteer-led CLT with the legitimacy, sought by stakeholder partners and financial institutions, that by working together the houses would be delivered and managed (Moore, 2016).

The benefits the housing associations get from the partnerships include opportunities to extend their activities into areas with community support for affordable housing, and to access public funding from the HCA government grant programme available for the CLTs. The partnership may also provide a pool of potential residents who are aware of some of the characteristics of CLT housing and are interested in becoming long-term residents and, to some extent, able to contribute to management and upkeep of the dwellings.

The significant expansion and professionalisation of housing associations in England and Wales sometimes led to a level of "...distrust amongst local communities, often provoking opposition to affordable housing developments particularly in rural areas" (Sturzaker 2011, cited in Moore, 2018). Partnership with the local CLT provides the housing associations with community-based legitimacy, local leadership and engagement by the community, all important in gaining acceptance of the new housing, by local residents. In addition, housing associations have very diverse mission statements. Some seek out partnerships with CLTs to achieve both their social housing provider role, and to enable the community to achieve its objectives (the housing associations' community development role).

2.4 The Localism Act 2011

The importance of community-led initiatives in England and Wales needs to be considered against the backdrop of the Localism Act 2011. This Act introduced new 'community rights' (including the right to build), community asset ownership and community governance, as alternatives to public and market provision. And whilst this reliance on community self-help and volunteerism can be (and is) criticised for not addressing structural issues of power and inequality, it does open up opportunities for organisations like CLTs, that are already volunteer-led and are based on a model of a strong ethos of local democratic governance.

Of course, the assumption of localism that in any community there are willing volunteers who can commit time and expertise to these endeavours is open to question as is the almost inevitable reliance on a small number of volunteers who may have strong views on community needs and values.

Whether all housing associations that seek partnerships with CLTs are themselves committed to supporting community leadership and the housing and social needs of local people is another matter. It is possible that some housing associations have more of a commitment to expanding their existing housing portfolios and this will result in dilution of the CLT ideal of capturing the value of local assets for local benefit (Moore, 2018). Although the history of housing associations reflects their beginnings in the voluntary sector, for some associations, it may be that local accountability has been left behind. And the shift from voluntarism and the local community has resulted in the dominance of scale and efficiency of institutional delivery.

2.5 The Urban CLT initiative

Recognising that the majority of CLTs were in rural areas and small centres, the National Community Land Trust Network launched the Urban CLT Initiative in 2014. This initiative targeted 19 emerging CLTs in urban areas, and provided resources, peer networking and a one-off grant to be spent according to local project priorities. The 19 CLTs were facing a mix of housing affordability issues, from gentrification and displacement of residents through to the ongoing impacts of structural disinvestment. Whilst each CLT had different characteristics, the provision of funding, resources and technical support, based on real-life experiences, has been beneficial. (Moore et al, 2018). In particular the financial support enabled a number of the CLTs to bridge funding gaps and to better access the continuum of funding available to the sector. It also enabled them to become players in the emerging Housing Hubs. The availability of and high cost of land in urban areas presents ongoing challenges for these CLTs. Whilst asset transfer might resolve some of these problems the lack of availability of suitable sites in the appropriate location continues (Moore et al, 2018).

To date the London CLT has been the most successful urban initiative. Following a long community-advocacy process, the first CLT in London was at St Clements in Tower Hamlets, completed in 2017. St Clements had been a psychiatric hospital and is a heritage listed building. London CLT worked in partnership with the local council, a housing association, and a developer to deliver 23 CLT homes (1-, 2- and 3 bedrooms), in a mixed complex of 252 apartments, including private social rental and market homes. The CLT model enabled the homes to be made available to local families at less than 30% of the market value. A transparent housing allocation model was developed, based on local connection, community involvement, limited finance and housing need.



Figure 2.2: St Clements, Tower Hamlets, London (Image Source: London CLT)

The Ricardo Community Foundation (RCF) was established to own the freehold of St Clements, with a requirement that it remains in community ownership in perpetuity, with any funds raised from the ground rents to be used for charitable purposes in the local community.

The first London CLT direct development, Citizen House, was opened in April 2023. An active local community-advocacy group managed to gain the support of the Mayor of London, the Greater London Authority (GLA) and the London Borough of Lewisham, to identify potential sites and assist with obtaining funding. Funds came from the GLA, the Community-Led Housing Hub, London CLT's community share offer, and mortgage providers Nationwide Building Society and Ecology Building Society. Citizen House was co-designed with the community and consists of eleven 1- and 2-bedroom homes.

London CLT is progressing a further 5 schemes itself, campaigning for more CLT homes, and supporting other local communities to initiate their own CLT developments.



Figure 2.3 : Citizens House, Lewisham, London (Image Source : London CLT)

2.6 In Summary

From 2006 on, Government funding provided much needed capital for CLTs in England and Wales. The provision of technical support and the role given to intermediary organisations tasked with this function, enabled a network (formal and informal) of support for growth. Despite the significant growth in numbers of dwellings, and in contrast to the US experience described in the next section, most of the CLTs in England and Wales are small, in a rural or small town location, and initiated by volunteers. Partnerships with housing associations, needed (or at the very least “encouraged”) in order to access funding and staff capacity has led to tensions between the voluntary and community-based nature of many CLTs and the more professionally run housing associations. To some extent the Localism Act has provided renewed opportunities for the community-led CLTs and has enabled the use of ground lease arrangements again.

3 Diverse Community Land Trusts in the US

3.1 Introduction: The US experience with Community Land Trusts

For the US experience with CLTs, Davis (2007) identified 10 key features of the “Classic” Community Land Trust, where the “Classic” form is supported by federal legislation and is eligible for public funding support. Whilst this “Classic” model is only directly followed by some (not all) of the Community Land Trusts in the US, the list below identifies the most significant features.

1. *Non-profit tax-exempt corporation*

By targeting charitable goals, such as affordable housing for low-income people, the land trust is eligible for tax-exemption status

2. *Dual ownership*

The land is retained in permanent ownership, whilst the buildings on the land may be sold to either non-profit or for-profit organisations (including housing providers and businesses) and individual homeowners.

3. *Leased land*

Long-term ground leases are used to provide the exclusive use of the land by owners of any buildings thereon.

4. *Perpetual affordability*

The CLT retains the option of repurchasing the buildings on the site if the owners decide to sell, at a price set by the terms of the ground lease. This formula should provide a fair return on the investment for the seller and enable future buyers to purchase at an affordable price.

5. *Perpetual responsibility*

In different ways the CLT has an interest in the land, the buildings and the people occupying the buildings. Through the ground lease, CLTs can force building owners to make good repairs to ensure the buildings do not become hazardous; and can address any defaults on mortgages in order to forestall foreclosure.

6. *Open, place-based membership*

CLTs operate in specific locations and communities. Any resident adult in the CLT area can become a voting member of the Trust.

7. *Community control*

Voting members, comprising local community residents and the residents of buildings on CLT land, nominate and elect 2/3ds of the Trust Board directors.

8. *Tripartite governance*

The Trust Board is made up as follows: 1/3rd people who lease land from the Trust, 1/3rd of local residents who do not lease Trust land and 1/3rd public officials, funders and non-profit housing organisations.

9. *Expansionist program*

Most CLTs are committed to increasing the supply of affordable housing on their lands.

10. *Flexible development*

There is significant diversity in the roles that CLTs play – from in-house development through to delivery via partnerships; from rental housing only through to various dwelling ownership models: and from residential only through to commercial buildings and to community development. (Davis, 2007).

The flexibility and diversity enabled in these key features is mirrored in the practice literature which identifies the extent of variety and diversity of CLTs in the US. Much depends on the local context, the local land and housing markets, politics etc. While almost all CLTs are non-profit organisations (with appropriate tax exemption status) with the aim of providing housing for low-income families and addressing community development, diversity comes from their inception. Some CLTs emerge from the work of community groups, committed community volunteers and local advocates. Depending on location, the community groups may have strong social values and a desire to work together to help others. Whilst others seek to move forward through stronger advocacy and potentially confrontational politics. In addition, some CLTs are initiated by local (or central) government in order to ensure that affordable housing is managed into the future by retaining housing affordability with resale-restrictions relating to price and occupancy, on leased land. This approach is relatively common when affordable housing is generated by inclusionary zoning which requires affordable housing contributions from developments.

3.2 Case studies from the US

This section introduces some of the variety and diversity of Community Land Trust models, drawing on four case studies from the US. The Champlain Housing Trust is the largest CLT in the US established in the mid-1980s with one house in Burlington, Vermont, which had grown by 2021 to a point at which 8% of the households in the three counties of Vermont where the Trust operates lived in a dwelling on Trust land. Dudley Neighborhood Inc in Boston is an example of a CLT that started in the 1980s in a deprived urban community with abandoned lots and abandoned buildings, arson-started fires and rubbish. By 2016, the Trust was providing 225 affordable housing units, community resources and services, and improved community stability and confidence. Rolland Curtis Gardens (Los Angeles) is an example of a CLT that acquired an existing small apartment block as its initial affordability covenants expired and then redeveloped the building as retained affordable housing in perpetuity. And the final case study in this chapter is the Chicago City-wide CLT as an

example of a top-down city council initiative to preserve the affordable dwellings created by the council's inclusionary zoning policy. Between them, these four case studies demonstrate the wide diversity of Community Land Trusts in the US.

3.3 Champlain Housing Trust, Vermont

The largest CLT in the USA is the Champlain Housing Trust in the State of Vermont. The Trust started in the mid-1980s in the lowest-income neighbourhood in Burlington, Vermont. With some financial support (in the form of a one-of \$200,00 grant) from the city, the Burlington Community Land Trust was able to purchase its first dwelling in 1984 (a single-family home). The first purchaser paid 23% less than the overall market value (purchasing only the dwelling) and the Trust assisted with obtaining a below market rate mortgage from a bank. At on-selling, the "profit" was initially restricted to 10% of the increased value of the dwelling, with no consideration of any increase in land value; and the next purchaser had to meet the same eligibility requirements of low to moderate income. Community demand for more affordable housing (with a significant mismatch between low incomes and high housing prices) resulted in rapid growth. By 1989 the CLT had 85 units in a mix of single-family dwellings and multi-family buildings (being turned into limited equity co-operatives); 3 commercial units for non-profit organisations, a community health centre and a shelter for homeless people (Soifer, 1990).

The BCLT operated strict eligibility guidelines based on Vermont's median income – with different criteria for rental tenure and dwelling purchase. In addition, personal links to Burlington, be it length of residence or employment in the city, were used to allocate dwellings when the demand exceeded supply.

Inevitably there were a number of issues as the Trust became established including some tensions over the equity (gain) formula (which was moved from 10% to 25%); how to value any improvements; and the responsibilities for management and maintenance. The 13 member Board of Trustees included leaseholders, city officials and community leaders, with all Trustees being elected by the members. Five year after its inception, the initial \$200,000 grant had leveraged 20 times that in investment from grants (including the Community Development Block Grant (CDBG) program which provided federal funds and was administered by the city council) and loans and donations from church groups and socially responsible investors, etc (Soifer, 1990).

In 1991, the Trust started to focus its work outside of Burlington, and a subsequent merger with a development corporation providing rental properties resulted in the formation of the Champlain Housing Trust (CHT). The CHT operates across 3 of Vermont's counties, and has a portfolio of: 2,400 rental apartments, 600 leasehold homes, a number of limited equity cooperatives, and 2 hotels providing services and shelter in the form of transitional housing; in addition to community services, laundromats, and childcare facilities on its land. (Axel-

Lute & Blumgart, 2021). One of the transitional housing ‘hotels’ was developed from a decommissioned fire-station donated to the CHT by the City of Burlington (Davis & Jacobus, 2008).



Figure 3.1: CHT Apartments in the Centre of Burlington, Vermont. (Image Source: Champlain Housing Trust)

In addition the CHT manages over 100 apartments that were part funded by development contributions under Burlington’s inclusionary zoning policy. In this case, because the apartments are in a mixed-income, mixed-tenure development, the CHT does not own the land, but covenants against the deeds ensure that the CHT purchases the apartment at an affordable price when the residents move on (Davis & Jacobus. 2008). Some of the diversity of housing stock in the CHT can be seen in the photos below. The Burlington Housing Trust Fund, which is financed through a 1% addition to the property rates in the city, is available for the CHT (and other affordable housing non-profit providers) to support affordable housing projects and to build capacity. And with over 4,000 members, annual dues of over \$70,000 annually contribute to 5% of the CHT’s operating budget (Davis & Jacobus. 2008).

As the CLT grew in size, more households were assisted into affordable housing, the financial sustainability of the CLT increased (along with its assets), and the need for professional staff increased. Growth, particularly when it is reflected in a percentage increase in the overall housing stock, has the potential for the CLT to have an impact on overall market prices, and provide stability for those who would otherwise be unable to

afford to stay in their community. By 2021, 8% of households in the 3 counties in Vermont included in the operating area of the Trust lived in a CHT home (Axel-Lute, 2021).



Figure 3.2: Diversity of CHT Stand-alone Houses in Rural Communities (Image Source: Champlain Housing Trust)

Over time the Board of Trustees has expanded to take into account the wider area, and to outreach to the various communities. The CHT staff provide services across the same area, not only to manage the Trust’s land and properties but also to support community initiatives for similar models of shared equity ownership. Whilst the growth of the CHT has been

supported by politicians at the state and local level, there is an almost inevitable tension between upscaling to provide affordable housing in perpetuity and the objectives of community empowerment and control (Axel-Lute & Blumgart, 2021).

3.4 Dudley Neighborhoods Inc (DNI) Boston

The starting point for this CLT was as a community-based organisation in South Boston responding to the personal and environmental harm caused by property abandonment, fires, rubbish on abandoned lots, and the lack of action from the city authorities. According to Engelsman et al (2018) arson was common in the late 1970s and early 1980s: “Arson drove out low-income residents from their homes and thereby enabled landlords to turn them into condominiums ... Arson also gutted the buildings for rehabilitation and provided tax-free, interest-free financing in the form of an insurance payment ...”. Following four years of activism, in 1988 the Boston Redevelopment Authority granted the DNI powers of eminent domain (or compulsory purchase) to legally gain title to privately owned vacant lots in an area known as the Dudley Triangle. Boston City Council gave the DNI approximately 30 acres (12 ha) of blighted and abandoned property. These vacant plots accounted for “...more than 20% of the neighborhood” (Engelsman, et a, 2018). These legal powers ensured that land acquired through eminent domain powers could be developed for public benefit. With land ownership came the ability to seek and gain grants, loans and loan guarantees to initiate the developments.



Figure 3.3: From vacant lots to DNI housing (Image Source : Stills from the film: Holding Ground: The Rebirth of Dudley Street, <https://www.newday.com/films/holding-ground-the-rebirth-of-dudley-street>.)

By 2016, the DNI had developed 225 affordable housing units plus community spaces, ranging from parks and playgrounds to community office spaces, with ownership of the land remaining with the Trust (Bunce, 2015; Engelsman et al, 2018). The DNI has been able to provide stability in their housing for local residents. No subprime loans has meant protection from the effects of foreclosures that impacted other neighborhoods in the period 2007-2009. Individual household stability has fed into community stability. And the focus of

the DNI on community organising has led to increasing levels of local empowerment, enabling a wider range of initiatives in the neighbourhood (Engelsman et al, 2018).

3.5 Rolland Curtis Gardens in Los Angeles

The ability of a CLT to retain affordability into the future can be clearly seen in the case of Rolland Curtis Gardens in Los Angeles (Kim et al, 2022). In this example, the existing affordable housing apartment development of some 48 units had been built using federal government Section 8-funding which had a limited term for retaining that affordability. A Land Trust and an affordable housing developer purchased the buildings just after the affordability covenants expired, which meant that current tenants were facing steep rises in their rents to market rates. Putting together the financial package for site purchase and redevelopment as CLT housing was complex and included a mix of public and private-market funds. A higher-density (to 140 dwellings) and mixed-use design (with commercial units on the street frontage) was needed to achieve financial feasibility. This design was developed through a 4-month participatory planning process with the tenants and with the local communities. This engagement process, supported by outreach teams, built trust and confidence with the local communities, reducing potential opposition. Families, re-located with the Trust's help during the demolition and construction process, had a 'right-to-return,' minimizing displacement both initially and into the future with the CLT providing affordability in perpetuity (Kim et al, 2022). However, difficulties in obtaining requisite financing impacted on the 'right-to return' approach. The financial viability of the project ruled out those on very low incomes and resulted in some of the existing low-income residents not being able to afford the new rents.

The CLT and the experienced housing developer brought different skills and resources to this project. For example, the CLT was able to deliver strong community engagement and trust and the developer was able to bring project development skills. Both sets of skills were necessary in a complex and costly urban market. Whilst the main benefit of a CLT model is perpetual affordability, this is not something that is immediately attractive to a housing developer, even a non-profit affordable-housing developer. What seems to have made this project work financially is the location as "... strong and appreciating land values help ensure occupancy and the long-term financial viability of the project" (Kim et al, 2022 p. 249).

The researchers suggested that in order for a CLT to be more broadly applicable in complex urban housing markets:

1. Direct more appropriate levels of public funding and support for affordable housing projects (including CLTs) in gentrifying areas, especially where price appreciation is being supported by public investment in transit;
2. Exempt CLTs from paying property taxes from the point of site acquisition until project completion;

3. Increase allowable densities for affordable housing developments (including CLTs) and reduce opportunities for NIMBYism especially near public transit
4. Directly link CLTs to inclusionary zoning and density bonus programmes. (Kim et al, 2022, p. 250)

These recommendations are discussed later in this report.

3.6 Chicago City-wide CLT

In the previous examples, the impetus for the CLT initially came from the local community. There are a number of examples in the US where the CLT is initiated by local government as part of an overall affordable housing policy or strategy. In this example, the City of Chicago created a city-wide CLT in 2006 linked to its Affordable Housing Requirements Ordinance (ARO) - that is the City's inclusionary zoning scheme. The CLT was established as a nominally independent nonprofit organisation "...to preserve the long-term affordability of homes created through city programs and maintain a permanent pool of homeownership opportunities for working families" (City of Chicago, 2016, cited in DeFilippis et al, 2018). The ARO describes the advantages of this city-wide approach, rather than separate neighbourhood CLTs, as "...standardization of the ways in which CLT housing is assessed, subsidized, mortgaged, marketed and managed" (Fujii, 2016).

The CLT housing is directed to the areas in the City where the ARO rules and regulations apply: These are the 'downtown zone,' 'low to moderate income zone' and the 'higher income zone.' As development occurs in the identified zones, a steady stream of CLT homes are delivered. Whilst the city-wide approach may have advantages of efficiency, the lack of a place-based approach negates any possible advantages around community ownership, capacity building and empowerment. The Chicago CLT board members are all appointed by the Mayor, with no community control in its initial operations. Once the Chicago CLT reaches 200 homes, the board of the CLT will move to one-third of the board consisting of CLT owners. In addition, it is anticipated that once there is a certain mass of CLT related households, some level of 'community' will be formed (Fujii, 2016). However, it was not clear how a community based solely on tenure will function.

In more recent years, the Chicago CLT has changed its name to the Chicago Community Housing Trust (CCHT) and rebranded itself as a community housing trust provider. Its two main programmes are now the provision of affordable housing generated by the City's Inclusionary Zoning regulations and the acquisition and rehabilitation of existing dwellings to deliver reasonable quality affordable housing, particularly in parts of the city at risk of gentrification. In this new role it continues to provide funds for community-based CLTs.



Figure 3.4: New Construction and Renovation of Existing Dwellings (Image Source : Chicago Community Housing Trust <http://chicagohousingtrust.org/>)

In addition to this city council created and led initiative, community activists (with public agency and non-profit partners) are making use of their version of the CLT model. Chicago has a history of strong community activism with regard to affordable housing. In 2000, in a controversial move, the City began a programme of demolishing some of the most-distressed public housing units, evicting the last tenants in 2010. In 2006 – 2008, some of the Community Areas (areas of low to moderate income earners owner-occupied neighbourhoods in the central city) that were hardest hit by the foreclosure crisis, were identified as risky for future borrowing, and abandoned. Community activists led eviction blockades and took possession of abandoned buildings. When this insurgent activity eventually reached its limits, the community activists entered negotiations with Cook County Land Bank and other public agencies (Cahen et al, 2019). In 2017 the Chicago Lawn Owners Land Trust was created. Its first project is the creation of a CLT for up to 90 households in the Chicago Lawn neighbourhood – one of the areas hardest hit by the foreclosure crisis.

And in the fastest gentrifying area of the city, Logan Square, the Here To Stay Community Land Trust has set up a community-based non-profit CLT in partnership with the Spanish Coalition for Housing. In 2023, the CLT received \$5 million funding from the State, and other public subsidies, to support its efforts to purchase dwellings in the NorthWest of Chicago. Once the dwellings are renovated the dwellings are on-sold as affordable housing, with the H-T-S CLT retaining ownership of the land.

3.7 In Summary

These four case studies exhibit some of the diversity that can be found in the use of the CLT model in the US. These differences are summarized in the table below.

This diversity demonstrates the flexibility of the model and can be directly linked to the original reason for the creation of the Trust – for example, from the confrontational politics evident in the Boston case study through to needing a vehicle for retaining affordability in perpetuity in the case of the Chicago City Council Trust.

In urban areas in the US in particular, the success of a CLT in its initial phases leads to pressures for growth. Emerging issues as CLTs respond by upscaling are discussed in Section 5. Issues arising from inadequate legal frameworks and funding regimes are discussed in Section 7.

Table 3.1: Four Case Study CLTs from the USA Summary

	Champlain Housing Trust	Dudley Neighborhoods Inc	Rolland Curtis Gardens	Chicago City-wide CLT
Project leader	Community Trust	Housing activists	Community groups and non-profit affordable housing developer	Chicago City Council
Population targeted	Low-income local households	Very low-income local residents	Low-income local families, plus some right-to return residents of original 48 apartments	“...Ownership opportunities for working families”
Objectives	Gap between rising house prices and local incomes	Community disinvestment blighted / abandoned neighborhood	Expiration of affordability covenants	Affordability preservation linked to Inclusionary Zoning scheme
Development process	Existing dwellings and new build	New construction	Redevelopment of existing building at higher density plus commercial	New build
Legal context	Federal legislation for CLTs and community housing	Federal legislation	Federal legislation	Federal legislation
Policy environment	Supportive State and local government	Supportive local government	Supportive	City Council owned trust

Access to land	First purchase with State grant	“Eminent domain” powers used to transfer ownership of 12ha of land	Complex mix of public and private funds to purchase original building	Funds from Chicago’s IZ scheme
Tenure of housing	Mix – social-rental, leasehold ownership, LECs, transitional housing. Resale price linked to market increase.	Leasehold dwelling ownership, LEC units and affordable rental. Resale price linked to equity increase.	Affordable rental for households with incomes between 30% to 60% of local AMI	Leasehold dwelling ownership. Resale price linked to property value increase.
Other activities	Community services	Community services and commercial	Community services and commercial	No
Scale	Significant: 3,000 + dwellings across 3 counties	225+ dwellings in inner city Boston	140 units in one building complex	200+ dwellings across Chicago ... where IZ scheme operates.

4 Western European Community Land Trusts

4.1 The Sustainable Housing for Inclusive and Cohesive Cities Programme (SHICC)

Until the early 2000’s most CLTs were in the US and the UK with a small number emerging in Canada and Australia. CLTs are included in Habitat III UN’s New Urban Agenda (UN, 2017, Art 107 and 137) and in the Toolkit for Affordable Housing Policies, 2018, European Urban Agenda. The Sustainable Housing for Inclusive and Cohesive Cities (SHICC) – a 4-year European programme from 2017–2021 - was established to determine the relevance of the CLT model for addressing housing problems in North Western Europe. In the first 3 years of the programme, SHICC supported four existing CLTs in Brussels, Ghent, Lille and London in order “...to ‘prove the concept’ create a supportive local, regional and national policy, funding and regulatory environment for CLTs and build a movement across the region” (SHICC web site). The lessons learnt were then applied to CLTs in four more countries (the Netherlands, Germany, Scotland and Ireland) to develop the most supportive funding regimes.

Brief descriptions of three of these four case studies are given below. The CLT in each of the three case studies was a response to a different housing affordability issue, which demonstrates the flexibility of the model. Community advocates played different roles. The necessary financial, legal and technical frameworks were different in each case and had to be managed to ‘fit’ the emerging form of the CLT. These three cases illustrate the

complexity of institutional frameworks, legislation and funding that need to be considered to enable CLTs to fulfil their potential.

The long-term aim of this programme is to develop a European CLT movement by building favourable policy environments; developing appropriate financial instruments; enacting appropriate legislation; supporting institutional capacity (within CLTs and stakeholders); and supporting emerging CLTs through the start-up phases. To this end, the SHICC web page includes many resources on the case studies, on financing, institutional structures and legislative issues, and for education and advocacy roles. It is worth noting that an early workstream for the SHICC programme developed a social impact assessment tool, to demonstrate (through quantitative and qualitative analysis) the added value that CLTs bring to the existing affordable housing models.

SHICC's Social Impact Framework assesses the CLT against five goals:

- a. Control land and develop houses – impacts on physical form
- b. Build local capacity and development – local ownership and management capacity, personal stewardship and empowerment
- c. Increase equity – providing access to affordable housing for people who would otherwise struggle in the housing market
- d. Challenge the status quo – by demonstrating a different way of creating housing
- e. Encourage sustainability – through intergenerational stewardship (SHICC et. al, 2020)

4.2 Community Land Trust Brussels, Belgium

In response to an ongoing housing crisis in Belgium, grass-roots housing activists and community organisations worked on a number of initiatives around community participation and new forms of housing ownership. A feasibility study of a CLT was approved and the Brussels Capital Region (BCR) gave formal (and financial) support for the first CLT in 2016 (Aernouts & Ryckewaert, 2018).

The first CLT project in Brussels, and in Mainland Europe, is “L'Ecluse” a 4-storey building containing dwellings for 9 families in the Brussels Capital Region. “L'Ecluse is located in a part of the city that has low incomes, high unemployment rates and some of the most-deprived populations in the region.



Figure 4.1: L'Ecluse Community Land Trust, Brussels <https://www.cltb.be/mariemont-lecluse/?lang=en> (Image Source: Photographer: Marc Detiffe (SPRB/DRU))

The CLT is formally recognised in the Brussels Housing Code, enabling access to the regional investment plan, (Plan Alliance Habitat, 2014-2020), and an investment and operational budget of up to €2.3m yearly (SHICC, 2020, page 28). CLT Brussels uses a legal framework consisting of a Public Purpose Foundation (Fondation à Utilité Publique or FUP) as the owner of the land and a non-profit association (Association Sans But Lucratif or ASBL) that develops and manages the initial project and subsequent ones. Dwelling units are allocated on the basis of order of registration to individual households from the local neighbourhood, who must live in the dwellings or occupy the building if a non-profit or community-focused organisation.

The CLT Brussels is able to buy land and support the first owners into affordable ownership of the dwelling, with payments linked to household incomes. The constitution of the CLT Brussels ensures that it will not sell the land, it will serve local need for the common good. A 50-year surface deed is given to the owner of the dwelling, which lays out the CLTs principles, and requires a monthly payment of €10. A novation clause ensures that every time there is a transaction for the dwelling (for example inheritance or sale) or at the end of the 50-year lease, a new deed is issued for another 50 years etc. On sale of the dwelling, the owner receives the amount invested in the purchase of the home plus a 25% share in any increase in value over the ownership period. The remaining 75% is used to support the operation of the CLT Brussels and to enable the incoming household to purchase an affordable dwelling. A Board of Trustees (CA) governs the operations of the FUP and the

ASBL – with members drawn from current and future residents, the public authorities and civil society. By April 2020, CLT Brussels had delivered 49 dwellings in 4 separate buildings, 59 dwellings under construction (in 3 buildings) and 73 dwellings under development (SHICC, 2020, p 29)

The CLT Brussels attempts to support a participative and collaborative process in delivering the CLT dwellings. For example, workshops for the design of future buildings adopt a participatory design approach. Community capacity building and the empowerment of individual community representatives have been identified as important features in not only delivering the CLT projects but also influencing the wider delivery of housing for lower-income households in the region (Aernouts & Ryckewaert, 2018).

4.3 Community Land Trust Ghent, Belgium

Another SHICC case study is in Ghent, also in Belgium, but in the Flemish region of the country (SHICC, 2020). Economic urban development, land use planning and housing policy are regional matters in Belgium. Flemish housing policy is traditionally committed to an ownership model. Despite high property prices and unaffordable rentals, CLT Ghent had to advocate and lobby for its first CLT. Unlike the CLT Brussels, the Flemish regional government did not provide financial support to purchase the land for the first development. CLT Ghent had to fit its model into existing ‘social ownership’ legislation, which has implications for the eligibility of households (re-configured to consist of a mix of households of which 65% will be from a lower-income (social rent) category, the remainder from the higher-income (social ownership) category. After negotiations, the City of Ghent gave the land for the first development to the CLT as leasehold land for 99 years. The 34-unit housing development is designed around two sides of an area of communal space and community gardens. Owners are able to receive a ‘social loan’ at favourable interest rates through the CLT, with repayments capped at 40% of household incomes. CLT Ghent is investigating the possibilities of including community services (such as a cooperative supermarket or foodstore close to the development) and / or additional communal spaces.

The Ghent CLT has closely followed the approach taken by CLTB, with a similar separation between the ownership of the land (a FUP) and a non profit association (ASBL) to manage the development and the housing; a 50 year lease rolled over in perpetuity; and a governance structure based on a Board of Trustees drawn from locals, civil society and local authorities.

The main difference between the Brussels and Ghent CLT models is in the treatment of the price of the dwelling on resale. On selling their dwelling the sum is calculated on the basis of the initial price paid for the dwelling (the construction cost for the first dwelling) plus indexation, that is any increase based on the Belgian income index. The seller also agrees to

give the CLT an exit fee of €5,000 to cover administration costs. The incoming purchaser will purchase an affordable dwelling (as the purchase is only for the dwelling and not the land) and the price of the dwelling will always refer to its construction value, and not the market value.

4.4 Community Land Trust, City of Lille, France

In order to successfully implement CLTs in France, new legislation was required to guarantee that any new affordable housing created would remain affordable into the future. A dual legal structure was created: the Organisme de Foncier Solidaire (OFS) – the land trust entity – and the Bail Réel Solidaire (BRS) – the long-term lease (19-99 years, renewable) binding the OFS and the buyer (SHICC, 2020, p. 32).

The OFS introduced a resale formula and guaranteed the socio-economic profile of the residents (through specific allocation processes) in order to retain the “...sustainability of public investments, support local homeownership policies, and slow down speculation” (SHICC, 2020, p. 32). To date, the CLTs in France are not community-led but are initiated by local authorities, affordable housing developers, and public land agencies (Établissements Publics Fonciers – EPF). Accreditation by a regional Prefect opens up access to low-cost finance in the form of loans and property tax reductions, whilst accreditation ensures that risk is managed by the OFS. Between 2018 – 2020, more than 20 OFS were accredited, and 9,200 units are under various stages of development. (SHICC, 2020 p. 32)

Lille Metropolis OFS was created in 2017 as a non-profit organisation, with the aim of balancing the various public bodies (EPF) and local actors. Rue Renan (the first of two pilot projects 2016 - 2020) is mixed occupancy, enabling the financial costs of the development to be balanced. Of the 91 dwelling units, 50% will be social housing, 30% will be sold on the open market, and 20% will be sold under BRS (the CLT model).

In contrast to the two case studies from Belgium, the development has taken place in an expensive part of the city, close to the centre, and only affordable to very affluent households. The target households for the OFS at Rue Renan is middle-class households, to enable them to purchase in the part of the city that is otherwise unaffordable to them, and to retain long-term affordability for that cohort, through a resale formula. If eligible, households may be able to receive a subsidised loan under a ‘rent-to-buy’ scheme. Note OFSML can develop rental housing for households that are eligible for social rent assistance, but did not do so in this case. The resale price of the dwellings is indexed to a reference index of rents – with final sums being negotiated on whether the household has made any improvements to the dwelling or under-maintained the dwelling, with the value of the land removed from the calculations.

4.5 Outcomes from the SSHIC programme.

The programme was intended to support the various case study CLTs, to enable these and all emergent CLTs to assess sources of funding, technical support and tools. The programme has identified a number of appropriate financial structures and provided a financial guide to sources of funding across Europe and relevant instruments.

4.6 In Summary

These three case studies from Western Europe illustrate the uniqueness of each CLT. Community activists played different roles, and the Trusts targeted different types of households, used different institutional frameworks, legislation and funding. For example, the two case studies from Belgium both note the use of two new institutional forms: a Public Purpose Foundation (or FUP) that owns the land and a non-profit association (or ASBL) that develops and manages the dwellings. However unlike the Brussel CLT, the funding model for the Ghent CLT had to fit within existing ‘social ownership’ legislation which had implications for the eligibility of households and the income levels of households that could be assisted. As one result the two CLTs used different formula for determining the resale price of dwellings. In the Lille CLT, the target households were more affluent than in the other two cases and a dual legal structure was needed to create a Land Trust entity (OFS) and a long-term lease (BRS).

These three case studies illustrate the complexity of institutional frameworks, legislation and funding that may be needed for the implementation of future CLTs in different contexts. These findings have identified start-up funding, institutional support, and appropriate legal and financial structures as necessary to overcome the barriers facing implementation of this new form of housing. The research programme identified the most supportive funding regimes to extend the model to other European countries as part of the formation of a European CLT movement.

The similarities and differences between these three case studies are summarised in the following table.

Table 4.1: Three Case Study CLTs from Western Europe Summary

	CLT Brussels	CLT Ghent	CLT Lille
<i>Project leader</i>	Housing activists + community groups	Community organisation	Local government, affordable housing developers and public land agencies.
<i>Population targeted</i>	Very low-income local households in socio-economically deprived area	Low income households facing unaffordable housing	Middle-income households in expensive city location

<i>Objectives</i>	Community stability and capacity building	Community disinvestment	To support local ownership and slow-down speculation
<i>Development process</i>	New build – small apartment buildings	New build	New build
<i>Legal context</i>	CLT recognised in Brussels Housing Code – enabled access to funds. Required two new legal frameworks (one for land the other for housing)	Had to “fit” the CLT into existing social-ownership legislation. Funding constrained households assisted. Required two new legal frameworks	Two new legal structures – to organise and manage the developments and for the long-term-lease.
<i>Policy environment</i>	Supportive regional government	Supportive local government	Supportive metropolitan government
<i>Access to land</i>	First purchase with funds from Brussels Capital Region	City of Ghent gave first development site to the CLT (99-year lease)	Access to low-cost finance
<i>Tenure of housing</i>	Dwelling leasehold ownership. Resale price linked to increase in property value	Dwelling leasehold ownership. Resale price linked to income index.	Mixed tenure scheme - 50% social housing, 30% market and 20% CLT. Resale price linked to rent index.
<i>Other activities</i>	No	Community services	No
<i>Scale</i>	181+ dwellings over a number of locations in Brussels	34 units in one complex	20 dwellings in first pilot

5 Research on Emerging Issues

How do CLTs perform in practice? This section reviews the research related to the growth of CLTs focusing on a number of emerging issues with the CLT model. These include balancing tensions between ongoing stewardship with a growing need for more affordable housing; and whether it is possible to retain community-control and empowerment as CLTs respond to the challenges of upscaling and the need to provide more housing.

As noted previously, many CLTs can trace their origins back to small-scale community initiatives. As demonstrated in the Stonesfield case study, small CLTs can be implemented by a determined group of local volunteers, with a strong emphasis on community-control of housing provision locally. And whilst removing land from the market-place is a radical step, it may not seem so radical in a small community with strong internal links. In urban areas, in particular, the community itself may be more diffuse. As CLTs respond to pressures to grow, the balance may shift from volunteers to a greater reliance on professionals, and the

institutional frameworks may shift to a reframing of the CLT as simply another form of affordable housing provision with affordability retained.

Whilst the majority of the research findings reviewed in this section are from the US, some of the findings are relevant to both the UK experience of growth and the European experience with initiating a new model of housing. For example, tensions were evident in the relationships between housing associations and CLTs in the UK, as small-scale place-based volunteer Trusts were pressured into collaborations with the much larger, profession-dominated housing associations.

5.1 Ongoing Stewardship and Pressures for Growth

The case study of Stonesfield CLT demonstrates the ability of a small-scale CLT to achieve its goals and commit itself to ongoing management (and stewardship) of the resources of the Trust and to community support and development. CLTs in urban areas are often more radical, involving political activism against local municipalities and the private sector, and struggles over community empowerment, particularly in the US context. For a CLT in an urban area, the full extent of the need for more affordable housing is unlikely to be met with one small initiative. If successful in the first instance, there will be pressure for the CLT to increase in size and spatial scale. As CLTs grow, issues of scale, finance, governance, community-involvement etc. become more prominent. For example, with limited resources, there is a tension between the short-term goal of providing the maximum amount of affordable housing units versus the longer-term goal of retaining affordability.

From the research literature reviewed in this report, the most significant tensions are as follows.

Firstly, there is the tension between retaining the current and future residents and community members in real (not tokenistic) decision-making whilst becoming more reliant on skilled professionals and the support of local leaders. Professionals can bring financial expertise and experience with larger scale property development and management. Local leaders can provide connections to politically influential organisations and to resources such as public funding. In their efforts to attract more funding and support, CLTs may seek “...increased input from local elites disconnected from the realities of low-income people...” (DeFilippis et al, 2018). When CLTs are considered to be primarily “...a useful practical tool for problematic urban housing markets...” they may lose “...sight of the wider vision and social critique associated with ...their local community” (Moore, 2018; Meehan, 2014).

Secondly, as CLTs expand their spatial areas in response to identified need and funding opportunities, there is an inherent tension that spatial expansion will result in less consideration and responses to the local needs, which were the initial reason for the creation of the CLT (Williams, 2018). The pressures to scale up in number of dwellings

provided and to cover a wider geographical area are very evident in the US. A 2015 survey of CLT members of the US National Community Land Trust Network, which includes both CLT's initiated by local governments and those that have developed from small-scale community initiatives, found "... that only 10% ... reported their 'service area' as a single neighborhood" (DeFilippis et al, 2018).

The larger the geographic area, the more likely that the populations served will be increasingly diverse. And whilst geographical growth is justified on the grounds of financial viability, with funders seeking to negotiate with and support a smaller number of larger trusts, this model will face challenges in fostering community control or community capacity building and empowerment. As the CLT becomes more distant from its place-based communities, tensions are likely to arise between efforts to provide "...perpetual affordability and subsidy retention rather than community control and neighborhood empowerment" (Williams, 2018). Similar pressures may apply to CLTs in the UK, where the funding streams, often through partnerships with housing associations, are oriented towards mainstream affordable housing provision.

Thirdly, as the CLT becomes more reliant on local government decision-making and the specific requirements of external funding, decision-making may become ever more distanced from the communities that it was established to serve. There seem to be several drivers for this. The real participation of low-income people in decision-making can take extra time and resources (Crabtree, 2013). When public funds for the CLT are increasingly constrained, resources for meaningful participation will be squeezed. In addition, whilst community control is central to the CLT movement, it becomes less easy to maintain. CLTs "...run the risk of becoming service organisations of the shadow state" (Williams, 2018). As it expands the CLT may only be able to deliver some element of community control if it can draw on its reputation as a provider of affordable housing in perpetuity, and have achieved a high level of trust with the community, with local government and with other key actors (Williams, 2018). Cultivating and retaining trust is a key factor for emerging CLTs.

And finally, confrontational politics is common in the establishment of CLTs in urban areas, particularly in the US, driven by concerns about gentrification, displacement, disinvestment, racial discrimination and environmental injustice. Whilst the initial formulation of the CLT may have been driven by strong values of advocacy, or resistance, or community control, or confrontation with the local state etc., the formalisation of the CLT as a legal institution, results in setting requirements around decision-making: such as "...how decisions are made; who is involved in those decisions; what goals are prioritised; and, vitally, how the organization goes about funding and sustaining itself" (DeFilippis et al, 2018). Access to external resources, funds and technical skills almost inevitably leads to a watering down of confrontation, and in some cases away from community empowerment. Community control of land may become less central, and in some cases disappear, replaced by policies that

deliver affordable housing that are oriented towards the policy settings of the funding agencies (both public and non-profit) and more closely mirror the values of mainstream property ownership (DeFilippis et al, 2018).

5.2 Community Land Trusts as a form of shared-equity housing?

It is important to note that the term shared-equity housing is used differently in different countries, with the UK and New Zealand usage differing significantly from the usage in the US. As a result, care is needed when assessing research and practice literature from the different countries.

In the UK and New Zealand, 'shared-equity housing' primarily refers to shared ownership schemes that enable householders to secure a mortgage on a percentage share of the dwelling. In this understanding, shared-equity housing ownership rights are shared between a resident and a community organisation. The model enables a household to achieve a level of ownership by purchasing a percentage share of the dwelling and the land it sits on (say 60%), the remaining share (40%) being held by a community organisation. The ability to service a mortgage for only a share (60%) of the overall purchase price, brings the possibility of this form of ownership within reach of lower-income households, who are otherwise priced-out of the market. The option of staircasing up over time by purchasing the remaining share from the community organization to eventually achieve 100% ownership is sometimes, but not always, available.

CLTs differ from this percentage-split shared-equity model in three ways.

1. The objectives of a CLT are likely to be more than about affordable housing: the ground-lease rents and the funds from resales can provide a source of income for the CLT to achieve other community objectives – such as supporting community services, education and training for local youth, as in the case of Stonesfield.
2. In a rising housing market, the use of a resale formula based on an affordable sale price and affordable purchase price retains the initial subsidy and hence longer-term affordable housing without additional subsidy. This is a very efficient way of providing affordable housing for the long term, with only one initial subsidy being needed for the first dwelling; once within the Trust the dwelling will be re-let or resold as an affordable dwelling thereafter. In contrast the shared equity model uses a percentage share of the market price of the housing at each resale point, which, in a rising housing market, will increase the purchase price for the next home-buyer or an additional subsidy will be required.
3. The CLT's ethos of community control, where this control is primarily exercised through a place-based population's power over land, through interactions with the land-owner – the CLT. Whilst the commitment to local democratic control is critical it can lead to tensions, especially if the CLT grows in scale, in order to provide more housing across a wider area (Williams, 2018, p 463).

Ensuring the involvement of local people in the CLT on a long-term basis (essential so that the CLT responds to the local context and the local community) may be difficult due to the skillsets of, and the time-constraints on, local residents. In addition, scaling up can lead to professionalization of the organization either as board members or staff, which can intimidate community residents and reduce their involvement. To some extent the involvement of professionals is essential if the CLT seeks external funding to support growth. These tensions will be compounded by spatial growth if that reduces the Trust's focus on a neighbourhood or local area (Williams, 2018, p 464).

In contrast, in the US, 'shared-equity housing' is an umbrella term that encompasses a range of housing models to reduce the cost of housing ownership for specific households and to some extent preserve affordable opportunities over time. In the US "shared-equity housing" is sometimes referred to as "collaborative housing." Whatever the terminology, these housing models are very diverse and often context specific. However, in general, housing costs are reduced by the use of some form of initial subsidy (be it a grant or a loan) or an implicit subsidy such as delivered by an inclusionary housing policy. Preserving affordable opportunities into the future requires policy settings that negotiate between individual household asset accumulation and the long-term affordability of a community asset initiated by public investment, subsidy or contribution from a developer.

There are predominantly three types of shared equity models in use in the US. These are CLTs, limited equity housing co-operatives (LEC) and deed-restricted housing. Until recently, research on shared-equity housing has not always clearly distinguished between these three forms, so it is helpful to understand how LECs and deed-restricted housing differ from the CLT model. The differences are significant in terms of initial start-up costs and the treatment of asset appreciation.

The basic premise of the CLT model is that land is a public or community asset, not a private good. This approach enables community management, community control and stewardship. Whilst the cost of housing is reduced for the CLT owners, as they only purchase the dwelling, the initial start-up costs for a CLT are significant, including the capital costs. In this model, the subsidies remain with the dwelling and cannot be captured by the owners (Davis, 2017).

In the LEC model, the residents "own shares in a corporation that owns the deed to the building in which they live ... residents are simultaneously shareholders, leaseholders and voting members of the corporation that owns the building" (Acolin et al, 2021). In the LEC model, land costs are divided between the owners, and hence housing costs may not be as affordable as in the CLT model. There may be issues of sustaining the LEC without a community organisation offering long-term management (Ehlenz, 2019). In addition, retaining affordability with LECs may become difficult, with concerns that in rising property markets, once the mortgages are paid off, residents may seek to access their share of the

property appreciation. An example of a response to exactly this concern can be seen in Vancouver, BC, where, in the late 1990s, co-operative housing (supported by the provincial government and almost mortgage-free) was transferred into a CLT to retain long-term community benefits.

Thompson (2020) clearly states the difference between these housing models: “ CLTs (are set) apart from other forms of collaborative housing as potentially higher-order “stewards” of land for the benefit of the wider community and not just immediate resident-members. Co-operatives, by contrast, are designed to work for the benefit of their members alone.”

And the third type of shared-equity housing in the US, deed-restricted housing, is most often an outcome of inclusionary housing regulations or of federal housing subsidy programmes. Deed-restrictions regulate the income levels of purchasers, and the sale prices, thus benefitting the residents (who are able to access affordable housing). These restrictions usually apply for a limited term – such as 30 years. The Rolland Curtis Gardens case study in Chapter 3 demonstrated the use of a CLT to preserve affordability when the deed-restriction (in this case affordability covenants) reaches its end of term.

This asset accumulation / affordability continuum for a number of affordable home-ownership models was investigated by Jacobus et al (2007) considering four different approaches: Subsidy Forgiveness, Subsidy Recapture, Shared Appreciation and Subsidy Retention from the perspective of the households. Subsidy Forgiveness is only viable where the gap between market housing and housing need is small. As the gap, and hence the subsidy increases, restrictions increase. Subsidy Appreciation loan programmes tend to allow households to achieve a greater share of appreciation than Subsidy Retention model, however, this may result in insufficient funds to replace the affordable units that are sold. On a rising market, if the funds available from external sources do not keep up with house price increases the overall supply of affordable dwellings will be reduced over time. CLTs, LECs and deed-restricted housing are considered to be Subsidy Retention mechanisms.

From the perspective of the household, the level of housing outgoings and opportunities for appreciation, are not simply a matter of which of the three model is being used. CLTs themselves exhibit considerable diversity in the resale restrictions formula used. The appraisal formula may include one or more of the following: “...changes in the value of the structure; an indexed formula based on changes in area median income (AMI) or consumer price index (CPI); and fixed rate formulas based on the holding length (Acolin et al, 2021). Acolin et al (2021) provides three examples:

- The Champlain Housing Trust’s CLT is based on 25% of the estimated appreciation in market value between purchase and resale. Unlike some of the CLTs, no consideration is given to the length of time owning the dwelling. If house prices have fallen over that period, the household will receive a corresponding lower level of appreciation.

- The Opal CLT (located in the Seattle area) uses the changes in the CPI based on regional statistics. For a dwelling owned between 1999 – 2012, an owner would receive 38% appreciation on resale. During the same period market housing increased in value by 93%.
- And Homestead CLT (also located in Seattle) applies a fixed formula of 1.5% annual growth rate, irrespective of market conditions. After ten years a \$200,000 dwelling with sell for \$232,108.

The more generous the resale appraisal formula for the individual household, the greater the need for subsidies to retain the affordable housing stock.

5.3 The meaning of “Community” in Community Land Trusts

As might be expected given the diversity of ways that CLTs are initiated, the idea of “community” has different meanings for different stakeholders. In a study of eight CLTs in Minnesota, Kruger et al (2020) found that with the exception of one of the CLTs it at first appeared that “...little sense of community exists among the CLT homeowners ... interviewed”. The exception, the Rondo CLT, founded in 1990, was initially focused on addressing blight and crime in an African-American neighbourhood, and though it expanded activities to other areas, it has recently recommitted to providing affordable housing in Rondo. For residents, staff and Board members, community is strongly identified with the Black residents and business owners in Rondo (Kruger et al, 2020).

Most of the eight Trusts in this Minnesota study served a variety of populations, at a scale much larger than a suburb, providing single-family dwellings, which goes some way to explaining the lack of (social and spatial) community amongst the residents. However, for many of the residents, “... the CLT organizations themselves were conceived as being the community for its residents” with this community being understood as much more than concerns about common interests in the physical dwellings but stretching into “affinity, care and trust” (Kruger et al, 2020). In addition, intergenerational community was identified by many of the residents through notions of stewardship, and pride in being part of a Trust model with a clear purpose of providing long-term affordability of homes for future low-income families.

In this sense, the term community may need to be reconceptualized from that of a place-based and interest-based population. Researchers and residents refer to “obligations that extend socially, spatially and, importantly, temporally. ... CLTs are based on intergenerational continuity of land control, rather than interpersonal reciprocity between people” (Kruger at al, 2020). The notions of stewardship of the land, non-commodity-oriented land tenure, and affordability in perpetuity for future generations are central.

5.4 The Reframing of Community Land Trusts in the US Away from Community Control and Empowerment

In the US tensions can be seen in the institutional changes around both supporting various forms of partial ownership housing models – seeking efficiencies in funding, legislation, and capacity. The three major shared-equity homeownership (SEH) models (CLTs, limited equity housing cooperatives and deed restricted housing) in the US provide partial ownership rights to dwellings, restricted resale, and limited equity appreciation. In 2007 the Ford Foundation sought to bring these three models together. The National CLT Network was a trade association established to share resources between emergent and established CLTs and to promote the CLT model. Its merger, with other SEH organisations, into the Grounded Solutions Network in 2016, has seen a reframing away from the traditional CLT model to “shared equity homeownership” and more recently to “permanently affordable homeownership (PAH)” (DeFilippis et al, 2018).

This reframing can also be seen in the changing mission statements of CLTs in the USA, moving from an emphasis on “community control and neighborhood empowerment” in the early CLTs to an emphasis on “...perpetual affordability and subsidy retention” more recently (Stromberg, 2016).

In moving to adopt the terminology of PAH, all reference to community, or to rights to housing, responsibilities or social justice are removed. From the institutional perspective, concerned with funding streams and external partners, CLTs become just one more method for delivering permanently affordable housing. This reframing is contested by Davis (2015, p. 32) who argues that the CLT model does much more than preserve affordability: “the model legally ties owners to an organization that has an incentive to protect them, advocate for their needs, and intervene on their behalf”.

5.5 The Performance of Community Land Trusts in addressing new challenges

Research and practice have demonstrated that CLTs can address new challenges, such as the impact of housing on the health of the residents; adopting more energy efficiency technologies and design; and responding to the impacts of climate change, such as flooding.

Researchers, drawing from CLTs across the USA, identified the following four positive contributions of the CLT to their residents’ health outcomes:

1. The stability of housing improves residents’ mental health.
2. The units are of a higher physical standard than their previous homes.
3. The units are located closer to health-promoting amenities.
4. The CLTs offer health-promoting services and support (Rose et al, 2023).

The higher physical standard included “better indoor air quality, higher quality materials, new appliances and energy efficiency” (Rose et al, 2023). However, this is relatively recent research however, and the sample may have included a higher proportion of newly constructed dwellings. One aspect of the research findings that are of interest is the early emergence of partnerships between CLTs and local health-care systems, with two respondents reporting their health-care system not only providing health services to residents but also acting as a funder or co-developer of future CLT housing (Rose et al, 2023). The emergence of a partnership of this type is an indication of the strength of the CLT model and its resilience in responding to “more than housing” challenges

There are many examples of CLTs which have adopted more sustainable housing, taking advantage of the collection of dwellings, for energy efficient design and making use of combined purchasing power to achieve savings. For example, the Seattle-based Homestead CLT built 12 zero-energy, three- and four-bedroom townhouses with solar panels, low-flow water fixtures, energy-efficient utilities, heat pumps and stormwater-management technology. (<https://www.homesteadclt.org/>).

CLTs have the ability to flexibly respond to climate change impacts. In 2017, Hurricane Irma destroyed 25% of the homes in the Florida Keys, many inhabited by low-income community residents and key workers, such as teachers, ambulance drivers, police officers and the like. The Florida Community Land Trust in partnership with Monroe County reacted quickly to respond to the housing crisis, delivering the first dwellings 11 months after the hurricane. Together the CLT and Monroe County established a land purchase and 99-year lease-back agreement, enabling Keys Cottages to be constructed on the site. These Cottages are two- and three-bedroom houses that are designed to withstand 200 mph (320 kph) wind loads and are elevated 4 metres above potential flood water (Nonko, 2018).

5.6 In Summary

Many CLTs can trace their origins back to small-scale community initiatives driven by the hard work of local volunteers. These small-scale initiatives and community-based decision-making can deliver flexibility when faced with new challenges, such as responding to climate change.

Issues emerge as the CLT grows in size or attempts to ‘fit’ within existing legal structures, funding regimes and the like. Whilst these tensions may happen with almost any community-initiative, the issues that are particularly relevant for CLTs are those related to stewardship (in particular to the notion of affordability in perpetuity) versus responding to the need to provide as much affordable housing as possible; the advent of professional staff versus reductions in ‘real’ community involvement in decision-making; and the increasingly dispersed locations of the dwellings (with growth) versus the possibilities for community empowerment.

Assuming that CLTs are identical to (or at the least very similar to) other forms of shared-equity housing ignores the particular strengths of the CLT model. In addition, institutional and legal frameworks for other forms of community housing may not be appropriate and funding may be limited at critical moments during CLT start-up.

6 Community Land Trust Potential

This section discusses the research findings on the potential for CLTs to address significant housing market issues. What is the evidence-base for the potential to support mixed-communities in urban regeneration projects; to mitigate some of the negative impacts of significant market uncertainty and volatility; to provide ownership opportunities for households excluded from housing market purchase; and to engage residents and support community capacity building?

This section reviews the potential for CLTs to contribute to addressing significant housing market issues that impact on the affordability and security of housing for low- to moderate-income households. It draws primarily on an extensive body of US research. However, the findings are likely to be relevant to other countries with differing policy contexts.

6.1 Supporting mixed-communities in urban regeneration projects

In many countries, urban regeneration programmes are designed to address poor housing conditions and provide affordable housing options that are much needed by local communities. Urban regeneration may be accompanied by public investment and / or support for housing for the private market in order to help pay for the affordable housing and to deliver mixed-income communities. Private sector investment is likely to follow, with subsequent increases in property values and further investment. The displacement of lower-income households can occur throughout this 'revitalization' process as the market-rate for private-sector rents increases or as the value of social housing dwellings increases to such an extent that the pressure to sell and reinvest in more social housing elsewhere increases. CLTs have a role in mitigating the potentially adverse displacement effects of urban regeneration projects (Engelsman et al, 2018).

6.2 Mitigating gentrification's negative impacts

Research from the US has explored whether CLTs have a role in gentrifying suburbs to reduce some of the negative effects, such as displacement due to rapidly rising rents. Using quantitative research methods, a large-scale study was undertaken of gentrifying and non-gentrifying suburbs and the presence or absence of CLTs. Choi et al (2018) identified three benefits of CLTs for mitigating the negative effects of gentrification:

- to preserve long-term affordable housing in neighborhoods by removing houses, buildings, and lands from the market

- to enhance neighborhood stability by increasing length of residency, preventing displacement of low-income households, and maintaining optimal unit conditions by ensuring security of tenure ... and to prevent excessive speculative development
- to contribute to the building of community assets ... through shared residential interests ... and to promote increases in economic and racial diversity.

The researchers identified 124 neighborhoods with CLTs which were considered to be gentrifying, in 15 States in the US. Controls were identified for non-gentrifying non-CLT neighborhoods, resulting in a total of 272 neighborhoods in the study. Using quantitative research methodologies, the research found that, compared with similar non-CLT neighborhoods over a 10-year period, the presence of CLTs in gentrifying neighbourhoods:

- decreased the odds of gentrification by between 70% and 74%;
- increased racial diversity and stabilized income levels and house prices; and
- reduced levels of displacement.

In addition, where CLTs were present, mixed-income communities were sustained, even in neighbourhoods not exhibiting gentrification. In summary, the quantitative analysis “...shows strong support for the effectiveness of CLTs in counteracting lower affordability in gentrifying neighborhoods Our results indicate that CLTs may be one of the best ways to stabilize neighborhoods, preserve affordability, and build community assets in neighborhoods” (Choi et al, 2018).

However, care must be taken in designing CLTs to address gentrification. A detailed study of two CLTs that were initially established to address the negative effects of gentrification (Parkdale Neighbourhood Land Trust, Toronto, Canada (PNLT) and the East London Community Land Trust, London, UK (ELCLT)) demonstrates the difficulties in implementation if the CLT adopts an explicitly anti-gentrification stance and has a limited track record (Bunce, 2018).

The PNLT’s founding report in 2014 offered the CLT as a response to the negative effects of gentrification. However, the terms of the Trust limited its ability to form collaborations and partnerships with external funders. By 2016 a more “‘value-free’ interpretation of neighborhood change” was adopted in an effort to attract more diverse participants and funding (Bunce, 2018). In London, the ELCLT explicitly positioned itself as being able to offer a public benefit through moderating the impacts of gentrification in a rapidly changing suburb. The Greater London Authority (GLA) did not accept the ELCLT’s proposal based on a below-market purchase price for a publicly-owned site. Instead the GLA accepted a tender from an established local developer, whilst retaining some elements of a community land trust approach and a smaller number of affordable dwellings (Bunce, 2018).

6.3 Mitigating market uncertainty and volatility

CLTs are primarily concerned with providing affordable housing for low to moderate income households and supporting low-income households into a stable form of dwelling ownership. Were CLTs able to mitigate some of the negative effects of the Global Financial Crisis and related foreclosure crisis in the US? The research findings are positive. Thaden (2011) examined mortgage delinquencies and foreclosures rates among CLT owners compared with the rates among owners of conventional market rate housing in the US, as reported to the Mortgage Bankers Association (MBA) during a period of considerable economic uncertainty following the GFC. The research found that:

- 1.30% of the mortgage loans held by CLT owners were 90 days or more delinquent compared with 8.57% of the conventional owners; and
- 0.46% of the mortgage loans held by CLT owners were in foreclosure proceedings compared with 4.63% of the conventional owners.

In other words: conventional owners were 6.6% more likely to be seriously delinquent and 10 times more likely to be in foreclosure proceedings than CLT owners (Thaden, 2011).

In addition, Thaden (2011) found that 82% of the CLT homeowners who were seriously delinquent in 2010 either sold their dwelling (assisted by the CLT) or maintained ownership with CLT support, in the form of financial assistance and budgeting advice. The CLTs often took on a stewardship role, not only supporting these home-owners but also intervening with mortgage lenders and working with home-owners facing risk of foreclosure.

6.4 Making use of publicly owned land for affordable housing

Governments at all levels own land that could be used for housing. This includes land that is no longer needed for its original purpose; land that has been abandoned by the previous owners as a result of market failure and non-payment of local property taxes (or rates); land that has been acquired via the planning process such as some form of inclusionary zoning or development contribution; and land that has been gifted for some form of public purpose. Research on the over 170 Land Banks held by local jurisdictions in the US (following the foreclosure crisis) identified significant amounts of land and property that could be re-used. US Land Banks have particular characteristics that make them ideal for collaborating with CLTs: namely they have the “legislative ability to forgive any debts... attached to the property” and whilst the property is under Land Bank control, speculation is non-existent (Lowe et al, 2022).

Whilst there is potential for CLTs to collaborate with the Land Banks in the US to increase the provision of permanent affordable housing, in practice very few examples of collaboration could be identified (Lowe et al, 2022). Moreover, the three CLTs studied by Lowe et al (2022) - from Albany, New York; Columbus, Ohio; and Houston, Texas - show

considerable diversity. Barriers for collaboration between CLTs and Land Banks arise from the Land Banks' legal constraints, operational constraints and funding regimes that are mismatched for supplying land to CLTs and targeted households. For example, the Albany CLT had an established portfolio of properties before collaborating with the Albany County Land Bank (ACLB) but has had limited ability to meet the ACLB discounted selling price to match with its households' incomes in the more stable neighbourhoods it targets, without additional public funds.

According to Lowe et al (2022), in Columbus, Ohio, two existing Land Banks created the Central Ohio CLT (COCLT). This CLT was allocated funding through the local economic development plan, and from various affordable housing funds of the City of Columbus. The strong political support for the COCLT resulted in additional public funds and partnerships with other non-profits, for single-family dwellings on vacant lots from the Land Banks, with an initial target of 2,000 affordable homes. As of 2019, the CLT – Land Banks collaboration was delivering permanent affordable housing however, without any community representation. The COCLT board is dominated by professionals and political appointees with no residents on the governing board. A 15-member Advisory Committee does include community members and CLT home-owners, but it has no decision-making powers.

The most successful of the CLT – Land Bank collaborations identified by Lowe et al (2022) was the collaboration between the Houston CLT and the Houston Land Bank. This collaboration commenced in 2019 with additional financial support from the city and has produced (as of Spring 2021) 50 CLT dwellings, with an additional 400 under construction through 2024. Two HCLT residents have been appointed to the CLT board.

In some cases, there is a mismatch between the objectives, experience, and capacities of the two types of organisations – the Land Banks and the CLTs. For example, if the Land Bank is required to dispose of its land holdings to the highest bidder (as in the case of the Detroit Land Bank), collaboration will have few benefits for a CLT. On the other hand, the two Land Banks that operate in the City of Cleveland are strongly pro-community development, with flexible land transfer and fair pricing for affordable housing delivery, however there are few local CLTs in the city. In another case, an experienced CLT and a robust Land Bank led to a substantial collaboration. The City of Lakes CLT (CLCLT) in Minneapolis is an example of close collaboration between an established CLT and its local Land Bank. For example, 10% of the CLCLT homes are on land acquired from the Twin Cities Community Land Bank and the director of the CLCLT is also a board member of the Community Land Bank (Fujii, 2016).

Whilst all three of the case studies considered by Lowe et al (2022) prioritised securing land for CLT-eligible dwellings before market prices made the land unaffordable, all three have had to obtain additional funds from a variety of innovative sources. A tension between providing more affordable housing units using the usual funding models and providing a

smaller number of units, but with more community control through the CLT model, was evident (Lowe et al, 2022).

Some of the difficulties identified in this research were due to the particular characteristics of Land Banks in the US. In general, being able to access public land for CLTs at a reduced or zero cost is common, and enables the CLT to go ahead, with examples from the US (Davis & Jacobus, 2008), the UK (Colquhoun, 2020) and Western Europe, (SHICC, 2020).

6.5 Impacts on prices of neighbouring properties.

Affordable housing developments may be resisted by potential neighbours because of concerns about the possible impact on property values. Whilst if there is any impact (positive or negative) it is likely to be site dependent, based on both the characteristics of the neighbourhood and of the affordable dwellings. The first rigorous quantitative research on the potential impacts of CLT housing in the US was undertaken on the City of Lakes Community Land Trust (CLCLT) in Minneapolis, Minnesota (Nelson et al, 2020). As of 2017, CLCLT had 261 dwellings in its portfolio, scattered across the city with some concentration in lower-priced areas. The CLCLT dwellings are, for the most part, single family homes with no external appearance indicating their ownership status. The research covered the period 2006 – 2016. Minneapolis had experienced a housing boom across the city from 2002 – 2006, a rapid decrease in house prices from 2007 – 2009 (corresponding to the GFC), and a subsequent period of significant house price growth.

The research findings identified an association between CLCLT dwellings and increases in sales prices of nearby dwellings. This was particularly apparent during the period up to 2009, with the ‘density effect’ based on the numbers of CLCLT dwelling within 1,000 feet of the property being sold found to be “...a 5% boost in sales price for each subsequent CLT (dwelling)” in North Minneapolis.

In addition, the research found an association between concentrations of CLT dwellings and market stabilization – where, in this context, market stabilization refers to a lessening of the price decline during a period of rapid price falls. “There is strong evidence that CLT (dwellings) played a role in stabilizing the city’s neighborhoods that were hit hardest by the foreclosure crisis” (Nelson et al, 2020, p. 839). Based on the data from 2011–2016, as the housing market recovered, the research found a 10% increase in sales prices for each new CLT dwelling, in North Minneapolis. Together these suggest that “Clustering CLT (dwellings) in particular places can have both stabilizing effects in downturns in the market and market-strengthening effects in periods of growth” (Nelson et al, 2020).

6.6 Providing ownership opportunities

CLTs and other forms of shared equity housing have been able to provide ownership opportunities to households that are otherwise excluded from the housing market. In the

US, Davis (2017) refers to a Grounded Solutions Network study that demonstrates relative affordability of shared-equity houses: “Across 971 Shared Equity Housing (including CLTs) transactions, initial and resale prices were affordable to households earning 55.5 to 53.6 percent of the area median income (AMI) respectively ... comparatively market rate homes were priced above 70% of the AMI for initial and resale prices”. Theodos et al (2017) compared SEH and non-SEH (i.e. market) owners, and found that SEH owners were able to purchase “...with substantially lower credit scores, lower incomes and lower revolving debt” And the SEH householders were found to have “...significantly smaller mortgages and monthly credit payments (inclusive of mortgages) than the comparable non-SEH households” (Theodos et al, 2017)

Importantly for this report, an earlier study by Temkin et al (2010) included 3 CLTs in Burlington, Vermont; Duluth, Minnesota; and Boulder, Colorado. This study found that on average the purchasers of the CLT homes earned 46 – 52% of the median household income, and properties were purchased for less than 75% of the full appraisal value. Clearly the purchase price of CLT homes is highly dependent on the particular characteristics of the CLT concerned, and the affordability (or otherwise) of a CLT home depends on household incomes. The CLT Brussels is an example of a European CLT that links eligibility for a dwelling with being a local resident, in an urban area that has low income levels, high unemployment and some of the most deprived populations in the region. Payments are linked to household incomes (SHICC, 2020).

6.7 Helping individual households build wealth

Ehlenz and Taylor (2019) reviewed the research literature on the US experience with CLTs and the opportunities for individual households to build wealth from their CLT ownership. Their findings support earlier research that showed that the degree of stability and support that CLTs offer their residents and some increase in value (though less than market) can enable individuals and households to build wealth (Temkin, Theodos and Price, 2010).

In the US, a typical CLT owner on sale, retains up to “... 25-35% of the increased value of the home plus 100% of the equity invested through the mortgage payments for the dwelling” (Williams, 2018, p.474). Further evidence of asset accumulation and wealth building associated with shared-equity homeownership (including CLTs) in the US, was identified in research from Grounded Solutions Network (cited in Davis, 2017) comparing wealth recouped on the sale of their homes with investment in the stock market. Looking at a sample of 624 SEH homes, the research found that the average owner recouped more than \$15,000 upon selling based on their initial down payment, mortgage equity and property appreciation. In comparison the average owner would have only \$33 in appreciation if their money had been invested.

Temkin et al (2010) found a favourable comparison between SEH ownership and investment in Treasury Bonds or Index funds. Internal rates of return for the SEH households in their study ranged from 6.5% to 59.6%. These assets came from four aspects: the share of appreciation on resale (which is regulated by the terms of the programme); ‘forced savings’ from the mortgage payments applied to the loan balance; recovery of the down payment (or deposit); and returns on their capital investments into the property, realized upon sale (Temkin et al, 2010). For owners of the homes in the 3 CLTs in the Temkin et al study, the internal rates of return ranged from 22% -31%. Following sale of the CLT homes, 68% – 72% of the households (with the percentage depending on which of the 3 CLTs studied) went on to purchase housing in the private market (Temkin et al, 2010).

Jacobus and Davis (2010) undertook a longitudinal study of Champlain Housing Trust (CHT) homeowners. Their findings were that CHT homeowners earned approximately 25% appreciation. Whilst this is less than the 53% appreciation earned in conventional ownership, it is more than the zero they would have earned as tenants, and without the CHT, or similar, they would have remained tenants. The study found that the average participant “invested savings equal to 58% of the asset poverty level, and on selling, claimed equity equivalent to 284% of the then-current asset poverty level. In addition, 67% of owners who sold their homes between 1998 and 2008 purchased a market (unsubsidized) home (Jacobus and Davis, 2010).

A similar story can be told for the Western European case studies. CLT Brussels has adopted a resale formula that ensures that the seller receives the amount they have invested in the purchase of the home plus a 25% share in any increase in value (SHICC, 2020). Whereas for residents of the Ghent CLT the resale formula is based on the initial construction costs of the dwelling (not its market value) with any increase based on the Belgian income index (SHICC, 2020).

6.8 Enabling households to retain owner-occupation

Low-income purchasers in the conventional market may find it difficult to remain owners over time. This not only repeats the instability of rental tenures but may see the household lose savings and be liable for additional direct and indirect financial and social costs. There is evidence that SEHs in general and CLTs in particular are part of the solution to retaining homeownership. Temkin et al (2013) found that over 90% of participants in their sample were still homeowners after 5 years. Davis (2017) reports on Grounded Solutions Network research findings that 94% of tracked SEH households were still owners 5 years later, with 82% in the original dwelling, and 11.5% moving into conventional ownership.

6.9 Delivering more than affordable housing

The research discussed above demonstrates that whilst affordable housing is the central focus for most CLTs, other outcomes can include significant benefits to the owners through affordability, stability and security, and benefits to the community, including neighbourhood stability, community capacity building and community control.

Martin et al (2020) propose that because the CLT ground-lease makes it clear the way that ownership is limited and the formula for sharing equity, households are likely to buy into the model based on the use value of the dwelling, rather than its exchange value. Many households will be seeking something better than the private rental market, which for low to moderate income households may deliver lower quality and higher cost dwellings, with restrictions on use and insecure tenure dependent on the landlord. Given the poor conditions of much rental housing stock, high rents, and the associated lack of tenure security, a CLT dwelling provides significant improvements. More space, higher quality dwellings and a reduction in housing outgoings were noted by CLT owners (Martin et al, 2020).

In addition, for these households, opportunities for capital gain and the accumulation of wealth are likely to be less important than achieving the stability that affordable ownership can deliver and the freedom to live as they want within their own home. "Affordability (is) the economic gain and goal of CLT ownership rather than equity itself" with ownership providing "...an opportunity that greatly enhanced their ability to capture use values that differed drastically from those available to renters" (Martin et al, 2020).

Many low to moderate income households are unable to purchase on the housing market and paying rent to landlords is seen as 'lost' finance. For these households, ownership of a CLT home provides affordability and stability, and also the freedom to control their own space in their own homes (Saegert et al, 2015). The notion of stability and ontological security for individual households has been further researched by Hackett et al (2018) who found that ownership of a CLT home (in stark contrast to previous unstable and insecure rental dwellings) enabled residents to follow educational, employment and community opportunities.

CLTs can deliver housing affordability in perpetuity. Not only does this deliver affordability, enabling opportunities for low to moderate-income families to better manage limited household budgets, but it also provides long-term security of tenure and stability in a home and a community. This stability may enable family members to change employment, to continue with education, to become involved in the community etc. in a way that seemed impossible in a former more transient life. Stability also enables some households to have a

greater sense of autonomy over their own home, from using spaces as they saw fit, through redecoration and DIY projects etc. Indeed, this sense of long-term stability, permanency and control may be in sharp contrast with past experiences of transient and unstable housing where security was dependent on the actions of landlords (Hackett et al, 2019).

Managing financial budgets to meet mortgage payments on their dwelling and any unexpected events (from loss of income through to repairs and maintenance) may be positive (as some households adopt new budgeting skills) or may be a source of trepidation, based on 'what-if' scenarios of negative events. Households can be supported by their CLT throughout their tenure. The City of Lakes CLT (CLCLT) studied by Hackett et al (2019) offered support for the households throughout the process of purchasing the dwelling and throughout home-owning. Examples the research uncovered related to financial education, community networking and capacity-building, home-related services such as repairs, addressing damage caused by unexpected weather events etc.

The relationship with and support of the CLT can provide reassurance and positively reinforce the household's sense of security and stability. In some cases, by identifying the CLT through shared-values, residents align themselves with the mission of the CLT, particularly with the preservation of affordability into the future, enabling some family that needs help to get it. And growing awareness of autonomy, responsibility and control may extend to longer-term projects, community involvement and / or pursuing personal dreams (Hackett et al, 2019). The CLCLT did not start from a political position such as the right to housing, but research on the CLCLT identified that, for those residents with social justice commitments, the CLT can be both an expression of their values and an opportunity for active participation in the movement for more affordable housing (Hackett et al, 2019).

6.10 Engaging residents and building community capacity

In the US, the classic tripartite CLT model is designed to include CLT owners ('lessee members'); local 'community members;' and 'public members' (typically public agencies, funding agencies and professionals) in the Trust Board. This tripartite structure is established to protect the interest of lower-income households, as actual and potential CLT owners; to ensure high-quality, well-maintained assets in the community; and to preserve affordability and protect public and community investment. The tripartite structure is discussed in the section on legal frameworks later in this report.

The CLT's bylaws institutionalise a Membership Committee comprised from the CLT owners and the local community. This Committee considers, amongst other matters, the approval of land sale and purchase and the establishment and amendments to the resale (equity) formula. A significant part of the role of this Membership committee is stewardship. This includes (1) resident betterment, (2) community control of land and (3) asset preservation ((Lowe & Thaden, 2016). These three aspects are discussed below.

- Resident betterment can spread far from the management of affordable housing to involve education and capacity building. Research by Lowe and Thaden (2016) identified activities that are varied depending on the needs of the CLT including supporting after-school programmes; providing employment opportunities for young people; responding to a lack of local services such as fresh food shops; and improving access to health care. Some CLTs provided activities such as financial education, promotion of savings, small grants, or credit loans to assist residents with education and employment opportunities, support with home repairs and maintenance, and support with significant life changes etc. If ownership becomes unsustainable Champlain Housing Trust, as an example, works with CLT owners to prevent foreclosures, sell their home for the best possible price, and find a more affordable alternative option.
- Community control of land happens not only through the ground leases and the mission statements but also by actively involving residents and community members in community-based planning and decision making around matters such as proposals for acquisitions of land and dwellings; by identifying needed community services and working with social service agencies to deliver them; and by public education and political advocacy for affordable housing and for community benefit (Lowe & Thaden, 2016).
- Asset preservation works to keep CLT land out of the private market, to ensure, especially in gentrifying places that CLT owners are able to continue to live in these neighbourhoods. Asset preservation and residents' engagement is also starting to align with the changing life cycles and needs of its communities. Lowe & Thaden (2016) note that: "Champlain Housing Trust has developed both a senior and a childcare center. Athens Land Trust has urban agricultural projects that 'increase intergenerational interaction' whereby high school students and many older residents grow and sell produce together."

These three aspects of a CLT are all integrated. For example, resident betterment cannot be realised without resident engagement through both formal channels such as membership of committees, annual board meetings etc. and the informal activities such as those described above. These 'informal activities' may be important in other ways. Cahen et al (2022) see their significance alongside "...care of place and people-in-place" as ethical actions that nurture supportive community ties, describing this approach as combining mutual aid and strategies for community preservation. A recent UK study of community-led housing (including CLTs), has shown that these types of housing contributed to alleviating loneliness during 2020 (the first year of Covid lockdowns). These benefits follow from the higher levels of community engagement; the higher levels of community control (even when community is described in very localised terms); and, in some cases, the physical designs, built on collaboration and meeting local needs (Hudson et al, 2021). The potential for CLTs to support more resilient communities is yet to be studied.

6.11 Meeting the needs of vulnerable households

Depending on the specific terms of the ground lease, requirements around on-selling the dwelling vary from restrictions on the selling price for the dwelling and on the household incomes of the purchasing household. In some versions of the CLT model, the dwelling must be sold back to the CLT following the equity formula, which is then responsible for on-selling. This version is best able to address the housing circumstances of the most vulnerable households, particularly during periods of housing market volatility.

In other versions (most commonly used in the US) the owners are responsible for on-selling. On-selling by owners may not be straightforward when the local housing market is falling and when the economy is moving into recession. However, when local housing markets are rising and demand is high, no difficulties in on-selling are apparent.

When house prices are falling rapidly, as was the case in the US in the late 2000s, a CLT owner may have difficulty in finding a suitable purchaser who meets the income-targets of the Trust. If the sales price for the house falls below the original purchase price, there is the potential for the CLT home-owner to be financially at a loss. The CLT owner may be restricted in their short-term options – as most ground leases restrict the owner from renting out the dwelling or leasing rooms in it, even for a short period. The CLTs can support owners in this position, with help in finding a purchaser and with finance. Alternatively, the CLT can step in and buy the dwelling back. Lower rates of foreclosures in CLT dwellings (following the housing crisis in the US in the late 2000s) have been identified as a result of the proactive role of the CLT (Thaden, 2013).

Martin et al (2020) interviewed CLT home-owners in Minnesota and identified several concerns about loss of flexibility for on-selling, particularly when family circumstances change, such as marital breakdown, or when adult children move out, or employment requires relocation etc. Whilst these changes do not appear to be problematical when housing markets are buoyant, they can become significant concerns during periods of strongly falling local housing prices. One interviewee considering downsizing in response to changing family circumstances reported that “I will never get another deal like that one ever again ... so it kind of sticks you some place.” Another interviewee reported that during the recession they “had a job offer in another city ... how do you pull that off, because you have to have income-qualified people, and the price would be reasonable, but it’s a tough environment for selling a house... And our ground-lease says you can’t ...be an absentee landlord” (Martin et al, 2020).

6.12 In Summary

The research findings drawing predominantly on US case studies identify that CLTs have considerable potential to deliver positive benefits for the housing experience of many

households across a range of matters. This includes the most efficient use of a public subsidy to deliver affordable housing both now and into the future, through to enabling community (and individual household) stability especially during periods of market volatility. Additional research is needed on the role of CLT ownership during periods of family transition including marital breakdown, ageing in place and intergenerational transfer of ownership.

Earlier sections have identified start-up funding, institutional support, and appropriate legal and financial structures as necessary to overcome the barriers facing implementation of CLTs especially when they are a relatively unknown form of housing. Overcoming these barriers is essential to enable the potential of CLTs to deliver a range of positive outcomes.

7 The Institutional Settings

This section reviews the research on legal structures, internal governance, the relationships between CLTs and local government, and the setting of local property taxes. As noted in Section 4 on the Case studies from Western Europe, CLTs require a reconsideration of legislation, funding structures and taxation in order to provide a favourable policy framework to overcome the barriers facing implementation of this new form of housing.

7.1 Legal Frameworks

As one might expect the diversity of Community Land Trusts and their legal and political contexts suggest that there is no one legal structure that is appropriate for all contexts.

In general, the strength of a Community Land Trust lies in its legal ownership of land where the objective of ownership is “for the common good,” combining ecological and economic stewardship. Removing land from the marketplace, including the impacts of property speculation, enables affordability and security, and can empower local communities. Swann et al (1972) writing in a guide for this new model of land tenure in the USA argues that the objective is achieved with the following features:

- The trust holds the land only
- The land user is protected by a long-term lease – 99 years, renewable and inheritable
- The land itself is protected by the charter of the trust
- The trustees do not “control” the users of the land; they implement the trust charter and ensure that the provision of the charter and the lease contract are fulfilled.

In what is referred to in the US as the “Classic CLT” one third of the governance board of the Trust is elected from the Trust’s residents, one third is elected by community-based non-resident members, and one third is drawn from local government, financial institutions, and partner organizations. This tripartite structure is directly related to the requirements of the statutory definition of a CLT in the US (see discussion below and Appendix A). The tripartite

structure can be contrasted with a resident-only structure; the latter is less likely to retain affordability into the future as the increasing size of equity gain can become a significant temptation for residents to all agree to sell up.

For a variety of reasons, not all CLTs in the US follow the Classic CLT model. However, this may limit their access to public funding. Community Land Trusts are not always explicitly included in legislation (at the State level in the US) or in funding regimes where they are sometimes assumed to be a variant of shared equity or community housing models.

Appendix A includes the statutory definitions of a Community Land Trust from the UK and the US. In the UK, Community Land Trusts are defined in the Housing and Regeneration Act 2008, s. 79. The definition of a Community Land Trust in the USA is included in the Section 233 of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. 12773) (1990) and amended by the 1992 Housing and Community Development Act. Importantly, these statutory definitions not only place requirements on the legal structure and operation of Community Land Trusts but also open up opportunities for government funding, if the various requirements in the legislation are met. And the certainty of government funding enables access to local government, private and philanthropic sector funding.

In both countries Community Land Trusts are based on some form of non-profit entity with a governance structure in the form of a Board. The most significant differences between the US and UK definitions, apart from detailed requirements around the tripartite governance structure in the USA legislation, is the absence of leases in the UK definition. A requirement to adopt a lease model would be problematic for long term affordability in the UK, as the Leasehold Reform and Urban Development Act (1993) gave leaseholders the statutory right to buy the freehold. Instead a deed of co-ownership is most often used in which the Trust and the resident own the dwelling as “tenants in common” with residents required to sell their interest back to the Trust at an agreed percentage of the market price. The legal obligation is referred to as an ‘asset lock’ that ensures long term affordability, by attaching covenants that limit private profit on resale / reletting to the dwellings. More recent CLTs developed under the Localism Act 2011 are able to adopt a leasehold model.

In the US, the federal HOME Investment Partnership Program provides block grants to local government (at the state and local level) to support affordable housing. 15% of the block grant has to be used for housing that is ‘developed, sponsored or owned’ by non-profit organisations – known as Community Housing Development Organizations (CHDO). In addition, 5% of the block grant may be used to provide operating support. For CHDO status, (under the 1990 Act) the organisation is required to “...maintain accountability to low-income community residents” through the membership of the tripartite governing board (one-third of which must be residents of low-income communities) and by providing mechanisms for low-income residents to participate in decisions around development and management. The latter requirement is often through the Trust’s bylaws requiring regular

meetings with a Membership Committee, drawn from CLT home-owners and the local community.

However, CLTs do not fit neatly into the HOME funds regulations. Maximum prices are set for the CLT homes that are assisted by HOME funds. These are set at 95% of the median purchase price for the area. Whether or not this “price” includes the value of the land is not determined in the legislation, leading to local discretion. The HOME funds require the housing to be affordable for a minimum of 5 to 20 years, leading to some confusion as to how to treat perpetuity in the case of CLT homes. And re-sale requirements for HOME assisted dwellings state “... a fair return on investment (including the homeowner’s investment and any capital improvements” which seems to fit the CLT model but possibly could lead to disputes about “fair return”.

Even the inclusion of CLTs in statutory definitions in federal legislation, is not sufficient to guarantee access to either public or private sector mortgage financing. In the case of public funds, resale restrictions and income thresholds may make it difficult to meet the FHA requirements for loans (Saegert, 2015). The regulations around FHA insured mortgages (particularly around the amount of return that can be realized by an owner on resale) conflict with the CLT model. And FHA regulations requiring that the dwellings are “... free of restrictions” on sale, directly undermines the CLT’s right to enforce re-sale restrictions.

In the private sector, the ground lease provisions do not meet the requirements found in the standard mortgage forms. In addition, the product is not easily packaged for the secondary mortgage market (Theodos et al, 2017). Ehlenz and Taylor (2019) note that there are proposals to modify government policy, but “...true adoption of Shared Equity Housing models in conventional housing finance markets has not yet come to fruition.” Those willing lenders, often non-profit funding organisations, do so recognizing the lower risks of default and the active stewardship of the CLT.

These examples of difficulties in trying to fit CLTs into legislation and funding boxes are not unique to the US. The issue of leasehold enfranchisement in the UK, discussed in Section 2, is another example, as legislative changes required leases to be replaced by covenants to ensure affordability in perpetuity. And the complexity inherent in providing the necessary legal and technical frameworks and funding regimes to support CLTs was the subject of the SHICC research project in Western Europe.

7.2 Diverse Governance, Processes and Practices

Durose et al (2021) posit that there are at least 5 discrete types of CLTs, with some movement between types because of the dynamic nature of the CLT model, changing local contexts, and possible capture towards more market-type delivery of affordable housing. The 5 types are summarised as:

1. Urban activist – enrich community politics;
2. Hyper-local small scale / rural conserve community life;
3. Partnered – strong on participatory governance;
4. As a social enterprise – contribute to the social economy...;
5. Asset lock – that is as part of a wider provision of affordable housing - such as linked to inclusionary zoning.

Type 1 is the urban activist CLT. This is a CLT initiated by community-activists that supports community engagement, delivers affordable housing, and is able to retain a level of community-control whilst making use of external political and financial support and employing professionals. The Dudley Neighborhood Initiative (DNI)CLT outlined in this report is an example of this type of CLT.

Type 2 is the hyper-local small-scale trust often found in rural areas. The Stonesfield CLT is an example of Type 2, with the central concern of providing affordable housing for local people in a rural community experiencing significant house price rises. CLTs of this type are independent from government and are unlikely to keep seats for external stakeholders on their boards. They do have sustained community engagement and strong support from the local community. CLTs do not seek to expand the number of homes, once the desired number is reached.

Type 3 CLTs partner with other organisations such as local government, community housing providers or community development corporations, in order to achieve their affordable housing objectives. In the UK, the partner organization is often a housing association, which may result in tensions between community engagement and control and the managerial and technical roles of professionals. In the US, the Champlain Housing Trust is an example of this type of Trust.

Type 4 CLTs exhibit a strong social purpose, have no particular connection to a local community or a place, but attempt to operate across a large geographical area, such as Northern California. Without this community connection, the sustainability of this type of CLT is open to question.

Type 5 is the asset-lock CLT. This CLT is part of a wider affordable housing programme and is primarily a method for enabling affordability to be retained into the future. There is no assumption of community control or empowerment, although it is possible that a sense of community may develop in the future. The Chicago citywide CLT is an example of this type of CLT, with new properties being added to the Trust from the City's Inclusionary Zoning scheme.

Given these five types it should not be surprising that the complexity of governance models used by CLTs, contributes to the diversity of CLTs. This diversity ranges from the radical

CLTs, focused on confrontational activism, through to the reformist CLTs, focused on volunteers and the local delivery of affordable housing, with the balance between radical and reformist changing over time, in response to the local context and external stakeholders.

When a wide group of stakeholders is involved in governance, including interests from the surrounding residential and business community, the CLT may adopt a wider perspective, dependent on the local context. In a UK study of the East London CLT, Bunce noted the “challenges of operating with a larger neo-liberalized government and private sector process” (Bunce, 2015, p. 140) and the necessary role of the CLT in securing “...communal and community-based space as a way to resist the pressures caused by an increasingly inaccessible land and housing market” (Bunce, 2015, p.147). For this CLT, addressing the lack of affordable housing necessitated engaging with the residential and business communities through governance changes, in recognition of the wider local context.

In a different example, Engelsman et al (2018) studied two prominent urban CLTs in the USA, the Cooper Square CLT Lower East Side Manhattan and Dudley Street CLT, Boston. Their research notes the dynamic nature of both CLTs, charting the steps from radical community activism (in response to deindustrialization, proposed urban renewal demolition, red-lining and the withdrawal of finance, gentrification, and racism) for two communities experiencing a ‘catalyst moment’; through to community empowerment, the provision of affordable housing and continued activism, albeit at a less confrontational level. The tensions noted earlier in this report between the provision of the most affordable housing and community control through “... a place-based population’s decision-making power regarding land” (Williams, 2018) are evident in this research.

7.3 The Role of Local Government

The various case studies described in this report include a variety of roles played by local government from non-involvement to supporting publicity for the emerging CLT; making publicly owned sites available; providing financial support via grants and loans; providing staffing capacity during the start-up stages; assisting with planning and regulatory processes; providing major investments in the Trust; through to initiating a council-owned Trust for managing inclusionary zoning generated affordable housing. In general, local government can play a variety of different roles in supporting CLTs depending on the local policy context etc. Davis & Jacobus (2008) provide an excellent summary of these roles, linking to particular US examples, that indicates the opportunities for support especially through the early stages of a CLT.

Examples from their report are given below (Davis & Jacobus, 2008):

- Portland Oregon and Burlington, Vermont, council staff introduced the CLT model to the public and to local forums of non-profit housing organisation;

- The Town of Chapel Hill, North Carolina council staff sat on an advisory Committee for the first CLT. In Irvine, California, the Mayor and a city council member served on the first CLT's Board;
- Officers from the Delray Beach Community Development Agency staffed the new CLT;
- In Minneapolis, the council arranged and paid for consultancy services for the City of Lakes CLT;
- Both Portland and Chapel Hill amended their existing homebuyer assistance programmes to align with the CLT;
- Washington DC committed \$10 million in public funds to help subsidise the first 1,000 units of resale-restricted owner-occupied housing developed by City First Homes, a District-wide CLT;
- The City of Chicago committed multi-year operating funds in the first few years of the city-wide CLT startup;
- Delray Beach agreed to convey any vacant land to the CLT, for a discounted price. Whilst Irvine will place most of the land it receives from its inclusionary zoning into the CLT portfolio.;
- Subsidies in the form of grants or deferred payment loans, or zero interest loans are common, for example, the Minneapolis council to the City of Lakes CLT;
- Application fees for regulatory approval may be waived, or density bonus schemes applied, or the application for CLT homes fast processed;
- Grants for ongoing operational expenses include allocations of federal grants is common in the US, with Albuquerque, New Mexico providing an example;
- Local government may also play a part in regulating CLT activities (especially when a municipality has provided financial support to the CLT) in order to protect the municipality's interests. For example, Orange County, North Carolina has an agreement (enforced through covenants) setting out the long-term obligations of the CLT.

Whilst local government can play a critical role, possible tensions arising between the objectives of the CLT founders (often volunteers) seeking assistance from local government and the objectives of the local council, wishing to support the CLT but not relinquish control over how its public resources are spent, should not be ignored. Davis and & Jacobus (2008) recommend that transparency and equal participation of the CLT and the local government are essential.

A particular role for local government in the start-up phase of a CLT is identifying potential sites in public ownership that might be suitable for residential development. In the UK, local councils are able to sell assets at a price that reflects the affordability of the proposed dwellings and takes into account wider community and social benefits. A survey of 116 community-led housing projects in the UK (most of which were CLTs) found that in urban areas over 70% of the sites for the initial development were acquired from local authorities

and / or other public bodies. 40% of these sites were acquired for free or for a “token” price, with only 20% purchased at market prices (Colquhoun, 2020). In addition, the research found that sites were often small and marginally viable, so not attractive to a market developer, and that the involvement of a community-led trust delivering affordable housing reduced local opposition.

For the UK, the Localism Act 2011 is an important opportunity for CLTs where they have the strong support from the local community. In particular, following required community consultation and participation, the Community Right to Build enables CLTs to bypass the normal planning application process. The CLT can put their proposals forward in the form of a Community Right to Build Order that is submitted to the local authority. The council then puts this Order up to a local referendum, and if it is supported by more than 50% of the people who vote, it can proceed to development. Critically, the Community Right to Build developments are able to deliver affordable housing in perpetuity through a ground lease, as they are exempt from leasehold enfranchisement.

7.4 Fair (local) Taxation of Community Land Trust Homes

Local property taxes may become a significant issue for CLT homes. Retaining affordability in perpetuity limits the resale restricted value to that determined by the specifics of the leasehold agreement. Yet most local property taxes (corresponding to local rates in New Zealand) are based on regular valuations assuming market value. Over time, if market prices rise, increases in local property taxes may increase to such an extent that the dwelling becomes unaffordable, yet the owner is unable to sell at a market rate to recoup these costs.

At the very least, where a local council has supported the initial formation of the CLT and provided a public subsidy to support affordable housing, which is kept more affordable by the CLT ground lease restrictions on resale, there may be a recognised need to reconsider the impact of the local property taxation policy on decreasing affordability. Valuers assessments need reconsideration to take into account the resale restrictions that significantly reduce profitability on sale compared with a non-restricted dwelling.

In the US, property assessments and property taxes are treated as a State and Local matter, resulting in variations across the country. Bagdol (2013) reported that in some states, CLT land is assessed at \$0, with property taxes being assessed only on the improvements to the land (the dwelling). In other jurisdictions, the assessment of the value of CLT homes follows the restricted re-sale price, acknowledging that the land is encumbered; in others, encumbered and unencumbered dwellings are valued differently; and in other jurisdictions it is left up to local discretion resulting in the valuation of some CLT homes being reduced and others being assessed at market value. As one example, in Burlington, Vermont for local property tax purposes, the assessed value of a Champlain Housing Trust home is set at

37% below the market value of a similar property (Davis & Jacobus. 2008, p. 23- 24). This approach is supported by recognising that the CHT is part of the local affordable housing policy.

The difference in taxes can significantly impact on affordability. For example, legislation in Texas in 2011 provides two categories of property tax savings for CLT homes. Under Chapter 11.1827 of the Texas Tax Code, a city or county or both can give 100% exemption from property taxes for the (CLT) land, with those tax savings being then passed on to the CLT home owner. Under Chapter 23.21 of the Code the appraisal district must take account of the CLT's resale restrictions. If those resale restrictions are permanent (as is the case for most CLT homes) the appraisal is based on the resale restricted price conditions in the ground lease. Together these deliver substantial savings in property tax for eligible CLT homes: a CLT home and land worth US\$300,000 in Austin can receive an annual tax saving of close to US\$4,000 (University of Texas, 2017).

For equitable local taxation calculations there are 3 issues to consider. The initial value of the CLT re-sale restricted dwelling; the initial value of the land; and the revaluation of the CLT dwelling over time (Davis & Jacobus, 2008). In what is cited as best practice; Moraine Township, Highland Park, Illinois has adopted a policy using the resale restricted value and assesses CLT dwellings on the basis of actual net sale price to the purchasers. In some municipalities, including Portland, home of the Portland CLT, the value of the CLT land is based on the income stream from the lease fees and not on any notional market value of the land. In other municipalities, revaluations are based on the resale price for dwellings restricted by the ground lease, as if they were sold that year

Whilst these calculations exhibit considerable diversity in the US, they are specific to their local policy context. In the UK local property taxes (known as Council Taxes or rates) are based on the Council Tax band the property falls into. For England this is the price the property would have sold for on the open market on the 1st April 1991. In this context valuations for all dwellings, including CLT homes, are not reassessed on an annual or 3- or 5-yearly basis (as in the US and New Zealand), so the issue of increases in local taxes based on rising house prices does not arise. In addition, the amount of local council taxes payable for retained-affordable housing is likely to be reduced through various forms of "Rate Relief."

In England, the Community Land Trust may be subject to Rate Relief depending on the legal form of the Trust, which could reduce the Council Tax bill by 80% and sometimes up to 100%. This would apply if the Trust was set up as a Company Limited by Guarantee or as a Community Benefit Society. These are the two most common legal forms of CLTs in England. In either case the Trust would need to be registered as a charity by the Charity Commission in order to receive various tax exemptions and be eligible for the Rate Relief outlined above. Most Community Land Trusts are likely to meet one or more of the charitable purposes described in the UK 2006 Charities Act as they include: "the prevention

or relief of poverty; the advancement of citizenship or community development; the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage”.

Some Community Land Trusts in England have been established as a Community Interest Company Limited by Guarantee: this legal form is inexpensive to set-up but whilst it can be a non-profit it cannot be a charity, and hence will not directly meet the tax exemption status or eligibility for Rate Relief. Irrespective of which of the three legal forms is adopted in the UK, local Council Taxes will be reduced according to the ability of the resident household to pay. For example, individuals on a low income or benefit, or with a disability, or the only adult in a household, or a household of full-time students will have their Council Tax payments reduced by between 25% to 100%.

7.5 In Summary

There appears to be no one legal framework that is appropriate for all CLTs and that fits with their local context. Even in countries where CLTs are written into legislation (such as the US and the UK) access to support, such as public funds, may not be easy or even possible, without considerable adjustment by the CLTs, whilst still retaining their overarching objectives. The role of local government is critical in supporting emerging CLTs through the start-up phases, including staffing capacity, one-off land transfers, and limited-term operating subsidies. Property taxation is an emerging issue in some areas where rapidly rising house prices have resulted in significant increases in valuation assessments and hence in taxes payable. A fair property taxation system is needed (based on the resale restrictions) in order to keep the dwellings affordable into the future.

8 Lessons for New Zealand

This review of the research and experience with establishing CLTs in the US, the UK and Western Europe provides evidence for considering the relevance of the CLT model for New Zealand.

Legislation: There is a lack of an explicit statute for Community Land Trusts in Aotearoa New Zealand. Adopting a CLT-based legal structure would enable the development and growth of CLTs. In crafting a statute, care must be taken to design for, expect and accept diversity in CLTs. The level of correspondence between CLTs and papakāinga should be recognised upfront, acknowledging both the similarities and the differences.

If legislation can draw from experiences with both CLTs and papakāinga, there may be benefits for both models. We need to acknowledge the fundamental differences, of course, given the cultural significance of the land and with most residents of papakāinga connected

to each other through common whakapapa. However this approach, drawing from experiences with both, has the potential to produce wider benefits for New Zealand.

In this regard, it is worth reiterating the following research findings. Firstly for a CLT, the notions of stewardship of the land, non-commodity-oriented land tenure, and affordability in perpetuity for future generations are central.

And secondly, the term community may need to be reconceptualised from that of a place-based and interest-based population. Researchers and residents refer to “obligations that extend socially, spatially and, importantly, temporally. ... CLTs are based on intergenerational continuity of land control, rather than interpersonal reciprocity between people” (Kruger et al, 2020).

Johnston (2019) provides a summary of some existing intentional communities in New Zealand and what might be gained by adopting a CLT-based legal structure. Johnston (2019) proposes a hybrid CLT model drawing on (a reformed) Incorporated Societies Act (2020); with land owned by a Stewardship Society; with the Trust governed by a tripartite Board (as in the “Classic” US model); and the formula for the resale prices formalised in covenants. Whilst the potential benefits of this approach are that it provide easier access to finance, the model puts at risk the equity owned by the community. Johnston’s approach does not adequately address this issue, leaving a form of ground lease arrangement as a better option, in most cases. Diversity of CLTs is again evident – and reinforces the need to adapt the model on a case by case basis.

CLTs need legal frameworks that acknowledge their diversity, where this diversity encompasses funding mechanisms, policy frameworks and internal governance. CLTs need legal frameworks that enable the sector to grow horizontally – leading to a network of place-based and community-based CLTs.

With the exception of “asset lock” CLTs, the starting point of a CLT is a community, most often a place-based community. When CLTs grow, either in one location or spatially, and, with growing need for in-house professional capacity, tensions between community empowerment and the institutional policy framework appear inevitable.

The approach to growth of the CLT movement in the UK has resulted in less tensions than in the US and appears to have better outcomes in terms of both the provision of affordable housing and community empowerment. In both countries growth was supported through the formation of institutional networks that exchange knowledge and experience. However in the UK, the intent was to expand the number of Trusts “horizontally” recognising diversity. In contrast the US funding frameworks and legislation encouraged scaling up, moving to a standardised model to manage larger budgets, and larger numbers of dwellings etc.

There are pros and cons between these two approaches. The UK approach has resulted in a greater diversity of organisational forms in response to the local context, the local housing market need etc. The approach has also resulted in less community opposition as the CLT more easily fits the local community. The standardised approach in the US may have facilitated access to finance and legal structures, reducing the transactional costs for financial and policy bodies, as they become familiar with a standard CLT model.

CLTs must have regard to the following legal issues: a clear vision statement; effective governance; and an articulated ground lease (or equivalent arrangement) that establishes security of tenure, protects affordability in perpetuity, and establishes management mechanisms.

Effective governance is best achieved through the establishment of a Tripartite Board (as in the US CLTs) and a Membership Committee, based on a mix of residents and local community members. Unlike the UK where issues of leasehold enfranchisement come into play, a ground lease appears to be an appropriate tool for CLTs in New Zealand.

CLTs need institutional support (including financial and policy frameworks) that grow the sector horizontally – leading to a network of place-based and community-based CLTs. A national network organisation should be considered to provide education and training, dissemination of best practices, easily accessible legal advice, and standard documentation that could be used by and adapted as needed by all CLTs.

The starting point of a CLT is most often a community, and most often a place-based community. The importance of institutional networks to support new CLTs is common across all the countries and regions considered in this report. Network institutions have a critical role in providing institutional support (including legal, financial and policy frameworks). This could include education and training, dissemination of best practice, easily accessible legal advice, and providing standard documentation that could be used by all CLTs.

The existence of national funding is an important factor in almost all of the cases considered in this report, both in the research and practice literature., and should be considered in Aotearoa New Zealand. In addition there is a high priority need for funding to support set-up and pre-development costs.

Delivery of funding at the national level could be as simple as ensuring that CLTs meet the eligibility requirements of community housing funding. In order to assist in the establishment of this new model of housing, funding to cover set-up and predevelopment costs for CLTs could be delivered in the form of a grant or 'soft-loan' fund. A 'soft-loan' requires the loan to be repaid if the trust proceeds and is successful. If the CLT does not proceed, the loan is converted into a grant, and considered to be for community

development. Once established, CLTs have shown themselves to be flexible and nimble in accessing a range of different funding sources from the private, philanthropic, and public sectors.

In areas experiencing urban regeneration and / or gentrification, CLTs have significant potential to support mixed-income communities, to enhance community stability, to reduce displacement and to contribute to building community assets.

In New Zealand, Kāinga Ora led urban regeneration programmes have been focused more on the production of housing using the publicly-owned land asset and less on community stability. The indirect effects of these urban regeneration programmes contribute to gentrification of suburbs and displacement of existing lower-income residents. A similar effect follows from significant transport infrastructure investment. Diversifying the form of affordable housing provision should be considered, in urban regeneration programmes and where price appreciation is being driven by public sector investment in transport infrastructure. Funding support for community-led CLT initiatives in advance of urban regeneration or gentrification and before land values increase could deliver affordable housing and community stability.

CLTs should be a primary consideration for public policies for marginal house purchasers. CLTs can provide owner opportunities for marginal purchasers and maintain that ownership. CLTs have the potential to mitigate some of the negative impacts of falling house prices and negative equity.

The extent to which CLT housing is affordable to lower-income households is highly dependent on the particular characteristics of the CLT, the median household incomes of its target households etc.

In New Zealand, house price growth has not been consistent across all suburbs, towns, and cities, nor will growth in prices continue for ever. If housing market volatility becomes prevalent, low to moderate-income households may experience possible foreclosure on their mortgages, with resultant financial loss and instability. CLTs perform better than the market for lower-value dwellings owned by marginal purchasers. CLT houses (particularly in clusters) “can have both stabilizing effects in downturns in the market and market strengthening effects in periods of growth” (Nelson et al, 2020). In times of economic uncertainty and / or during significant life changes (such as marital breakdown), CLTs can and do work with owners to reduce the likelihood of losing their home but, if necessary, to achieve the best-selling price and find alternative more affordable housing.

CLTs should be considered for all housing developments on publicly-owned land. CLTs need sites to develop to provide affordable housing in perpetuity and deliver community benefits. Making publicly-owned land available to CLTs for these purposes has a number of benefits.

However the research is clear that there needs to be alignment between the objectives of the public land-owning agency and the CLT for collaboration to happen. For example, if the public organisation is required to dispose of land no longer needed for its original purpose to the highest bidder, the purchase price may not be within the reach of a CLT based on the income levels of its targeted households. These collaborations require either land being made available to the CLT before rising prices make them unaffordable or the availability of additional public or private sector funding for project viability.

CLTs can enable owners to build wealth – both financial and personal. The potential for CLTs should be considered as part of social, community and economic development policies.

Wealth building comes from two different aspects. Firstly, unlike the situation for tenants, payments for the CT home are not “lost” payments. Wealth is accumulated via the ‘forced savings’ that form the mortgage equity and a portion of the appreciation in property value. Secondly, the stability and security found in CLT ownership enables residents to follow educational, employment and community opportunities.

A provision in the ground lease should clearly establish the conditions around re-sale balancing long-term affordable provisions with certainty for individual households. The CLT should consider what conditions it might place on exercising an option to re-purchase the dwelling when the owner wants to sell and is unable to find an eligible purchaser.

Re-sale formulae are critical to the functioning of a CLT, as they provide certainty for individual households whilst ensuring that the overall objectives of the Trust, to provide affordable housing in perpetuity, can be achieved. A variety of resale formulae are used in practice, often depending on the initial funding mechanism.

CLT owners may need flexibility to move, for significant life changing reasons, such as employment opportunities in another location, marital break down or ageing in place. Some CLTs place the legal onus on the residents to sell the house when they want to move, other CLTs either require the dwelling to be sold back to the Trust or will step in and repurchase the dwelling if the household is unable to find a suitable purchaser. The lease or other restrictions on sale may place stringent requirements on the eligibility of the next purchaser, such as by income level, household structure, links to the local community etc. This may cause difficulties for more vulnerable households, wanting to move out, who may be constrained by the terms of Trust, and unable to find a suitable purchaser.

Each CLT will need to balance the needs of individual owners who want to move out with the overall financial stability of the Trust and the ongoing ability of the CLT to provide affordable housing without additional external funds. The best practice solution is to include in the leasehold arrangement or deeds a clearly established maximum selling price, and eligibility of target purchasers, with expectations about time on the market for sale, before

the Trust intervenes. The Chicago City Housing Trust provides a clear model of this approach, including supporting sellers through the process of finding an eligible purchaser.

Local government can play a number of roles in supporting CLTs, from identifying potential sites, through capacity building and funding. Guidance should be provided on possible roles for local government and best practice knowledge and experience should be shared.

The research has identified the critical roles that local government plays in supporting emergent CLTs and growing the sector. In line with Lesson 2 above, as in the UK, the deliberate sharing of experience between CLTs and Local Councils in order to expand the number of CLTs “horizontally” and the number of supporting Local Councils, appears to be the most effective and efficient way to grow the sector whilst recognising diversity.

Where there is an inclusionary zoning policy in place (as in Queenstown Lakes), the local council should consider linking the outputs of inclusionary zoning (dwellings, land or other equivalent funds) to a CLT and to local Māori Housing Providers.

In addition, local councils should consider recognising the important role that CLTs could provide in addressing housing issues. In addition, immature CLTs may need support to develop their capacity, with consideration given to matters ranging from donations of land, one-off or ongoing funding and the timing of development contributions payments.

Local rates can seriously impact on the ability of a CLT to deliver affordable housing. New Zealand should consider the following: from site acquisition until the completion of the affordable housing developments, all community housing organisations, including CLTs, should be exempt from paying rates. Once the CLT housing is completed, valuations used for setting rates need to take into account the restrictions on resale prices, justified on the grounds of a local affordable housing policy, The resale restricted value should be determined to be the actual net sale price (not linked to a notional market price), and the value of CLT land should be based on the income stream from the leases and not on a notional market value of the land. CLTs could either be exempt from paying local rates or be appraised on the basis of incorporating perpetual affordability with restrictions on resale price.

Appendix A: Summary of the Case Study CLTs

	Stonesfield CLT	Champlain Housing Trust	Dudley Neighborhoods Inc	Rolland Curtis Gardens	Chicago City-wide CLT	CLT Brussels	CLT Ghent	CLT Lille
Project leader	Community volunteers	Community Trust	Housing activists	Community group and non-profit housing developer	Chicago City Council	Housing activists + community groups	Community organisation	Local government, affordable housing developer, public land agencies.
Population targeted	Local working families	Low-income local households	Very low-income local residents	Low-income local families, plus some right-to return residents	"... Ownership opportunities for working families"	Very low-income local households in deprived area	Low income households facing unaffordable housing	Middle-income households in very expensive city location
Objectives	Response to rural gentrification and displacement	Gap between rising house prices and local incomes	Disinvestment – blighted and abandoned neighborhood	Expiration of affordability covenants	Affordability preservation of Inclusionary Zoning dwellings	Community stability and capacity building	Community disinvestment	To support local ownership and slow down speculation
Development process	New build + renovation	Existing dwellings and new build	New construction	Redevelopment of existing building at higher density	New build	New build – small apartment buildings	New build	New build
Legal context	Not in legislation at time of establishment	Federal legislation for community housing	Federal legislation	Federal legislation	Federal legislation	CLT recognised in Brussels Housing Code. Two new legal frameworks	CLT "fitted" into existing legislation. Two new legal frameworks	Two new legal structures – for the housing and for the long-term-lease.
Policy environment	Supportive local government	Supportive local government	Supportive local government	Supportive	City Council Trust	Supportive regional government	Supportive local government	Supportive metropolitan government
Access to land	Initial gift from local individual	First purchase with State grant	"Eminent domain" powers enabled ownership of 12ha of land	Complex mix of public and private funds to purchase original building	Funds from Chicago's IZ scheme	Funds from Brussels Capital Region	City of Ghent gave first development site to the LT (99-year lease)	Access to low-cost finance
Tenure of housing	Mix – majority affordable rental	Social-rental, leasehold, LECs, transitional housing. Resale price linked to market value increase.	Leasehold ownership, LEC units and affordable rental. Resale price linked to equity increase.	Affordable rental – for households with incomes between 30- 60% of local AMI.	Leasehold ownership. Resale price linked to property value increase	Leasehold ownership. Resale price linked to property value increase	Dwelling leasehold ownership. Resale price linked to income index.	Mixed - social housing, market and CLT. Resale price linked to rent index.
Other activities	Small business, community services	Community services	Community services and commercial	Community and commercial	No	No	Community services	No
Scale	15 dwellings and 4 buildings	3,000+ dwellings across 3 counties	225+ dwellings in inner city Boston	140 units in one building complex	200+ dwellings across Chicago	181+ dwellings various locations in Brussels	34 units in one complex	20 dwellings in first pilot

Appendix B: Statutory definitions of Community Land Trusts

From the UK

Community Land Trusts are considered to be English bodies under the Housing and Regeneration Act 2008, s. 79:

- (1) In this Part “English body” means—
 - (a) a registered charity whose address for the purposes of registration by the Charity Commission is in England,
 - (b) [F1a registered society] whose registered office for the purposes of [F2the Co-operative and Community Benefit Societies Act 2014] is in England,
 - (c) a registered company which has its registered office in England,
 - (d) a community land trust which owns land in England, and
 - (e) any other person (whether or not a body corporate registered under the law of the United Kingdom) which ...
- (ii) makes available, or intends to make available, accommodation in England.
 - (2) In subsection (1)(d) “community land trust” means a body corporate which satisfies the conditions below.
 - (3) In those conditions “local community” means the individuals who live or work, or want to live or work, in a specified area.
 - (4) Condition 1 is that the body is established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order—
 - (a) to provide a benefit to the local community, and
 - (b) to ensure that the assets are not sold or developed except in a manner which the trust's members think benefits the local community.
 - (5) Condition 2 is that the body is established under arrangements which are expressly designed to ensure that—
 - (a) any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members),
 - (b) individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members), and
 - (c) the members of the trust control it.

From the USA

Community Land Trusts are included in the Section 233 of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. 12773) (1990) and amended by the 1992 Housing and Community Development Act

(f) DEFINITION OF COMMUNITY LAND TRUST.---For purposes of this section, the term "community land trust" means a community housing development organization ...

(1) that is not sponsored by a for-profit organization;

(2) that is established to carry out the activities under paragraph (3);

(3) that—

(A) acquires parcels of land, held in perpetuity, primarily for conveyance under long- term ground leases;

(B) transfers ownership of any structural improvements located on such leased parcels to the lessees; and

(C) retains a preemptive option to purchase any such structural improvement at a price determined by formula that is designed to ensure that the improvement remains affordable to low-and moderate-income families in perpetuity;

(4) whose corporate membership that is open to any adult resident of a particular geographic area specified in the bylaws of the organization; and

(5) whose board of directors---

(A) includes a majority of members who are elected by the corporate membership; and

(B) is composed of equal numbers of

(i) lessees pursuant to paragraph (3)(B),

(ii) corporate members who are not lessees, and

(iii) any other category of persons described in the bylaws of the organization.

Appendix C: Manuals and Guides for the Community Land Trust Sector

In recent years there has been quite significant growth in the number of CLTs to more than 260 in the US and more than 300 in the UK (Davis et al, 2020). For the most part each CLT may be quite small (the majority consisting of less than 20 dwellings). And each CLT has unique characteristics depending on their local context. Network organizations and resource materials have supported this growth through the sharing of information about a small number of iconic case studies and through the provision of technical manuals and guides for implementation. These manuals address technical issues of legal frameworks, finance, governance, local context etc. The most relevant and comprehensive of these include:

For the US:

White, K. ed. (2011) *The CLT Technical Manual*, National Community Land Trust Network

For Australia:

Crabtree, L. et al (2013) *The Australian Community Land Trust Manual*. Sydney, University of Western Sydney.

For the UK:

Harrington, C. & Seagrief, R. (eds) (2012) *The Community Land Trust Handbook*, The National CLT Network

For Western Europe:

Sustainable Housing for Inclusive and Cohesive cities (SHICC) (2020)

European CLT Guide: Towards a Transnational Movement, Interreg North-West Europe

For New Zealand:

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