



In-Depth Discussion: Community Land Trust

PUBLIC MEETING

NOVEMBER 25, 2024



CAPE COD
COMMISSION

Agenda

Introduction

Welcome and Background	10 min
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What is a community land trust? (Presentation + Q&A)	20 min
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What could a community land trust look like on Cape Cod?

Purposes and relationship to other organizations	10 min
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Real Estate, Funding, and Governance	45 min (15 min each)
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Discussion and Next Steps

Opportunities and Challenges Discussion	15 min
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Next Steps	5 min
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Housekeeping

- This meeting is being recorded, and the recording will be posted on the Cape Cod Commission website.
- Zoom's chat will be in use. Please direct questions to the chat.
- You will need a web browser or phone open to participate (if the group is reasonably large).

Welcome + Background



Housing Cape Cod

THE REGIONAL STRATEGY



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Purpose of the Regional Housing Strategy

Identify policies, strategies, and appropriate areas for housing development and redevelopment to address housing supply, affordability, and availability challenges while protecting sensitive resources.

Guiding Principles



Generate a Greater Variety of Housing

Create an environment that allows for the creation of a wider variety of housing choices



Support the Year-round Population

Promote a vibrant year-round community, relieving housing challenges for year-round residents and supporting the seasonal work force



Protect Natural and Cultural Resources

Ensure strategies and actions for housing protect the region's natural environment and preserve its cultural resources



Address Climate Change and Coastal Resiliency

Prioritize strategies that advance climate change mitigation and adaptation



Prioritize Redevelopment

Prioritize strategies that support redevelopment and reuse and preserve existing housing stock



Coordinate Housing and Infrastructure

Align housing opportunities with wastewater, transportation, broadband, and other infrastructure planning and investments



Regionalize Efforts to Support Municipalities

Identify opportunities for regional efforts and entities, existing or new, that can support municipalities in their housing work



Build Support for Housing Through Education

Support strategy implementation through education and partnerships that can help articulate the housing needs of the region and actions necessary to address those needs



Recommendations



Change Zoning



Streamline Permitting



Develop a Community Land Trust and Regional Housing Land Bank



Develop a Regional Redevelopment Authority



Provide Financial Incentives to Convert and Preserve Year-round Housing



Finance Housing Affordable to 80%-120%+ AMI



Provide Low- or No-cost Loans for ADUs



Dedicate Municipal Tax Receipts Towards Housing and Infrastructure



Develop a Regional Local Government Investment Pool



Establish a Permanent Regional Housing Services Office



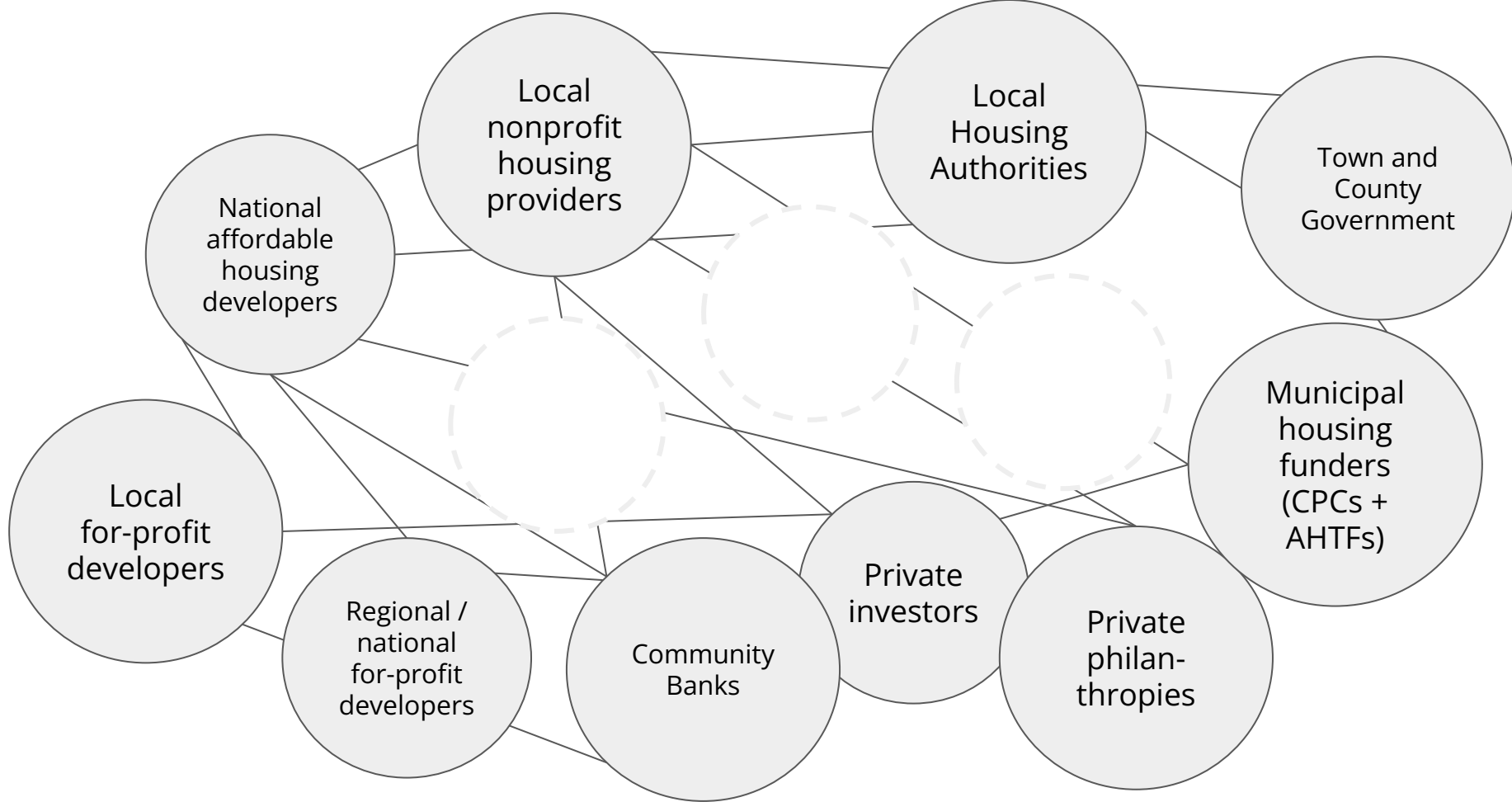
Develop a Regional Homesharing Program



Develop a Regional Capital Plan



Explore Housing Potential on Joint Base Cape Cod



Cape Cod's housing ecosystem is missing some types of entities that could help address the affordability crisis

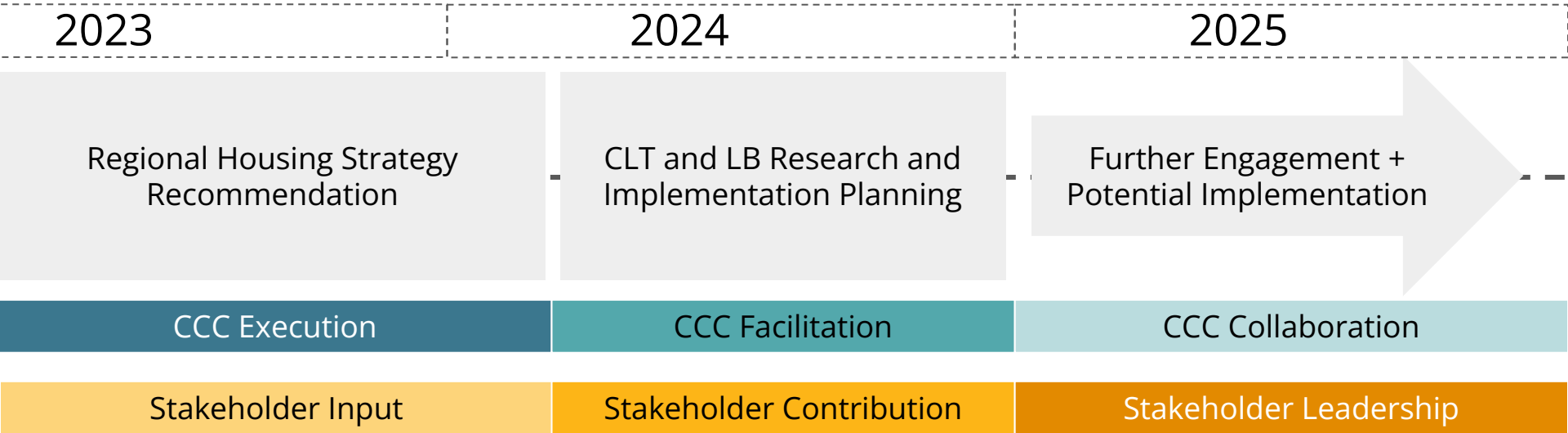
Land Bank

An organization that buys and sells land over a short time span for a values-driven purpose (often economic development or land conservation).

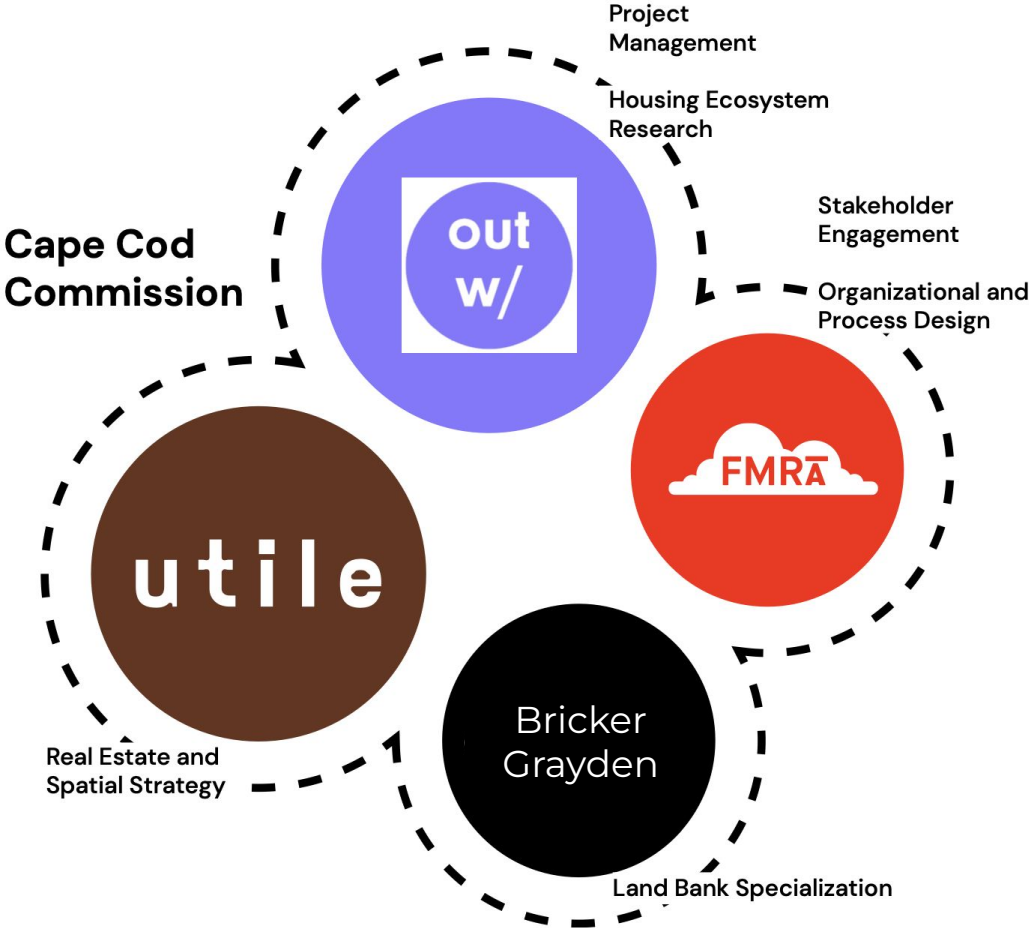
Community Land Trust

An organization that holds land in perpetuity for a values-driven purpose (often affordable housing or land conservation).

Process Overview



Project Team



What is a community land trust?

What is a community land trust (CLT)?

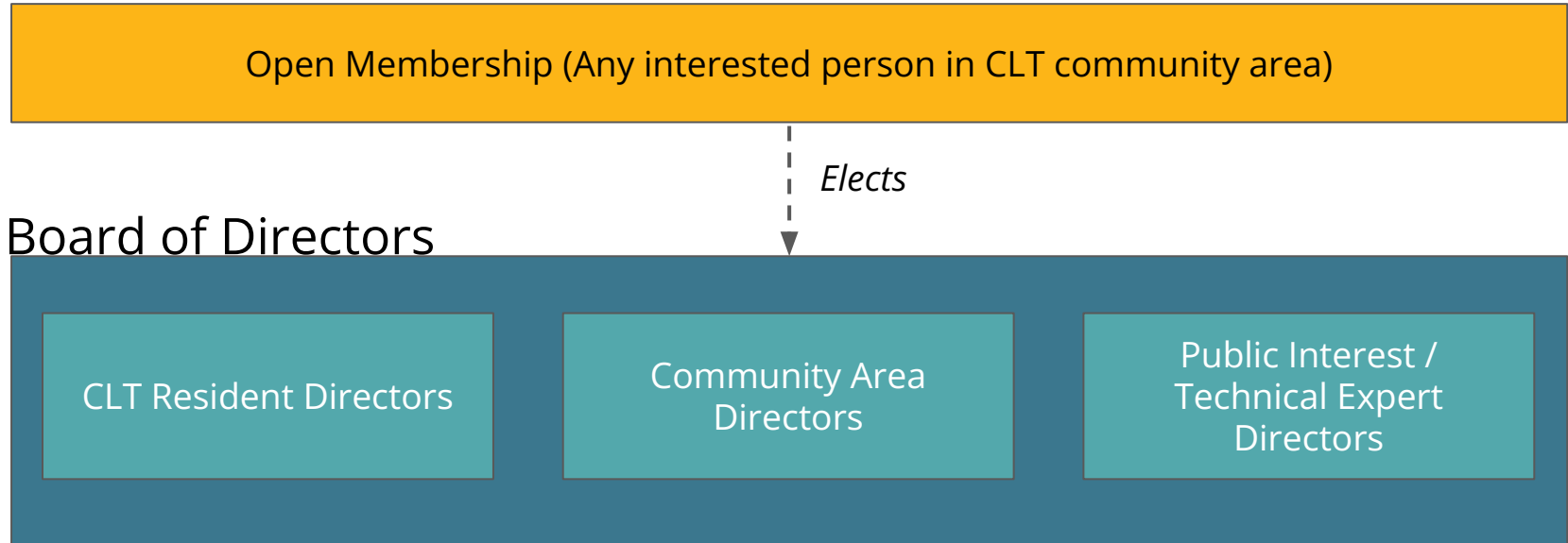
An organization that holds land in perpetuity for a values-driven purpose (often affordable housing or land conservation).

Classic Community Land Trust Model

- Private independent non-profit
- CLT holds **land** in perpetuity
- Builds homes, then **sells the building and leases the land**
- Homes can be resold at affordable rates to income-eligible buyers
- Membership-based organization
 - Composition of the board and (more rarely) key decisions are voted on by the broader community
 - “Tripartite” board: CLT leaseholders, general community members, government/technical representatives
- Key values:
 - Permanent affordability
 - Economic democracy

CLT Governance

- **Lots of variability in governance**
- “Classic” Model:



CLT History

Modern CLT form emerged from Black farmers in Georgia setting up a resident-managed agricultural/residential community.

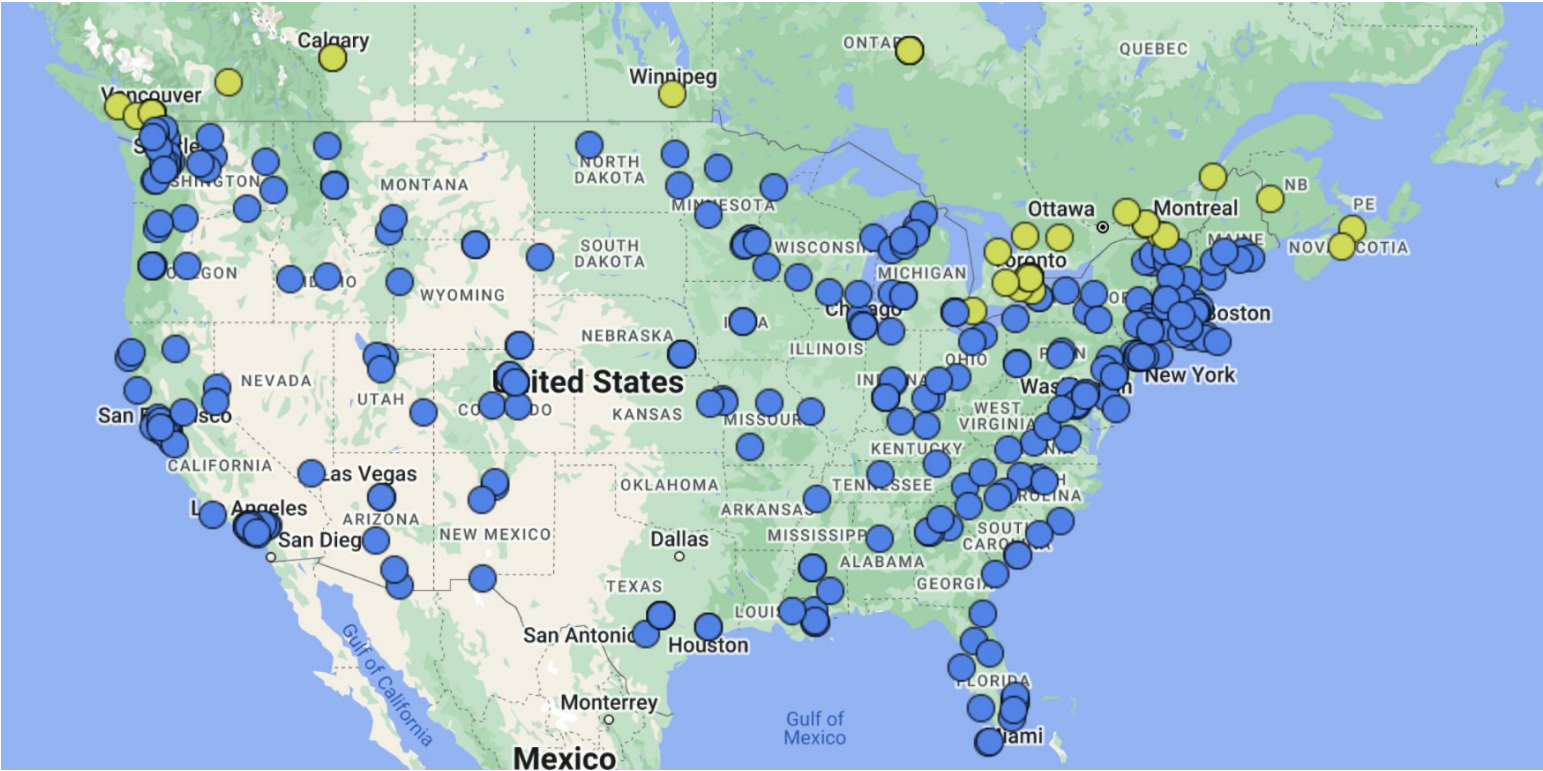
Organizers brought the model to New England and developed it further for a range of purposes, including affordable housing.



Members of *New Communities*, the first modern CLT, set up by Georgia farmers.



Map of Community Land Trusts



<https://cltweb.org/clt-directory/>



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Potential alternative names

“Community Land Trust” is a term that’s used widely, but it could be called anything on Cape Cod.

Potential alternative names:

- Community Housing Trust
- Community Housing Cooperative
- Housing Land Trust
- Permanent Real Estate Cooperative

Ground Lease Model

- CLT owns land, which is leased to residents
- Resident owns building
- Ground lease specifies certain restrictions:
 - Occupancy (e.g., the homeowner can't convert it to a market-rate rental, or the owner must live there year-round)
 - Type of buyer (income eligibility, local workers, seniors, etc.)
 - Maximum resale price
 - Limitations on types of mortgages owners can get

Resale Formulas

- CLT homeowners can sell their home for a maximum price
- Set by a formula that is specified in the ground lease
- Formulas start with the owner's initial purchase price ("base price")
- One of three models:
 - Fixed-rate increase on base price
 - Indexed increase (pinned to increases in AMI or CPI)
 - Appraisal-based pricing (a % of increase in market value)

Resale Formula Considerations

- Ease of understanding
- Ongoing affordability versus wealth building
- Long-term ownership
- Ease of calculation/administration
 - Appraisal method requires more resources
 - AMI is a contested metric
- Protecting affordability
 - Appraisal method may outstrip AMI growth
- How to value repairs/rehab?

Case Study: Champlain Housing Trust

- Founded as Burlington Community Land Trust in 1984
- Serves three counties in northern Vermont
- Classic board with public, general, and resident board members
- Owns more than 3,000 properties
 - Shared-equity ownership units
 - Rental homes/apartments
 - Mobile home lots
 - Housing cooperatives



Case Study: State College CLT

- Founded in 1996 in State College, PA (home of Penn State)
- Focused on acquiring existing homes, performing modest rehab, and selling to 60–80% AMI first-time homebuyers
- 80+ low-income homeowners
- Private donations, CDBG, HOME, development fees from market rate developments, loans from community banks, FHLB
- CHDO status



Case Study: Island Housing Trust

- Private nonprofit organization
- Founded in 2006
- More than 150 affordable homes created
- Mix of renovations, small multifamily, and pocket neighborhood development
- 150 homes now in process of development
- Range of funding sources, including local CPA, state affordable housing programs, and mission-driven investors
- Evolved away from being a membership organization with a tripartite board



Case Study: West Rehoboth Land Trust

- Historically black area in seasonal beach community (Rehoboth, Delaware)
- Founded in 2005
- Developed seven homes (four ownership, three rental)
- Partnered with local Habitat for Humanity for construction
- Classic tripartite board



Case Study: Somerville CLT

- City-led process to explore CLT establishment (much like the process we're undertaking on Cape Cod!)
- Launched as an independent organization
- Acquired an affordable development during construction that was distressed using City Affordable Housing Trust Fund money
- Acquired a second property using local AHTF as building was set to be sold and tenants unionized
- Classic tripartite board after three year interim all-community and professional board



Q&A

What could a community land trust look like on Cape Cod?

Purposes

Potential actions of a regional CLT

- Hold and **preserve existing** affordable and attainable **housing**.
- Hold small **“scatter site” properties** across the Cape.
- **Develop small- to medium-scale** affordable/attainable housing (likely through partnerships).
- Develop **alternative housing types** like co-housing or seasonal worker housing (likely through partnerships).
- Hold **property for other nonprofits** and aligned entities to ensure permanent use for the public good.
- **Monitor affordability restrictions** across the Cape.
- **Mobilize people** to advocate for housing solutions.

Housing for different groups

- Low-, moderate-, and middle-income households
- Year-round residents
- Workers on the Cape (including municipal employees)
- Seasonal workers
- Interim and supportive housing
- Co-housing
- Rental and ownership housing

Partnerships

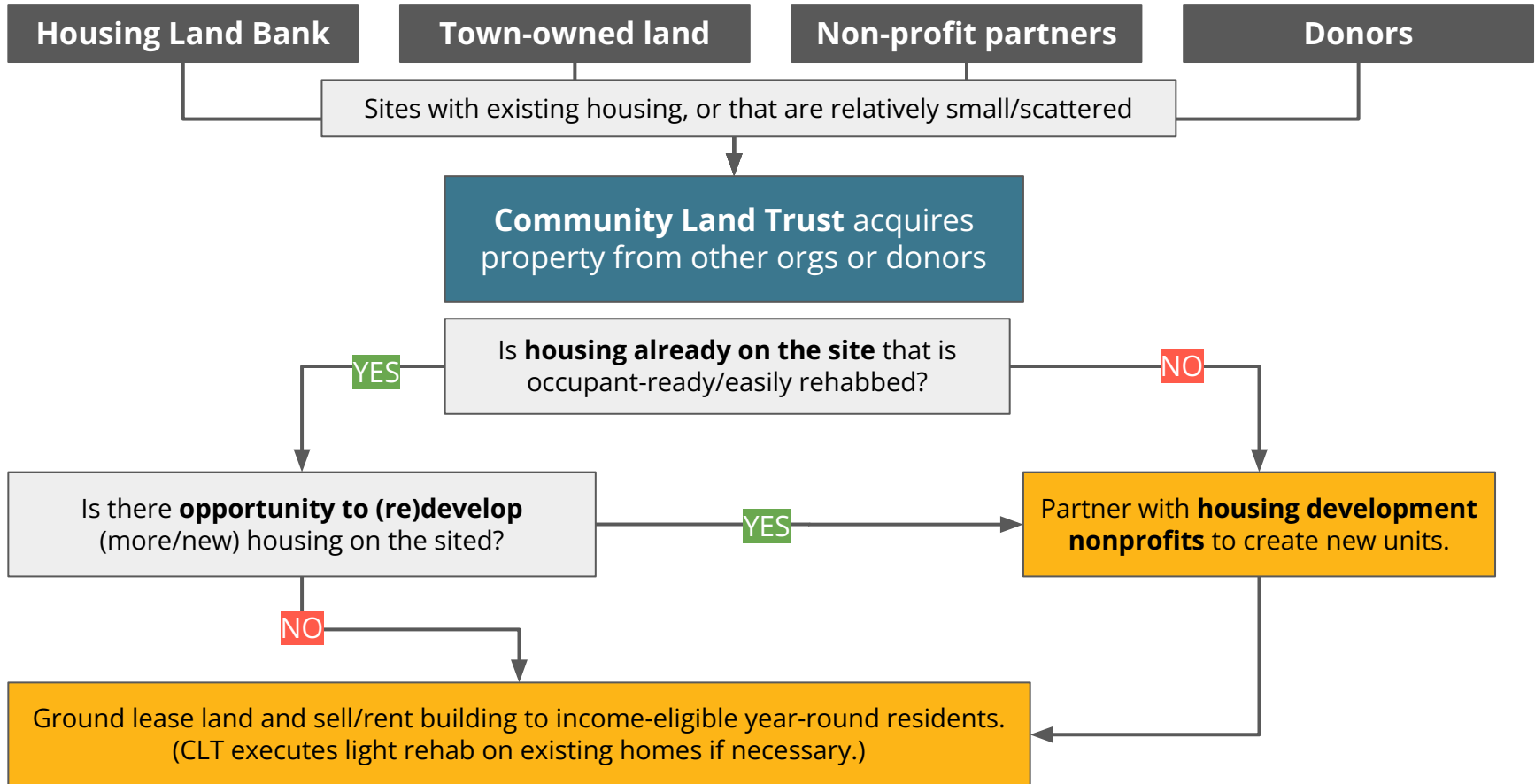
- **Towns:** visioning for CLT-owned land, donating land to the CLT, directing members of the community to the CLT when relevant
- **Other affordable housing non-profits:** take on smaller or scatter site properties for stewardship/management, make CLT land available for development
- Potential **Regional Housing Land Bank:** CLT could receive land acquired by the land bank, especially existing housing, smaller opportunities, or scatter site opportunities

Real Estate Strategy

Overall strategy

- Multiple ways to acquire land, including receipt from a housing land bank, town, allied nonprofit, or individual donors
- Focus on existing homes, low-complexity development opportunities, smaller opportunities, scatter-site opportunities
- Focus on existing housing in established neighborhoods, and small-sized opportunities in community activity centers and village centers
- Could feasibly look at existing or low-complexity commercial opportunities to serve community-oriented economic development needs or to provide community spaces

Potential CLT activity model



Potential real estate strategies

Preservation of existing affordable / attainable single-family, duplex, and small multifamily homes.

Conversion of larger homes into multifamily and other adaptive infill opportunities.

Ground-up development (cottage colony, duplex, or small multifamily).

Funding

CLT Finance

- Operating versus Project Funding
- Fees from CLT leaseholders (usually nominal)
- Grassroots donations
- Public grants/forgivable loans
- Developer fees
- Private philanthropy
- Social impact investing
- Cross-subsidy from market-rate units

Public Sources

- Limited funds for scatter site or small- to medium-sized housing development
- CDBG, HOME, local CPA, and local Affordable Housing Trust funds are typical for this scale of development
- Some projects may be eligible for MassHousing/MHP funding
- Community Housing Development Organisation (CHDO) status can unlock some HOME funds that are historically underutilized on the Cape
 - Board members drawn from low-income communities
 - Limited public representation

Private Donations

- Foundation funding
 - Large grantmaking entities
 - Family foundations
 - Corporate foundations
- Grassroots donation campaigns
- Land donations

Institutional Social Impact Investing

- Island Housing Trust
 - Revolving fund for acquisition, construction capital
 - Below-market permanent financing
 - Connecting with mission-aligned investors
 - Hospitals
 - Community Banks
 - Foundations
 - Certain pension funds
 - Funds with “environmental, social, governance” (ESG) targets
- **Potential Approach: work with a trusted financial partner to create an investment fund for acquisition or construction financing**

Regulatory Crowdfunding

- Small-dollar investments by regular people (typically starting between \$250 and \$1,000).
- New Way Homes (California)
 - Crowdfunds debt (10-year, 4.25% annual return) for pre-development and permitting
 - Raised \$420,000 of \$500,000 goal
 - 300+ units in pipeline: affordable, transitional, and supportive units
- East Bay Permanent Real Estate Cooperative
 - Crowdfunds equity shares (target 1.5% annual dividend)
 - Non-transferable, minimum 5-year holding period
 - Raised at least \$370,000

Potential CLT Funding Approaches

HUD sources
(HOME,
CDBG)

Local sources
(CPA, AHTF)

State sources
(through
MassHousing
and MHP)

Institutional
Impact
Investing

Philanthropic
Funding

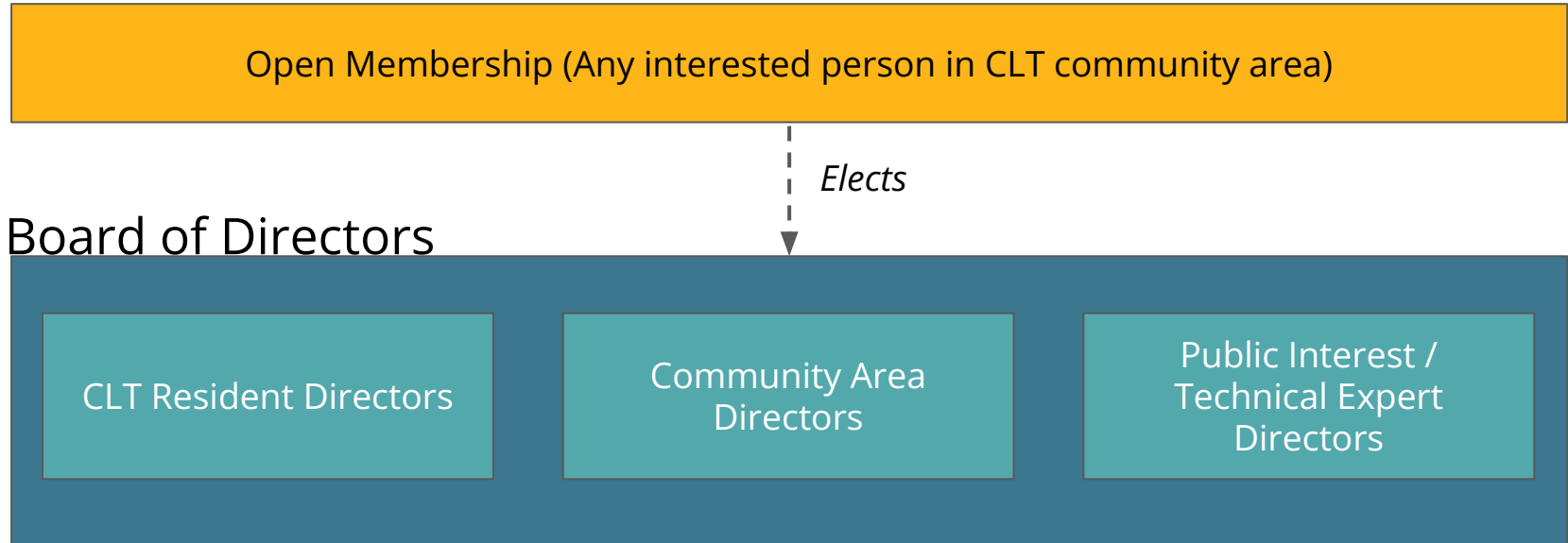
Regulatory
Crowd-
funding

Grassroots
Donations

Governance

CLT Governance

- **Lots of variability in governance**
- “Classic” Model:



Champlain Housing Trust

Membership

Resident Members

(Any resident of the CLT)

Non-Resident Members

(Any dues-paying tri-county resident)

Elects

Elects

Resident Member Representatives

- At least one coop shareholder
- At least one land-lease homeowner
- At least one rental home tenant

General Member Representatives

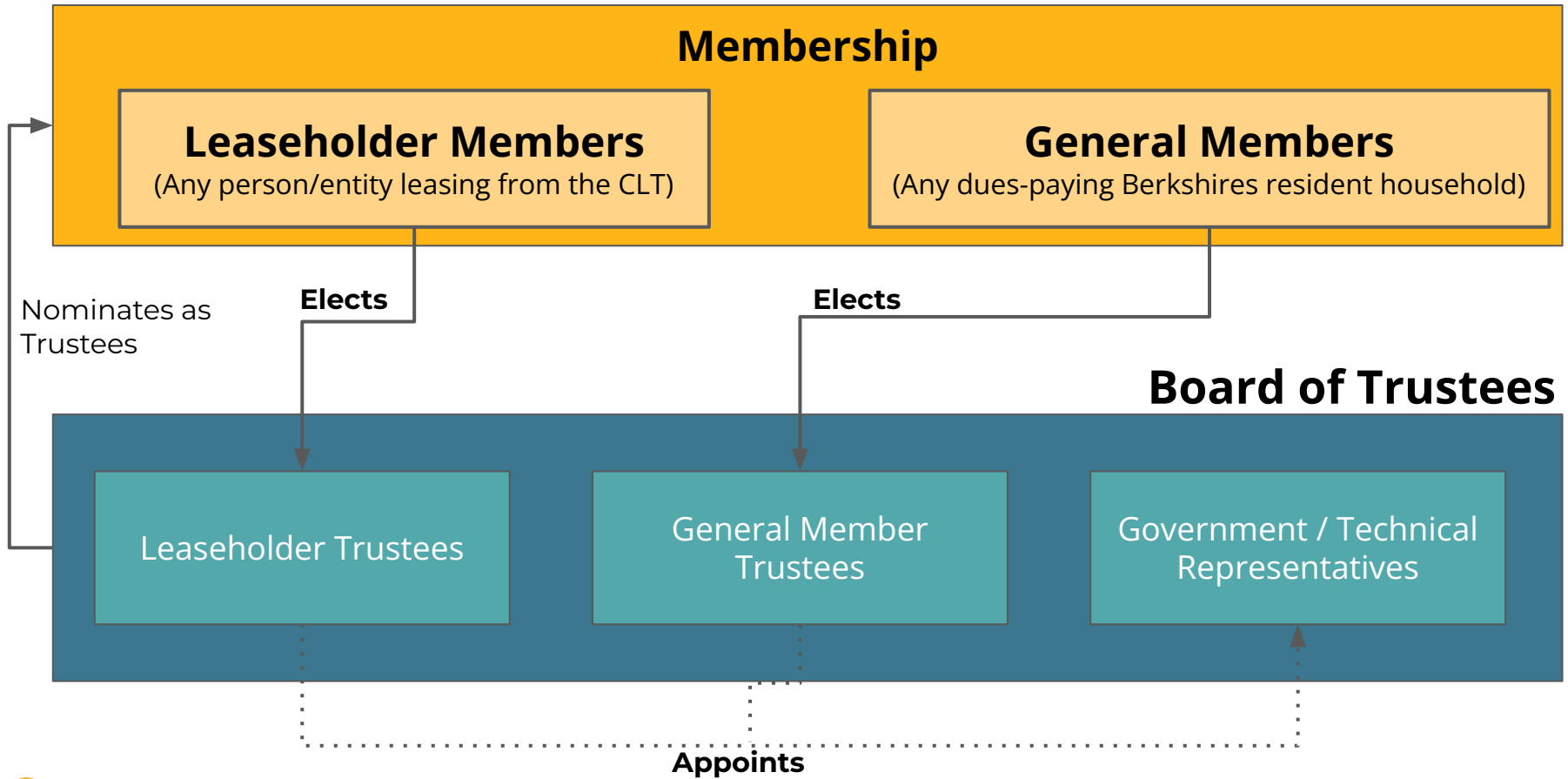
- Only non-resident members
- At least one private sector representative

Public Representatives

- **All but one are municipal officials from different towns in tri-county area**
- One municipal official or state legislator or regional planner or nonprofit housing professional

Board of Directors

Berkshire CLT / CLT in the Southern Berkshires



Island Housing Trust (Martha's Vineyard)



Board of Directors

The diagram features a dark teal rectangular box at the top containing the text "Board of Directors". Below this box, a white rectangular box contains the text "Appoints replacement directors at end of term". A black line connects the bottom of the teal box to the top of the white box, and another black line extends from the right side of the white box, loops upwards, and then points left with an arrowhead towards the right side of the teal box, indicating a feedback loop or a process that returns to the Board of Directors.

**Appoints replacement
directors at end of term**

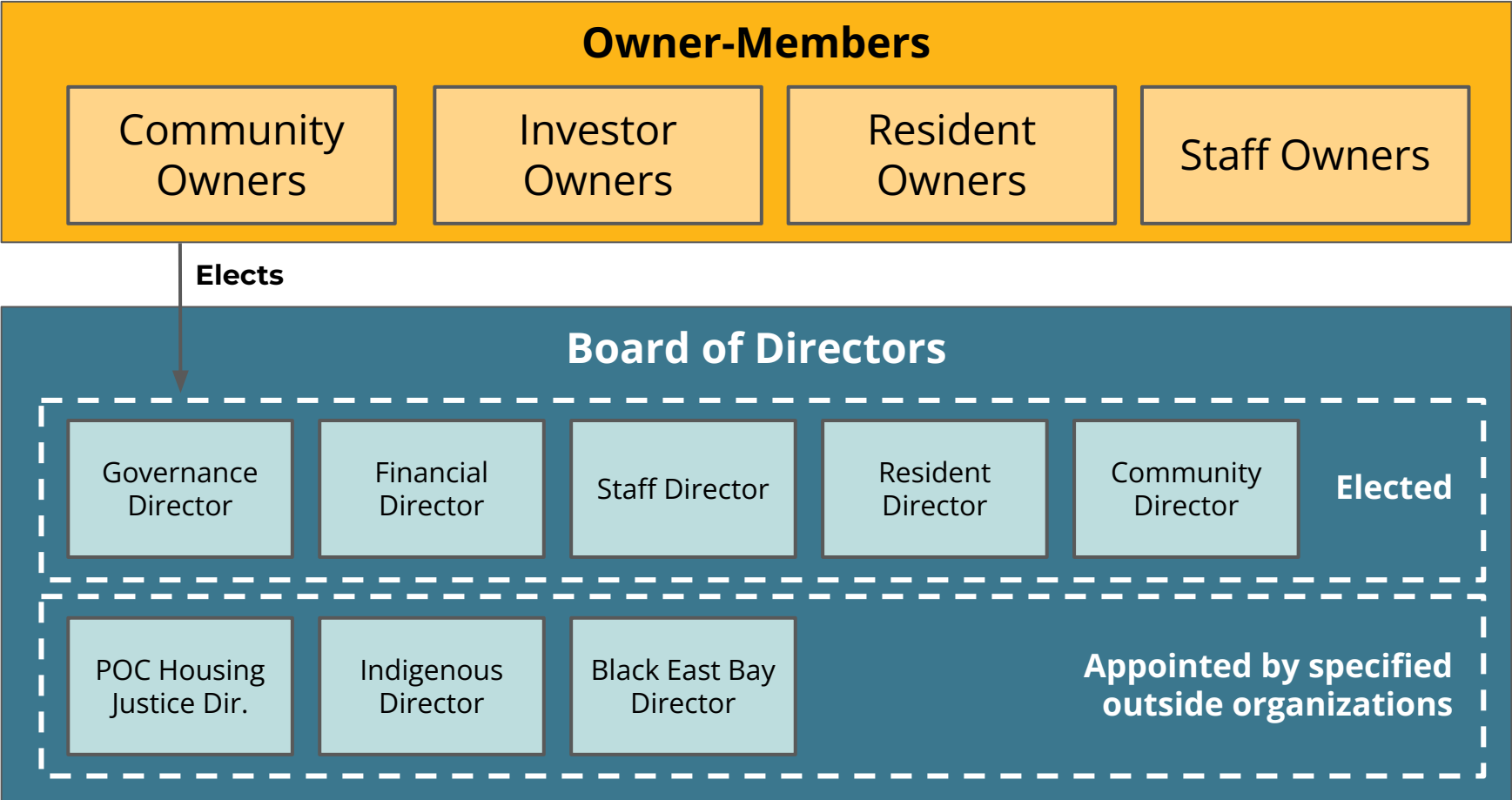
Thistle CLT (Boulder, CO)

Thistle Community Housing
(typical private nonprofit with self-appointing Board)

Wholly controls

Thistle Community Land Trust Program

East Bay Permanent Real Estate Cooperative



Interim/startup governance

- Regardless of “stabilized” governance, CLTs often start out being led by a small group
- Typically begins with public officials, housing professionals, and/or dedicated activists
 - This should include people familiar with nonprofit management, as many administrative duties will fall to board members at this stage.
- Interim board can build capacity, organize in the community to recruit members, and initiate the first projects
- Transition to stabilized governance should be based on milestones and left flexible

Potential Governance Models

**Classic
“Tripartite” Board**
(Leaseholders +
General
Community +
Public/Technical,
Elected by
membership)

**Tripartite with
Specified Seats for
certain
communities**
(e.g., Mashpee
Wampanoag,
Portuguese
Speakers, Business
Community,
Conservation Orgs)

**Streamlined
governance**
(Public +
Technical seats
only, no
membership
body)

**Program of
another entity**
(i.e., an existing
nonprofit or
public institution)

Role of economic democracy

- How important is community participation in a potential CLT?
- Should the early Board put emphasis into identifying potential members and potential community board members?
- If the CLT is a membership organization,
 - Should members elect all the Board seats or should some seats be appointed (e.g., by local government, interest-based nonprofits, by the elected seats of the Board)?
 - What level of detail should members vote on? Just the Board elections? Or operational decisions too?

Opportunities and Challenges

Opportunities and Challenges

- Given the discussion today, **which aspects** of a CLT are **most intriguing** to you?
- What do you see as the **biggest opportunity** for a CLT in your community? (This could be a general area, a specific site, a type of property, or a community.)
- What **challenges** do you see in bringing a CLT to life?
- What are your **“deal breakers”** for a CLT?
What must it do or not do?

Next Steps

How to stay involved

- Virtual In-Depth Sessions
 - Housing Land Bank (reprise): Tuesday 12/10 @ 5:30pm
 - Community Land Trust (reprise): Wednesday 12/11 @ 6pm

www.capecodcommission.org/our-work/clt-hlb