

Evaluating the Potential for More Community Land Trusts in the Triangle J Area

Prepared for: Triangle J Council of Governments (TJCOG)

Prepared by: Matthew Boyle
Master of Public Policy Candidate
The Sanford School of Public Policy
Duke University

Faculty Advisor: Patrick McHugh

Disclaimer: This 2021 student paper was prepared in partial completion of the graduation requirements for the Master of Public Policy Program at the Sanford School of Public Policy at Duke University. The research, analysis, and policy alternatives and recommendations contained in this paper are the work of the student who authored the document, and do not represent the official or unofficial views of the Sanford School of Public Policy or of Duke University. Without the specific permission of its author, this paper may not be used or cited for any purpose other than to inform the client organization about the subject matter. The author relied in many instances on data provided by the client and related organizations and makes no independent representations as to the accuracy of the data.

Acknowledgments

Thank you to my advisor, Patrick McHugh, and to Matt Gerken, who was my second reader and responded to numerous questions about gathering data. Thank you to John Hodges-Copple and the Triangle J Council of Governments for acting as my client allowing me to pursue this research topic. Last but not least, thank you to the interviewees who helped me understand more about the community land trusts they work with.

Table of Contents

Executive Summary.....	4
Background and Importance.....	7
Data Sources and Description.....	11
Case Study Selection.....	12
Community Land Trust of Palm Beach County.....	13
Athens Land Trust.....	15
Champlain Housing Trust.....	17
Opportunity in the Triangle J Area.....	19
Discussion.....	20
Recommendations.....	22
Sources.....	24

Executive Summary

Introduction

Policy Problem. There is a lack of housing that is affordable to low-income households. This is true across the United States but it is particularly acute in urban areas experiencing rapid economic growth. The Triangle J area is home to several such growing cities who are struggling to provide space for low-income households as land values rise and housing becomes more inaccessible for more people. The situation is made by worse by the fact that not all existing affordable housing units in Triangle J were designed to be permanently affordable. As such, 3,000 affordable housing units will see their affordability restrictions expire in the next five years.¹

Replacing units lost through traditional affordable housing practices is extremely costly and ultimately inefficient. There is only so much land that can be developed and replacement affordable housing may not have the same access to amenities as what was lost. Developing permanently affordable housing will ensure that the investments local governments make towards providing housing are not eventually lost at a time when affordable housing is already in short supply.

Policy Question. How can entities like the Triangle J Council of Governments (TJCOG) leverage community land trusts (CLTs) in regions where escalating housing costs are driving up the need for affordable workforce housing? This project seeks to evaluate the potential for CLTs in the Triangle J area based on examples from outside the region and the level of opportunity in Triangle J's counties.

Results

Inclusionary Zoning is not Required for CLTs to Succeed: Case study CLTs formed and continue to grow without the benefit of Inclusionary Zoning ordinances. Inclusionary Zoning requires housing developers to sell a portion of the homes they develop at affordable rates set by local government. This can make it easier for CLTs to acquire more housing units. However, the case studies demonstrate that Inclusionary Zoning should not be thought of as a necessity for successful CLTs.

Inclusionary Zoning can Optimize the Growth of CLTs: While Inclusionary Zoning policies are not necessary to create sustainable CLTs, they can promote their growth. Unless it is donated land, CLTs must pay the going price for any property they want to acquire. Policies that require more affordable housing development therefore make acquiring land easier for CLTs.

Rental Housing is Still Cheaper to Provide: Every case study CLT provides more rental units than they do homeownership units. This is the case even for CLTs that started off focused solely or primarily on homeownership. Rental units allow CLTs to serve extremely low income

¹ National Housing Preservation Database, local government and nonprofit housing providers, Triangle J COG (updated August 2020).

populations, but resource constraints are the more immediate reason CLTs provide more of them. There is no feasible way for CLTs to provide homeownership to every household they currently serve with rental housing.

CLTs can be Sustained in Many Contexts: The CLTs in this study are found in areas of relatively high and relatively low opportunity. Some counties are rural or sparsely populated while others are highly urbanized and heavily populated. The CLTs in the study were all formed over ten years ago and have survived such shocks as the housing bubble and now the COVID 19 epidemic.

Educating Relevant Stakeholders on CLTs is Important: A common theme emerged in which poor understanding of the legal basis for CLTs created obstacles for CLTs. Even when CLTs had high level government support, agents on the ground that were only familiar with traditional homeownership believed the model was illegal and opposed it. They were under the impression that ownership of the land could not be separated from ownership of homes on the land.

Traditional Banking Plays a Role in CLT Homeownership: CLT homeowners must still acquire mortgages from banks and lending institutions. CLTs establish relationships with banks and assist potential homeowners in obtaining these loans. This assistance can help prevent predatory lending in CLT homes. However, CLTs are still vulnerable to bank closures and the aftermath of the Great Recession has made acquiring loans for new homeowners more difficult.

Recommendations

Advocate for Inclusionary Zoning Policies and Enabling Legislation: While CLTs can be sustained without mandatory inclusionary zoning policies, they are generally helpful. Care must be taken to design the policies so that CLTs can utilize them. Local governments have some flexibility on this issue in NC, but state legislation clarifying that such ordinances are permissible would help with the rate of adoption.

Raise Awareness about the CLT Model: Despite how long CLTs have been around, it seems many people are unaware of what they are. Unfamiliarity with how they operate in practice is particularly common. CLTs should be promoted as a cost effective tool to provide affordable housing on a more permanent basis.

Expand CLTs Beyond Major Urban Centers: CLTs are highly adaptable and can work in rural and urban settings. Presently, Triangle J only has CLTs in highly urbanized areas. CLTs in more sparsely populated areas can also act as conservation land trusts that protect undeveloped land in addition to affordable housing.

Utilize Existing CLTs as Capacity Builders: Triangle J is fortunate that it already has a couple of well-established CLTs within its borders. The people who work there are experts in running CLTs and they should be encouraged to use their skills to build capacity in areas that lack CLTs.

Methodology

The project uses a mix of quantitative and qualitative methods. First, three case studies are used to demonstrate how regional CLTs have developed in the past. Interviews with individuals involved in the CLTs were used to learn about their origin stories and organizational dynamics. These CLTs can serve as examples for developing successful county-wide and multi-county CLTs in the Triangle J Area.

This report sought to test the adaptability of the CLT model. For that reason, data from the Opportunity Index was used to compare the level of opportunity in the counties the CLTs were located in with their surrounding counties. The same was done for Triangle J's counties. The opportunity data were collected to demonstrate the kinds of environments that CLTs have successfully formed in. Counties in the Triangle J Area vary in terms of their racial makeup, level of opportunity and population size, among other aspects. The case study data helps to answer the question of whether CLTs could successfully establish and maintain themselves throughout the Triangle J Area.

Background and Importance

Affordable Housing Needs in the Triangle J Region

The Triangle J region is home to roughly two million people.² Like many parts of the United States, the region is suffering from a shortage of affordable housing. According to ACS 5 year estimates for 2014-2018, more than 157,000 households in the area are housing cost burdened. The housing cost burdened are those who spend so much of their income on housing costs that they cannot adequately meet non-shelter needs like food and clothing.³ 70% of low income households, which make between 50% and 80% of AMI, are housing cost burdened. More than 90% of extremely low income renters, which earn between 0 and 30% of AMI, are also cost burdened.⁴

Cities in the region are actively trying to address the crisis, most recently through affordable housing bonds. Chapel Hill approved a \$10 million bond in 2018,⁵ Durham approved a \$95 million bond in 2019⁶ and Raleigh approved an \$80 million bond this year.⁷ This is Raleigh's fourth affordable housing bond in 20 years.⁸ Affordable housing is clearly a serious issue in the Triangle J region, and one that is primed to escalate if governments do not intervene in some form. Gentrification adds another layer to this issue. The rising housing costs seen in cities like Durham can threaten community identity and local culture by making it harder for low income minority groups to remain in the area.⁹ In this context, the expansion of CLTs in the area might be useful in keeping homes created through tools like housing bonds affordable in the long run. Triangle J's population is growing, so every affordable home is a scarce resource local governments cannot afford to lose.

² About the TJCOG Region. (2020, September 10). Retrieved October 18, 2020, from <https://www.tjco.org/about-tjco-region>

³ Stone, Michael. "Shelter Poverty: The Chronic Crisis of Housing Affordability." *New England Journal of Public Policy* 20, no. 1 (September 21, 2004): 108–19.

⁴ National Housing Preservation Database, local government and nonprofit housing providers, Triangle J COG (updated August 2020).

⁵ "Bond Information." Chapel Hill Affordable Housing. Accessed November 19, 2020. <https://www.chapelhillaffordablehousing.org/bondinfo>.

⁶ Gracia, Celeste. "Durham Voters Approve \$95M Affordable Housing Bond." WUNC, November 6, 2019. <https://www.wunc.org/post/durham-voters-approve-95m-affordable-housing-bond>.

⁷ Johnson, Anna. "'We Are Thrilled.' Raleigh Voters Back Affordable Housing Bond by a Landslide." newsobserver. Raleigh News & Observer, November 3, 2020. <https://www.newsobserver.com/news/politics-government/election/article246753011.html>.

⁸ "Affordable Housing Bond." Raleighnc.gov. Accessed November 19, 2020. <https://raleighnc.gov/services/housing/affordable-housing-bond>.

⁹ Choi, Myungshik, Shannon Van Zandt, and David Mataritta-Cascante. "Can Community Land Trusts Slow Gentrification?" *Journal of Urban Affairs* 40, no. 3 (2018): 394–411. <https://doi.org/10.1080/07352166.2017.1362318>.

CLT's as a Mechanism for Preserving Affordable Housing

The CLT model is flexible enough that there are different variations. CLTs have been founded by grass roots neighborhood organizations, municipal and county governments, and by already established non-profits.¹⁰ CLTs are organized as non-profits with a board of directors and professional staff. The job of the staff is to carry out the day to day functions of the CLT while the board is responsible for the financial health, mission and vision of the organization.¹¹ The standard governance model set by early CLTs emphasizes direct community engagement.¹² “Classic” CLT boards are divided into thirds, where one third of board members must be people who received homes through the CLT, another third must be people living in the surrounding community and the last third are appointed by local governments or important institutions like universities.¹³ All CLTs have some seats reserved for leaseholders but the equal division of the board into thirds is not uniform. In addition, CLTs differ in how many board members are directly elected by the CLT’s members. Most positions are directly elected in the classic model, while there have been cases of CLTs with boards that are all appointed by local governments or non-profits.¹⁴

The features that make CLTs effective in preserving affordability are eligibility requirements, resale restrictions and ground leases.¹⁵ Eligibility requirements restrict the availability of homes to people within a certain income range. Homes are usually only sold to those making 80% or less of AMI. This threshold exists because 80% of AMI is considered a cutoff point between low and moderate income.¹⁶ It is also the threshold used by the U.S. Department of Housing and Urban Development (HUD) in CDBG and HOME grants, which are an important source of funding.¹⁷ Importantly, this restriction applies no matter how many times the homes are sold or how many years pass, so long as the CLT continues to function. This is because CLTs impose resale restrictions on their members which require them to sell their homes at a price affordable to other households making less than 80% AMI. The restrictions are based on formulas developed by each CLT to arrive at prices that will allow leaseholders to make money from selling their homes without making the home unaffordable to low income households.

CLTs are able to impose such restrictions because they retain ownership of the land on which the homes are located. People who receive houses from CLTs are leaseholders, not homeowners. Thus, CLTs still have a say in how property on it is managed and disposed of. Being a leaseholder is still an improvement upon renting in several regards. First, the resale restrictions may decrease the payoff of selling but there is still a payoff. Leaseholders who sell their home receive a percentage of the appreciation on the house’s market value since they bought it. By

¹⁰ Davis, J. (2007). *Starting a Community Land Trust: Organizational and Operational Choices*. Burlington, VT: Burlington Associates in Community Development.

¹¹ Interview with Kimberly Sanchez, executive director of Community Homes Trust

¹² Davis. 6-7

¹³ Davis. 85

¹⁴ Davis 70-71

¹⁵ Davis. 20-21

¹⁶ Data courtesy of Erika Brown from TJCOG

¹⁷ Questions and Answers about Chapel Hill’s Inclusionary Zoning Ordinance. (n.d.). Retrieved November 08, 2020, from <https://www.townofchapelhill.org/home/showdocument?id=7172>

contrast, moving out of a rental unit only relieves a household of having to pay rent. In addition, CLTs normally convey 99-year ground leases that are inheritable by family members. Thus, there is the possibility of long term, inter-generational wealth creation that does not exist with typical rental units. The CLT can also use its stake in the houses on its land to benefit individual households by intervening in foreclosures or providing basic home maintenance.

The subsidy retention model used by CLTs to preserve affordable housing also benefits local governments. CLTs can maintain more affordable housing for fewer subsidy dollars, compared to traditional subsidy recapture models.¹⁸ Subsidy recapture models provide local governments with funding when affordable housing is resold to households making above 80% AMI. However, this model often founders. The amount of subsidy that is recaptured may not be enough to subsidize another affordable unit. Subsidy recapture produces diminishing returns when limited development space and rising land prices are factored in. Thus, local governments will have to choose between providing less affordable housing or appropriating more funds for housing subsidies. In a time of fiscal constraints, subsidy retention allows local governments to provide more affordable housing at reduced cost.

Existing CLTs in the Triangle

Triangle J already contains two CLTs that serve small portions of its population. Between Durham Community Land Trustees (DCLT) and Community Homes Trust (CHT) there are 598 permanently affordable homes in the region.¹⁹ However, neither of these CLTs comes close to providing permanent affordable housing across the whole Triangle J region. DCLT only serves neighborhoods in the city of Durham and CHT only serves Chapel Hill and Carrboro. Triangle J, meanwhile, comprises seven counties, one of which is Wake County, North Carolina's largest by population.²⁰ There is therefore significant room for CLT growth in the region that has not occurred despite DCLT and CHT being 33 and 20 years old, respectively.

Service Gaps in Traditional Methods of Affordable Housing Provision

Federal, state and local governments have tried different strategies to provide housing that lower income people can afford but the affordability problem persists.²¹ Housing markets alone have proven incapable of adequately providing housing in a manner that is equitable and stable. There would not be an issue if they did. The common methods of providing affordable housing at the

¹⁸ Davis, Johnson. and Alice Stokes. (2009) *Lands in Trust Homes That Last*. Champlain Housing Trust. Retrieved October 18, 2020, from <http://www.getahome.org/learn-more/publications> Page 28

¹⁹ Where We Own. (n.d.). Retrieved October 18, 2020, from <https://www.dclt.org/where-we-own/>; Overview. (n.d.) Retrieved October 18, 2020, from. <https://communityhometrust.org/overview/>

²⁰ McFarland, L. (2020, March 26). Census: Wake County is now North Carolina's largest county. Retrieved October 18, 2020, from <https://sandhillssentinel.com/census-wake-county-is-now-north-carolinas-largest-county/>

²¹ Stone. 108–19.

federal level are through subsidies to developers²² and assistance to low income households.²³ Local governments also use incentives and subsidies to promote the development of affordable units. Mandatory set-aside requirements, or inclusionary zoning, are a more assertive way local governments provide affordable housing. These requirements establish a certain percentage of units that must be affordable in any new housing developments above a certain size.²⁴ Some ordinances also allow developers to make payments in lieu of developing the affordable housing themselves. Local governments can then use the payments to subsidize more housing. Local governments may require enabling legislation from state governments to be able to use such ordinances. The state of North Carolina has not introduced enabling legislation, though there are theoretically legal means to enact mandatory inclusionary ordinances despite this. Chapel Hill has enacted such an ordinance, though its legal justification for it is untested in the courts. Outside of Triangle J, the town of Davidson also has a mandatory inclusionary zoning ordinance.²⁵ More cautious local governments might be put off from following these towns' lead by the risk of a costly legal battle with the state that could ultimately be decided in the state's favor. While it is unlikely in the current political atmosphere, acquiring state support for these local policies would overcome one important barrier to their adoption.

The CLT model can address an underlying problem faced by affordable housing created through traditional means. First, traditional affordable housing is not affordable forever. The purchaser of an affordable home can turn around and sell the home to the highest bidder after a number of years with no penalty. Second, many affordable developments are rental units which do not create wealth for those who live in them. Since renters do not own their homes, they are particularly vulnerable to displacement if land values increase significantly or protections expire. CLTs can not only provide permanently affordable rental housing, they can also provide a form of homeownership that is more obtainable by low-income households.

Challenges Facing CLTs

CLTs face structural constraints that can make their development and expansion difficult. Since CLTs are run as non-profit entities, even if they receive significant support from local governments,²⁶ they rely on the availability of subsidies, grants, philanthropy and enabling policies. However, CLTs can make more efficient use of subsidy dollars and so become less subsidy intensive than non-profits providing affordable housing through a traditional model.²⁷ Traditional subsidy programs are not as efficient because much of the subsidy is removed from

²² What is the Low-Income Housing Tax Credit and how does it work? (2020, May). Retrieved October 18, 2020, from <https://www.taxpolicycenter.org/briefing-book/what-low-income-housing-tax-credit-and-how-does-it-work>

²³ Miller, M. (2020, January 9). What You Need to Know About How Section 8 Really Works. Retrieved October 18, 2020, from <https://www.propublica.org/article/what-you-need-to-know-about-how-section-8-really-works>

²⁴ The Set Aside Requirement. (n.d.). Retrieved October 18, 2020, from <https://inclusionaryhousing.org/designing-a-policy/onsite-development/the-set-aside-requirement/>

²⁵ Mulligan, Tyler. "A Primer on Inclusionary Zoning." Coates' Canons, November 16, 2010. <https://canons.sog.unc.edu/a-primer-on-inclusionary-zoning/>.

²⁶ Davis, 18

²⁷ Davis and Stokes. 29

the housing once the original buyer resells. Thus, more subsidy dollars are needed to preserve affordability for the next buyer. The CLT model retains more of the initial subsidy in the housing itself, producing smaller windfalls for residents selling their homes but more sustainable housing affordability for the community.

Often the greatest barrier to CLTs is a lack of understanding about what they are and how they work. The CLT model is less familiar than the traditional model for providing affordable housing.²⁸ This can leave communities and politicians unaware of the potential benefits of CLTs or unwilling to shift from the way things have always been done. However, local governments can make use of the information provided by CLT advocacy organizations to inform themselves and relevant stakeholders about how CLTs work and how they can be adapted to the local context. Grounded Solutions Network and the Lincoln Land Institute are just two organizations that advocate for and study CLTs. Local governments can also look to existing CLTs for guidance.

Data Sources and Description

This project used case studies to demonstrate how CLTs with regional service areas have developed in the past. Only CLTs that are more than a decade old were chosen. It can take time before the effectiveness of CLTs can be reliably established. CLTs over a decade old can also speak to the impact of the housing bubble and Great Recession on their operations. Potential CLTs were further narrowed down by only looking at those included in a study performed by Grounded Solutions Network that tracked the growth and performance of shared equity homeownership programs.²⁹ Grounded Solutions Network, formerly the National Community Land Trust Network, is a leading research and advocacy organization for CLTs and other equitable development policies.³⁰ The CLTs that it studied should be well established and responsive to further research inquiries, such as this project.

After establishing how CLTs have developed in the past, this report evaluated the level of opportunity in the region where they operated. This was done to determine if there were any patterns or limitations in where CLTs could be sustained. Any patterns that were found could be used to evaluate the viability of CLTs in different Triangle J counties.

The Opportunity Index was used to compare the counties CLTs were located in to neighboring counties that lacked CLTs. This was done for counties in Triangle J as well as the case study counties.

²⁸ DeFilippis J., Stromberg B. & Williams, O. (2018) W(h)ither the community in community land trusts?, *Journal of Urban Affairs*, 40:6, 755-769, DOI: 10.1080/07352166.2017.1361302

²⁹ Wang, Vince, Cahen, Claire, Acolin, Arthur and Rebecca Walter (2019). *Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations*. Lincoln Institute of Land Policy, Working Paper WP19RW1

³⁰ "About Us." Grounded Solutions Network. Accessed April 11, 2021. <https://groundedsolutions.org/about-us>.

The Opportunity Index bases its evaluation on 14 indicators at the county level and 16 at the state level. The economy indicators are unemployment, median income number of people below the poverty line, availability of banking institutions, affordable housing, and subscriptions to broadband Internet. The education indicators are children in preschool, on-time high school graduation rate, and post-secondary education rate. The Community indicators are the percentage of teenagers not working and not in school, community safety, access to primary healthcare, incarceration, and availability of healthy foods. The Health indicators are markers of developmental risk, health outcomes, access to care, personal illness, and social trends in mental health. Overall opportunity is a composite measure of all the opportunity indicators. The scores are out of 100, with 100 being the best score. This index was used to evaluate whether CLTs were present in areas of relatively higher or lower opportunity.

County level data was used because it is the lowest level at which the Opportunity Index has data. Admittedly, neighborhoods, cities and towns can vary widely from each other in socioeconomic status and county level data does not capture this. However, it was the level of geography at which this report was certain to capture all of the housing maintained by the CLTs. Due to privacy concerns, not all CLTs list every address that is in their portfolio on their website and requests for such a list were denied.

Case Study Selection

From the list of CLTs in the study, I selected cases based on their qualitative similarities to counties in Triangle J and their exemplary performance. The counties in Triangle J are diverse, Wake County has a population of more than 1,000,000 while Lee county has a population of about 60,000,³¹ so the selected CLTs are meant to reflect that. The criteria for case study selection were as follows.

- **Regional service area:** regional in this case is defined as a county or multi-county service area
- **Similar State Context:** CLTs in southeastern states were given preference as this reflects North Carolina's situation.
- **Government promoted:** Some CLTs are primarily grassroots and private endeavors, while others are conceived of and created by local governments. Examples of government sponsored CLTs will help TJCOG advise the local governments it works with on how to establish their own CLTs.
- **High housing costs:** Triangle J contains several cities experiencing rapid growth in housing costs. CLTs that formed in response to similar circumstances can demonstrate how land can be acquired for CLTs even in a competitive market.

³¹ Social Explorer Tables: ACS 2019 (5-Year Estimates) (SE), ACS 2019 (5-Year Estimates), Social Explorer; U.S. Census Bureau

Community Land Trust of Palm Beach County

- Founded: 2006
- Portfolio: 61 homes, 80 rental units

For this case study, Cindee LaCourse-Blum, the CLT's executive director and Jonathan Brown, the director of Palm Beach County's Housing and Economic Sustainability Department (HESD) were interviewed. The director helped found the CLT and could speak to its origins and development overtime. When asked about interviewing someone from the government side, the director recommended interviewing the director of HESD. Government employees were interviewed to get their perspective on the government's relationship with the CLT.

History

The CLT was formed in 2006 by Palm Beach County in response to the escalating housing prices before the Great Recession. The CLT operates mostly in unincorporated Palm Beach County and has a small number of homes outside the county as well.

In its first years, the CLT operated out of the HESD building. The current executive director worked for the county and was charged with developing the CLT. The CLT's first properties were donated by the county. Government support was so significant at first that the county wanted the CLT to behave like a public institution, such as by following Florida's sunshine laws that require increased transparency. This created issues with private partners who did not want to work with the organization if their private interactions were going to be open to the public.

Early on, legal ambiguities created problems for the CLT with people who either did not understand or did not support the CLT model. The most common misconception that created trouble was that the ownership of the land could not be separated from the ownership of the building. In the CLT model, the leaseholders own the home but the CLT continues to own the land. CLT of PBC's executive director thought that in some cases these "misunderstandings" were intentional and meant to thwart the CLT's goals.

CLT of PBC started off developing its own housing. After the Great Recession, it switched to housing rehabilitation and even moved into rental housing. They made this transition due to the difficulty of financing new single-family housing developments. The financial collapse caused all of the lending institutions used by the CLT to collapse or be bought out. The CLT had to find new partners, since not all banks support CLTs, and the new lending restrictions for low-income housing made development difficult. A stronger market eventually allowed them to return to new housing development. Interestingly, the COVID-19 recession does not appear to have had the same level of impact on their operations.

Governance

Government control did not extend to the makeup of the CLT's board of directors. Following the example set by many CLTs, CLT of PBC has a tripartite board with Lessee Representatives, General Representatives and Organizational Representatives. The Lessee Representatives are

homeowners in the trust and the General Representatives are people who live in Palm Beach County. Often, CLTs created by local governments reserve board seats for government representatives, but that does not appear to be the case here. Organizational Representatives are nominated by the rest of the board and only the Palm Beach County League of Cities has a reserved seat. The CLT's executive director said that Palm Beach is a large county with many municipalities and they did not want to reserve seats for some municipalities but not others. However, the board would be too large if it tried to include a representative from every municipality.

Outcomes

Despite the heavy initial involvement of the county, CLT of PBC has become a self-sustaining organization and is virtually indistinguishable from an independent non-profit. It continues to have a relationship with the county, but support is more indirect now. For instance, the county may donate properties or direct federal grant money to them, but there is no direct financial support from the county for the CLT. This level of government interaction is not much different from how independently founded CLTs interact with their local governments. The CLT currently has 61 permanently affordable and 80 multifamily housing units. This shows how an initial, large investment in CLTs by local government can be a cost effective way to provide affordable housing. The organization can eventually become self-sustaining and can provide the same benefits without a constant need for local government subsidies.

Policies

PBC has an inclusionary zoning ordinance but it does not actually support the CLT. CLT of PBC's executive director said that the organization would have more housing units if the inclusionary zoning contributed to CLT housing. The ordinance does not support the CLT because the leases for the affordable housing are set to renew every 15 years. Like most CLTs, CLT of PBC has renewable leases that last for 99 years and so the 15 year period of the ordinance does not link up with its lease policies. It is an interesting situation, as the county's ordinance is still technically providing permanently affordable housing since the leases can be renewed indefinitely.

A further limitation of Palm Beach County's ordinance is that it is not really county-wide. Palm Beach County is divided into five tiers and the ordinance only applies in the Urban/Suburban tier. The result is that only unincorporated parts of Palm Beach County benefit from this inclusionary zoning ordinance. Each incorporated municipality in the county has to establish its own inclusionary zoning ordinance. The County views it as the CLT's responsibility to work with the municipalities if they want inclusionary zoning within them.

Opportunity in the area

Location	Opportunity	Grade/Rank
Martin	54.7	B-
Palm Beach	51.2	C+
Broward	49.3	C
Hendry	41.1	D+
Okechobee	38.1	D
Florida	49.1	40th

Table 1: Opportunity scores of Palm Beach and neighboring counties, Glades County excluded for lack of data.

Source: [The Opportunity Index](#)

Palm Beach County's opportunity score was compared against neighboring counties to determine whether the CLT was providing housing in a high opportunity area. It can be difficult to support affordable housing in amenity rich neighborhoods as the competition for land is more intense than in economically depressed neighborhoods. However, CLTs can best serve low-income households by carving out space for them in high-value neighborhoods. Thus, it is a positive sign when CLTs are located in high opportunity counties. It is problematic if the CLTs are located only in low opportunity counties.

Relative to its surrounding counties, Palm Beach has a high grade. Palm Beach also performs better than the state of Florida on all of the indices except Health. This shows that CLTs can be sustained in high cost, high opportunity counties and that the cost of land is not prohibitive to their growth. It is particularly encouraging that a CLT with heavy government support at the outset could successfully transition into an independently operating CLT under these conditions.

Athens Land Trust

Founded: 1994

Portfolio: 63 homes, 102 rental units

For this case study, Heather Benham, the CLT's executive director, and Bruce Lonnee, the assistant planning director of Clarke County, were interviewed. The director has been with the organization since 2003, when it hired its first paid staff. When asked about interviewing someone from the government side, the director recommended interviewing the assistant planning director. They were asked similar questions to the interviewees from Palm Beach County.

History

The Athens Land Trust (ATL) is located in Clarke County, Georgia. It is unique in that it is both a conservation and a community land trust. Despite the potential for combining the models, most CLTs only focus on providing affordable housing and ignore conservation of green space. Likewise, most conservation land trusts focus on preserving green space but do not develop or maintain affordable housing. Particularly in more rural areas, there is value in conserving both undeveloped land and affordable housing, but the skill sets required to run the different land trust

models are very different. ATL itself was initially conceived of as only a conservation land trust, but the founders learned about CLTs from nearby Atlanta and decided to create a dual organization.

ATL's service area is Clarke County, the smallest of Georgia's counties. Thus, it is not regional to the extent the other case studies are. ATL was also founded primarily as a private endeavor by socially conscious individuals in Athens. Originally, the founders did not want to start a non-profit and resisted doing so. They tried contacting other conservation land trusts in the area but the other organizations did not want to cover all of the land held by the founders.³²

Eventually, the founders settled on creating their own non-profit organization, but they were learning as they went along. The CLT officially began in 1994 in a 139 acre plot 4 miles outside of Athens, but it did not have a paid staff until 2003.

While government support was not as crucial to the creation of ATL, it was still helpful early on. ATL developed its first housing in Athens with the help of a capacity building grant from the county. The county director at the time was familiar with CLTs and was supportive of them. ATL has continued to partner with the Athens-Clarke County government on projects and receive support in the form of federal grant money.

ATL had to overcome legal ambiguity and ignorance of how CLTs work. Homes in the trust were not initially allowed to use homestead exemptions, a tax exemption for homeowners in Georgia. Once again, the separation of land ownership from home ownership created confusion and people assumed leaseholders did not qualify as homeowners. The state's constitution had to be amended in 2007 in order to clarify the issue and ensure CLT leaseholders would get the exemption.

Governance

ATL's board also has a tripartite structure. One third of the board are leaseholders in the CLT, another third come from the surrounding community and the last third are public representatives. There are no reserved seats for government representatives.

Outcomes

ATL has developed 61 homes since 2001 and is holding 25 lots for future development. It also has 102 affordable rental units housing 450 people.³³ Since ATL began primarily as a conservation land trust, it did not seriously get into housing until the 2000's. This shows that non-profit organizations with similar missions can evolve over time into CLTs.

³² Celka, Jaiko. (2020) Nancy Starts a Non-profit. Hopefully Sustainable. https://open.spotify.com/episode/4whawtOZqwSU1V0pU1e0gd?si=RIdbDvokQOmKdbE67pSjoQ&fbclid=IwAR3ovscvYcPR96P_vf-ybCrJbCzjNrYjWaDp8kCpm_HiZgagD5FnllNWuI&nd=1

³³ "Annual Report 2019". (2019). Athens Land Trust. https://athenslandtrust.org/wp-content/uploads/2020/12/2019-Annual-Report.Erin_final_12.15.20.pdf

Policies

ATL's growth to date has occurred without the potential benefits inclusionary zoning could bring. The idea of inclusionary zoning was brought up in 2000 but was too exotic at the time. ATL was also not as focused on housing provision then. However, a committee created in the past few weeks by the mayor of Athens is in the process of drafting an inclusionary zoning policy. The continued lack of affordable housing has made the policy more politically palatable. In the absence of an actual ordinance, local officials are performing inclusionary zoning on an ad hoc basis. They are working out agreements with individual developers, since there is no official inclusionary zoning policy. If a policy were to be developed, it would have to be an optional inclusionary zoning ordinance since mandatory ordinances go against state law.

Opportunity in the Area

Location	Opportunity	Grade/Rank
Oconee	62.9	B+
Jackson	47.9	C
Clarke	46.5	C-
Barrow	45.8	C-
Madison	44.3	C-
Georgia	48.3	44 th

Table 2: Opportunity scores of Clarke and neighboring counties, Oglethorpe County excluded for lack of data.

Source: [The Opportunity Index](#)

Clarke County is surrounded for the most part by counties with similar levels of opportunity. The one exception is Oconee County, which scores significantly higher. There are no CLTs in Oconee County. These results show that CLTs can be sustained in areas which reflect the general reality of their regions. They do not have to be limited to counties with lower levels of opportunity than their neighbors.

Champlain Housing Trust

- Founded: 1984
- Portfolio: 630 homes, 2,400 rental units

For this case study, Brenda Torpy, the CLT's former CEO and Gus Seelig, the executive director of Vermont's Housing and Conservation Trust Fund, were interviewed. Both are founding members of their respective organizations and Torpy only recently stepped down as CEO. They were asked similar questions to the other interviewees on the history of the CLT and government's role in its creation.

History

The Champlain Housing Trust is one of the oldest in the country. Its precursor organizations, Burlington Community Land Trust (BCLT) and Lake Champlain Housing Development Corporation (LCHDC) were both founded in 1984 with the support of the city of Burlington. The

CLT today has a presence in three counties in Vermont: Grand Isle, Chittenden and Franklin. However, this was not initially the case. Originally, the CLT only operated in Burlington, in particular Burlington's north end, and did not engage in new construction. Given its area of operations, BCLT focused on homeownership and rehabilitating existing, poorly maintained housing. By contrast, LCHDC was focused on developing new rental housing throughout Burlington's suburbs and the wider region.

Over time, BCLT's service area expanded and the two organizations became more and more alike. The steady loss of federal dollars over time also made it increasingly harder to maintain the non-profits as they existed. In addition, state funding was not reliable at this time. Thus, in 2006, BCLT and LCHDC merged to address their funding challenges and their missions were combined.

Governance

Champlain Housing Trust has a tripartite board structure like the other CLTs. One third of the board is made up of public representatives, who are the highest ranking executives of four municipalities in the CLT's service area, or people designated by these officeholders. The other two thirds are similar to most CLTs, one is made up of leaseholders in the CLT and the other from members of the surrounding community.

Outcomes

Champlain Housing Trust has become the largest CLT in the US based on the number of units in its portfolio. While it began as a city-based CLT, it has developed into one of the only multi-county CLTs in the country. It has managed all of this in a sparsely populated rural state as well. The Champlain Housing Trust currently operates around 2,400 apartment units and 630 owner-occupied homes.

Policies

An important factor in the CLT's success was the creation of the Vermont Housing and Conservation Board (VHCB). This trust fund was set up by the state of Vermont in 1987 to better manage growth in the state. It supports CLTs like Champlain Housing Trust but it also benefits a variety of affordable housing and conservation non-profits across the state. The support comes in the form of funding and capacity building for small organizations that might lack the staff to excel otherwise. The property transfer tax was increased to provide VHCB with its funding on an ongoing basis. While helpful, VHCB often does not receive all of the funding provided through the tax increase. The legislature usually takes some of the funding out for general funding purposes. To make up for this, VHCB also receives funds through Vermont's bonding budget. Finally, VHCB supports Vermont's non-profits by administering federal grants like HOME and CDBG.

The state of Vermont has a positive environment for mandatory inclusionary zoning. Municipalities are not required to have inclusionary zoning, but if they decide to have it, it must

be mandatory inclusionary zoning. The state therefore promotes, rather than discourages, the use of stronger inclusionary zoning regulations.

Opportunity in the Area

Location	Opportunity	Grade/Rank
Chittenden	69.5	A
Addison	68.5	A
Washington	64.3	A-
Lemoille	60.9	B+
Franklin	58.4	B
Orleans	56.2	B-
Vermont	63	2nd

Table 3: Opportunity scores of Chittenden, Franklin and neighboring counties, Grand Isle County excluded for lack of data. Source: [The Opportunity Index](#)

Champlain Housing Trust is located in Chittenden, Franklin and Grand Isle counties. Unfortunately, there was insufficient data for Grand Isle. Chittenden contains the city of Burlington, while Franklin and Grand Isle are rural counties. Thus, Champlain Housing Trust has a presence in both high opportunity and relatively low opportunity counties. Franklin scores relatively low for Vermont, though it is still a high opportunity county at the national level. This is the ideal for a CLT, it provides access to high opportunity areas for low-income households but it does not ignore nearby low opportunity areas.

While not a case study, Addison County also has its own CLT. It is reflective of the support the state provides for organizations like CLTs that such a large area of the state is covered by them.

Opportunity in The Triangle J Area

Location	Opportunity	Grade/Rank
Orange	66.5	A-
Wake	63.2	B+
Durham	54.9	B-
Moore	55.4	B-
Johnston	50.4	C+
Chatham	53	C+
Lee	47.7	C
North Carolina	51.4	33rd

Table 3: Opportunity scores of Triangle J counties. Source: [The Opportunity Index](#)

Wake County is a relatively high opportunity area in Triangle J that does not currently have a CLT presence. This is true even in the City of Raleigh, a major city trying to address its chronic lack of affordable housing. Evidently the nearby presence of two CLTs, which have been established for decades, has not prompted local governments in Wake County to consider the model for themselves.

CLTs in Triangle J are currently located in more heavily populated, higher opportunity counties with major urban areas. The cities of Durham, Chapel Hill and Carrboro contain all of the CLT housing in Durham and Orange County. The sparsely populated, more rural counties have lower opportunity scores and no CLT presence.

Discussion

Inclusionary Zoning is Important but Not Required for CLTs to Succeed

Mandatory inclusionary zoning can benefit the creation of affordable housing of all types, including CLT housing. Community Homes Trust in Chapel Hill and Champlain Housing Trust in Vermont both benefit from inclusionary zoning policies. Community Homes Trust has 272 homes and 60 rental units and Champlain Housing Trust has 630 homes and 2,400 rental units. Their overall portfolio is larger than any of the case studies that did not benefit from inclusionary zoning policies.

However, while inclusionary zoning can be helpful, the design of ordinances is important. They must be compatible with the CLT's internal policies. The case of Palm Beach County demonstrates how inclusionary zoning can be designed in a way that does not benefit CLTs.

The absence of enabling legislation from the state for inclusionary zoning should not be used as a reason to put off CLT creation, though. The case studies also demonstrate that county-wide CLTs are sustainable even without the benefit of inclusionary zoning.

Rental Housing is Still Cheaper to Provide

CLTs can provide both homeownership and rental units and all the CLTs in this report provide both. The initial concept of CLTs envisioned them as a way of providing homeownership opportunities to people who otherwise could not afford it. The CLTs in this report started off providing only homeownership units with this concept in mind. However, the affordability crisis in the United States has grown much worse since these CLTs began. They have had to adapt to these changes and embracing rental housing was one such adaptation. Crucially, CLTs by themselves do not alter the underlying reality of land and development prices. Thus, single family homes are still harder to develop affordably than apartment complexes. The end result is that most units in the case study CLTs are rental units. They still have the advantage of permanent affordability compared to traditional affordable rental units, though.

According to the director of CLT of PBC, the CLT is able to provide housing through new construction when the economy is growing. However, when they experience recessions, they have to shift to rehabilitating existing units or providing rental units.

CLTs can be Sustained in Many Contexts

CLTs are often associated with high cost housing markets and thus with major urban areas. The placement of CLTs in Triangle J reflects the tendency of CLTs to appear in cities. However, the

case studies demonstrate that rural and sparsely populated areas should not be overlooked as locations for CLTs. This is important since Triangle J has counties that are more rural. CLTs can still be developed in these counties.

One possibility for CLTs in less developed areas is to become a hybrid organization like ATL, both conservation land trust and community land trust. However, ATL continues to be unique in combining these models, indicating that hybrids are relatively difficult to manage. Champlain Housing Trust is an example of a CLT in a rural area that decided against a hybrid model. Early in the CLT's history, the city of Burlington asked it to take on an undeveloped plot of land but the organization declined. The leadership believed it would be "mission creep" to get into environmental conservation.

Education Relevant Stakeholders on CLTs is Important

A common theme throughout the case studies was a lack of awareness on the legality of the CLT model of homeownership. The CLT model is unique and most people are unaware of how it works in practice. It is different from traditional ownership models and local governments that support CLTs need to spread the word that they are not violating any laws. This is most likely to be an issue in the early years of a CLT. The problem will most likely dissipate as time goes on and the CLT becomes a familiar feature of the affordable housing landscape.

Traditional Banking Plays a Role in CLT Homeownership

CLT leaseholders still need to obtain a mortgage for their home, even if it is not traditional homeownership. As a result, CLTs develop relationships with banks and provide financial literacy trainings to prospective buyers. This is done to prevent predatory lending and make sure that people can really afford the home they plan on buying.³⁴

The Great Recession upended many of the relationships that the case study CLTs had developed. As banks folded or were absorbed by larger out-of-state banks, CLTs had to establish their financial relations with new partners. A long term impact of the Great Recession on banking was greater restrictions on providing loans to low-income and first-time homebuyers. During these changes, CLT growth stalled and they pursued alternatives like rental housing.

Overall, CLTs provided the people they served with significant protection from the Great Recession. Yet, it is still worth remembering that CLTs need access to reliable banks to provide homeownership opportunities.

CLTs have Appeal to Liberals and Conservatives

The CLT model has its origins on the political left, but its proliferation across the country demonstrates how it has broad appeal. Fiscal conservatives can find value in CLTs as a cost-saving mechanism since subsidy retention requires less public investment than subsidy removal,

³⁴ Dubb, Steve (2011) Interview of John Emmeus Davis. The Democracy Collaborative. <https://community-wealth.org/content/john-emmeus-davis>

which is the practice in traditional affordable housing.³⁵ Since CLTs are non-profit agencies, using them to provide affordable housing is also compatible with a desire for small government. For those on the left, the value of CLTs is their provision of permanent affordable housing by taking homes out of the speculative real-estate market.

CLTs did experience some opposition, but it is difficult to say how much this was due to unfamiliarity with the model or philosophical disagreement with the model. The director of CLT of PBC believed some of difficulties they faced early on were intentional and not honest misunderstandings. Overall, though, the policy environment for CLTs only ranges from highly supportive to indifferent. This report found no evidence for concerted political opposition to the idea from the government's side.

Recommendations

Based on the research performed, this project recommends TJCOG take the following actions to expand the use of CLTs in the Triangle J Area.

Advocate for Inclusionary Zoning Policies and Enabling Legislation

This is a long term goal, since the state seems unlikely to support it in the near future, but state legislation allowing local governments to enact mandatory inclusionary zoning policies would increase the supply of affordable housing in general, thereby giving CLTs more opportunities to expand their portfolio. As it stands, mandatory inclusionary zoning is in a legally ambiguous position. The city of Chapel Hill has mandatory inclusionary zoning and its CLT has benefitted greatly from it. However, Chapel Hill could technically be subjected to a lawsuit at any time over its ordinance and it is not clear whether the state or the city would win in court.

The uncertainties around inclusionary zoning in the present legal context represent a barrier to optimal CLT growth in the Triangle J area. TJCOG should lobby the state legislature to allow municipalities to adopt mandatory inclusionary zoning policies.

Raise Awareness about the CLT Model

Despite the presence of two CLTs in Triangle J, most people are probably still unaware of what CLTs are or how they work. Since they are non-profits, local governments may not be aware that they can play a key role in founding new, successful CLTs. Wake County, with its major urban centers and high housing costs, seems like it would be particularly well suited for at least one CLT. TJCOG should inform potential stakeholders, government officials, non-profits and residents, about the benefits of CLT housing relative to traditional affordable housing. Financially strapped local governments should be particularly responsive to the fact that CLTs are less subsidy intensive. Given the prevalence of the issue in the case studies, awareness campaigns should emphasize the legality of the CLT model of homeownership to avoid unnecessary issues with development early on.

³⁵ Davis and Stokes. 29

Expand CLTs Beyond Major Urban Centers:

The CLTs in this project were mostly located around important urban centers such as Athens, Georgia or Burlington, Vermont. However, the case studies also show that CLTs can extend into less developed and rural areas where housing affordability is still an issue. TJCOG should promote CLTs in counties like Lee, Moore and Chatham just as much as it should in counties like Wake. CLTs are an adaptable model and every county in Triangle J has the potential to develop successful CLTs. While they have relatively low opportunity scores, CLTs have been sustained in counties with similar levels of opportunity. More rural counties can even develop hybrid conservation and community land trusts similar to what exists in Athens.

Utilize Existing CLTs as Capacity Builders

The greatest experts on running a CLT in the Triangle J area are the staff of Community Homes Trust and Durham Community Land Trust. However, their focus is currently limited to the cities of Chapel Hill, Carrboro and Durham. TJCOG should work with the existing CLTs to create a source of locally relevant information for anyone creating their own CLT. National organizations like Grounded Solutions Network can provide some guidance, but local CLTs are able to speak to the local context.

Sources

About the TJCOG Region. (2020, September 10). Retrieved October 18, 2020, from <https://www.tjcog.org/about-tjcog-region>

“About Us.” Grounded Solutions Network. Accessed April 11, 2021. <https://groundedsolutions.org/about-us>.

“Affordable Housing Bond.” Raleighnc.gov. Accessed November 19, 2020. <https://raleighnc.gov/services/housing/affordable-housing-bond>.

“Annual Report 2019”. (2019). Athens Land Trust. https://athenslandtrust.org/wp-content/uploads/2020/12/2019-Annual-Report.Erin_final_12.15.20.pdf

“Bond Information.” Chapel Hill Affordable Housing. Accessed November 19, 2020. <https://www.chapelhillaffordablehousing.org/bondinfo>.

Celka, Jaiko. (2020) Nancy Starts a Non-profit. Hopefully Sustainable. https://open.spotify.com/episode/4whawtOZqwSU1V0pU1e0gd?si=RIdbDvokQOmKdbE67pSjoQ&fbclid=IwAR3ovscvYcPR96P_vf-ybCrJbCzjNrYjWaDp8kCpm_HiZgageD5FnllNWuI&nd=1

Choi, Myungshik, Shannon Van Zandt, and David Mataritta-Cascante. “Can Community Land Trusts Slow Gentrification?” *Journal of Urban Affairs* 40, no. 3 (2018): 394–411. <https://doi.org/10.1080/07352166.2017.1362318>.

Davis, J. (2007). *Starting a Community Land Trust: Organizational and Operational Choices*. Burlington, VT: Burlington Associates in Community Development.

Davis, Johnson. and Alice Stokes. (2009) *Lands in Trust Homes That Last*. Champlain Housing Trust. Retrieved October 18, 2020, from <http://www.getahome.org/learn-more/publications>

DeFilippis J., Stromberg B. & Williams, O. (2018) W(h)ither the community in community land trusts?, *Journal of Urban Affairs*, 40:6, 755-769, DOI: 10.1080/07352166.2017.1361302

Dubb, Steve (2011) Interview of John Emmeus Davis. The Democracy Collaborative. <https://community-wealth.org/content/john-emmeus-davis>

Data courtesy of Erika Brown from TJCOG

Gracia, Celeste. “Durham Voters Approve \$95M Affordable Housing Bond.” WUNC, November 6, 2019. <https://www.wunc.org/post/durham-voters-approve-95m-affordable-housing-bond>.

Interview with Kimberly Sanchez, executive director of Community Homes Trust

Johnson, Anna. “‘We Are Thrilled.’ Raleigh Voters Back Affordable Housing Bond by a Landslide.” newsobserver. Raleigh News & Observer, November 3, 2020.
<https://www.newsobserver.com/news/politics-government/election/article246753011.html>.

McFarland, L. (2020, March 26). Census: Wake County is now North Carolina's largest county. Retrieved October 18, 2020, from <https://sandhillssentinel.com/census-wake-county-is-now-north-carolinas-largest-county/>

Miller, M. (2020, January 9). What You Need to Know About How Section 8 Really Works. Retrieved October 18, 2020, from <https://www.propublica.org/article/what-you-need-to-know-about-how-section-8-really-works>

Mulligan, Tyler. “A Primer on Inclusionary Zoning.” Coates' Canons, November 16, 2010.
<https://canons.sog.unc.edu/a-primer-on-inclusionary-zoning/>.

National Housing Preservation Database, local government and nonprofit housing providers, Triangle J COG (updated August 2020).

Overview. (n.d.) Retrieved October 18, 2020, from <https://communityhometruster.org/overview/>

Questions and Answers about Chapel Hill’s Inclusionary Zoning Ordinance. (n.d.). Retrieved November 08, 2020, from <https://www.townofchapelhill.org/home/showdocument?id=7172>

Social Explorer Tables: ACS 2019 (5-Year Estimates) (SE), ACS 2019 (5-Year Estimates), Social Explorer; U.S. Census Bureau

Stone, Michael. “Shelter Poverty: The Chronic Crisis of Housing Affordability.” *New England Journal of Public Policy* 20, no. 1 (September 21, 2004): 108–19.

The Set Aside Requirement. (n.d.). Retrieved October 18, 2020, from <https://inclusionaryhousing.org/designing-a-policy/onsite-development/the-set-aside-requirement/>

Wang, Vince, Cahen, Claire, Acolin, Arthur and Rebecca Walter (2019). *Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations*. Lincoln Institute of Land Policy, Working Paper WP19RW1

What is the Low-Income Housing Tax Credit and how does it work? (2020, May). Retrieved October 18, 2020, from <https://www.taxpolicycenter.org/briefing-book/what-low-income-housing-tax-credit-and-how-does-it-work>

Where We Own. (n.d.). Retrieved October 18, 2020, from <https://www.dclt.org/where-we-own/>;