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# RESEARCH REPORT

CRITICAL SUCCESS FACTORS FOR COMMUNITY  
LAND TRUSTS IN CANADA



**EXTERNAL  
RESEARCH  
PROGRAM**



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in Canada***

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# Abstract

A Community Land Trust (CLT) is an innovative approach to providing *perpetually* affordable housing to low- and moderate-income households. CLTs exist all over the world, taking on a variety of different forms. They have a long-standing tradition in Europe, and in the United States, they have been promoted since the 1960s. Today there are over 115 active CLTs in the U.S. spanning 31 States. In Canada, the tradition is less established, with only a handful of CLTs operating across the country.

Community Land Trusts in both countries have met with varying degrees of success. Some have continued to flourish over two decades while others have dissolved within a few years of incorporating. This study examines those key factors that are instrumental in the success of a CLT. The study includes profiles of twelve CLTs across Canada and the United States, demonstrates the range of models available for providing perpetually affordable housing through a CLT, identifies the key challenges and successes CLTs are likely to experience in their efforts to provide perpetually affordable housing; and shares those key learnings (best practices) that each of the profiled CLTs has gained over time.

# Executive Summary

Community Land Trusts (CLTs) are an innovative approach to providing *perpetually* affordable housing to low- and moderate-income households. CLTs exist all over the world, taking on a variety of different forms. They have a long-standing tradition in Europe, and in the United States, they have been promoted since the 1960s. Today there are over 115 active CLTs in the U.S. spanning 31 States. In Canada, the tradition is less established, with only a handful of CLTs operating across the country.

Community Land Trusts in both countries have met with varying degrees of success. Some have continued to flourish over two decades while others have dissolved within a few years of incorporating. The goal of this study is to identify those key factors that are instrumental in the success of a Community Land Trust. The target audience for this research primarily consists of CLTs and other non-profits or community groups who may be looking to develop their own CLT. The objectives are fourfold:

- 1) To profile twelve Community Land Trusts across Canada and the United States;
- 2) To demonstrate the range of models available to provide perpetually affordable housing through a CLT;
- 3) To identify the key challenges and successes CLTs are likely to experience in their efforts to provide perpetually affordable housing; and
- 4) To share those key learnings (best practices) that each of the profiled CLTs has gained over time.

## **The Twelve CLTs Profiled**

The twelve (12) CLTs profiled in this study include eight (8) from Canada and four (4) from the United States. These case studies show that Community Land Trusts in Canada and the United States have evolved into a variety of models to meet a variety local housing affordability needs. The case studies also show a tremendous diversity in the size of each CLT's land holdings and housing portfolio, ranging from a couple dozen units to several hundred units.

The Canadian CLTs profiled were:

- Calgary Community Land Trust Society (Calgary, Alberta, Canada)
- Central Edmonton Community Land Trust (Edmonton, Alberta, Canada)
- Colandco Co-operative Homes Inc. (Toronto, Ontario, Canada)
- Communauté Milton Parc (Montréal, Québec, Canada)
- Community Housing Land Trust Foundation (Vancouver, British Columbia, Canada)
- Fonds Foncier Communautaire Benny Farm (Montréal, Québec, Canada)

- Salt Spring Community Housing & Land Trust Society (Salt Spring Island, British Columbia, Canada)
- West Broadway Community Land Trust (Winnipeg, Manitoba, Canada)

The four (4) U.S. CLTs profiled were:

- Burlington Community Land Trust (Burlington, Vermont, United States)
- Durham Community Land Trustees, Inc. (Durham, North Carolina, United States)
- Northern Communities Land Trust (Duluth, Minnesota, United States)
- Portland Community Land Trust (Portland, Oregon, United States)

The geographic focus of these twelve CLTs varies. Some CLTs have a strictly neighbourhood focus; others a citywide focus; and a third group has a regional focus. Some CLTs concentrate on neighbourhood (often inner city) revitalization through housing rehabilitation, while others address broader issues around housing affordability. Another group of CLTs is designed to support a specific sector – the co-operative housing sector. Many of the CLTs include community development and Community Economic Development (CED) within their mandates.

### **Lessons Learned**

Whatever the model being used, Community Land Trusts in both countries have experienced a number of similar challenges. CLTs in both countries have faced (and many continue to face) challenges associated with building broad community understanding and support for their initiatives. CLTs also face a challenge obtaining the necessary funding to cover general operating expenses. The cost of housing continues to increase in many communities across both countries, making it increasingly difficult to develop affordable housing without government grants and community partnerships. In Canada, specifically, there is a lack of capacity within the sector, including a lack of technical supports or a network of CLTs who work together on common initiatives.

Based on the collective learnings of the twelve Community Land Trusts examined for this research, a number of conclusions and recommendations are identified:

#### ***A Sustainable Business Plan:***

Successful CLTs have recognized the importance of developing a solid business plan with reasonable financial expectations and an effective growth strategy. Some CLTs developed this plan prior to incorporating; while others had to wait until a couple years after being in business to develop a business plan (when). In either case, a business plan should be viewed as a living document that is regularly reviewed and updated if necessary to respond to changing financial and market conditions.

Whatever the timeframe for developing a business plan, the process typically begins with a comprehensive feasibility study that includes:

- An analysis of the Community Land Trust model;
- An external analysis of the local housing market (current needs and capacities);
- An internal analysis (the organizational capacity to address those needs); and
- Developing a financial sustainability model.

### ***Strong Leadership and Administration:***

Developing a sustainable business requires strong leadership, accountable governance, and effective administration. Good leadership is essential to keeping the CLT focused and on track with its Vision and business plan, and providing sound guidance and advice. Accountable governance is essential to building support and credibility in the community (among politicians, local businesses, the community, etc.). Accountable leadership can come from a variety of sources including an elected Board of Directors, an Executive Director, a local champion, etc. A skilled and experienced staff is required to manage the day-to-day operations of the CLT and provide Board support.

### ***Community Support:***

Broad community support is essential to the success of a Community Land Trust. The Community Land Trust must be able to build and maintain a solid support network of all three levels of government, community organizations, funding entities, lending institutions, and local residents. As the case studies show, those CLTs that have been able to build and maintain that network of supporters have been very successful in their initiatives. Conversely, those that have not been able to develop and maintain broad support have either had to reduce their operations or dissolve altogether.

### ***Education and Outreach:***

The more successful Community Land Trusts have learned that community outreach is a core function of their operations. CLTs are a relatively “new” idea based on an unconventional philosophy about affordable housing and homeownership. Successful CLTs have often placed a strong emphasis on building broad community support and buy-in for their mandate through education, outreach, and advocacy. They have invested significant resources to build the support of governments (municipal, provincial/territorial/state, and federal), funders, community organizations, the business community, potential donors, potential clients, and the community-at-large.

### ***Community Partnerships:***

In addition to building broad community support for the initiative, CLTs often require active community partnerships. Community partnerships take on a variety of forms, including: 1) organizational partnerships to build credibility in the community and assist with administering the CLT; 2) funding partnerships to pay for both the administration of the CLT and new housing development; 3) industry partnerships to help with new housing

development and construction; 4) lending partnerships to assist prospective member households in obtaining affordable mortgages; and 5) support service partnerships to help build the capacity of individual households to succeed as homeowners.

### ***Funding and Capitalization:***

Most if not all of the initiatives mentioned above (business planning, administration, community outreach and education, land acquisition, housing development, etc.) require money to some extent. Some of these activities can be achieved by drawing on volunteer labour. Land can be (and often is) donated to a CLT that is also a registered charity. However, at some point, essential services must be purchased and both land acquisition and housing development incurs a variety of fees, only some of which can be waived. Thus, successful CLTs need both initial seed funding and a sustainable source of operating funds.

### ***Capacity Building:***

Successful CLTs need to be involved in both internal and external capacity building. Internally, CLTs need to build their own administrative and governance capacities to meet the affordable housing needs of the community. Externally, CLTs need to build the capacity of individual resident members to become successful homeowners and active members of the CLT.

### ***A National Network and Technical Assistance:***

There is a limited tradition of Community Land Trusts in Canada. Up-to-date information about the CLTs that are operating and how to contact them is often difficult to come by. Thus, many CLTs find themselves working in isolation to develop their business plans, model documents, etc. Community Land Trusts in the U.S. have benefited greatly from the networking opportunities, technical advice, and financial supports offered through the Institute for Community Economics. Several of the Canadian CLTs profiled in this study identified the need for the following Canadian-based supports:

- Technical assistance and advice;
- Templates and model documents;
- Model policies and protocols;
- Information sharing and networking;
- Lobbying on behalf of the sector; and
- Capacity building and training.

### **Government Supports:**

Several of the Canadian CLTs profiled in this study have identified the need for specific legislative changes and government supports for CLTs. This includes:

- the ability of a CLT to obtain its registered charitable status through CRA;
- supporting legislation that formally recognizes CLTs as a legitimate approach to housing development and affordability;
- changes to the Income Tax Act (Canada) to remove disincentive for private landowners to donate real property to a CLT or other housing-related organizations;
- government sponsored seed funding and technical assistance for the development of new CLTs;
- improving CMHC's mortgage insurance policies to underwrite mortgage on CLT lands that restrict resale value;
- policies encouraging the disposition of appropriate Crown and municipal lands for the purpose of providing perpetually affordable housing; and
- the waiving of fees for land transfers, lease back and affordable housing development.

# Résumé

Les fiducies foncières communautaires (FFC) sont une façon novatrice d'offrir des logements d'une abordabilité *perpétuelle* aux ménages à revenu faible ou modéré. Il existe des FFC partout dans le monde, sous des formes diverses. Elles sont une tradition bien établie en Europe et aux États-Unis, où l'on en fait la promotion depuis les années 60. Aujourd'hui, on compte plus de 115 FFC actives dans 31 États américains. Elles sont moins courantes au Canada, où l'on en trouve seulement quelques-unes dans tout le pays.

Ici comme aux États-Unis, les FFC ont remporté un succès variable. Certaines ont prospéré pendant vingt ans, alors que d'autres se sont dissoutes quelques années seulement après avoir été constituées en personne morale. Le but de cette étude est de définir les facteurs indispensables au succès d'une fiducie foncière communautaire. Le public cible de cette recherche est principalement constitué des FFC et d'autres groupes sans but lucratif ou communautaires qui envisagent de créer leur propre FFC. L'étude doit atteindre quatre objectifs :

- 1) établir le profil de douze FFC au Canada et aux États-Unis;
- 2) décrire la gamme existante de modèles de FFC permettant d'offrir des logements perpétuellement abordables;
- 3) relever les principales difficultés et réussites que les FFC risquent de connaître dans leurs efforts pour offrir des logements perpétuellement abordables;
- 4) diffuser les principales leçons (pratiques exemplaires) que chacune des FFC étudiées a tirées au fil du temps.

## **Les douze FFC étudiées**

Sur les douze (12) FFC étudiées, huit (8) se trouvent au Canada et quatre (4), aux États-Unis. Les études de cas révèlent que les FFC au Canada et aux États-Unis ont donné lieu à des modèles divers répondant à des besoins divers de logements abordables à l'échelle locale. Les études de cas font également ressortir des différences énormes sur le plan de la taille du portefeuille de biens fonciers et immobiliers de chaque FCC, qui se situe entre 24 logements et plusieurs centaines de logements.

Les FFC canadiennes étudiées sont les suivantes :

- Calgary Community Land Trust Society, Calgary (Alberta)
- Central Edmonton Community Land Trust, Edmonton (Alberta)
- Colandco Co-operative Homes Inc., Toronto (Ontario)
- Communauté Milton Parc, Montréal (Québec)
- Community Housing Land Trust Foundation, Vancouver (Colombie-Britannique)
- Fonds foncier communautaire Benny Farm, Montréal (Québec)

- Salt Spring Community Housing & Land Trust Society, Salt Spring Island (Colombie-Britannique)
- West Broadway Community Land Trust, Winnipeg (Manitoba)

Les quatre (4) FFC américaines dont on a établi le profil sont les suivantes :

- Burlington Community Land Trust, Burlington (Vermont)
- Durham Community Land Trustees, Inc., Durham (Caroline du Nord)
- Northern Communities Land Trust, Duluth (Minnesota)
- Portland Community Land Trust, Portland (Oregon)

La portée géographique de ces douze FFC varie. Certaines FFC ne couvrent qu'un quartier; d'autres, une ville; d'autres encore, une région. Certaines FFC se concentrent sur la revitalisation d'un quartier (souvent dans le noyau central d'une ville) par la remise en état des logements, alors que d'autres s'attaquent à des problèmes plus généraux d'abordabilité des logements. Dans une autre catégorie, les FFC sont conçues pour soutenir un secteur particulier – le secteur de l'habitation coopérative. Le mandat de bon nombre des FFC comprend le développement communautaire et l'expansion économique communautaire.

### **Leçons tirées**

Quel que soit le modèle utilisé, les fiducies foncières communautaires des deux pays ont connu un certain nombre de difficultés semblables. Les FFC des deux pays ont rencontré (et, dans de nombreux cas, continuent de rencontrer) des problèmes liés à la compréhension et à l'appui de leurs initiatives au sein de la collectivité en général. Les FFC ont également de la difficulté à obtenir les fonds nécessaires pour leurs dépenses de fonctionnement générales. Le coût du logement continue de grimper dans de nombreuses collectivités des deux pays et, de ce fait, il est de plus en plus difficile de produire des logements abordables sans subventions gouvernementales et sans partenariats communautaires. Au Canada, en particulier, on manque de capacité au sein du secteur, notamment, sur le plan du soutien technique, et il n'y a pas de réseau de fiducies foncières communautaires qui peuvent travailler conjointement à des initiatives communes.

L'ensemble des leçons tirées par les FFC examinées dans le cadre de cette recherche se traduisent par un certain nombre de constatations et de recommandations, données ci-dessous.

## ***Un plan d'affaires durable***

Les FFC qui ont réussi ont reconnu l'importance de concevoir un plan d'affaires solide comportant des attentes financières raisonnables et une stratégie de croissance efficace. Certaines FFC ont préparé ce plan avant de se constituer en personne morale; d'autres ont dû laisser s'écouler quelques années avant de préparer un plan d'affaires. Dans les deux cas, il faut voir le plan d'affaires comme un document en évolution à régulièrement revoir et mettre à jour au besoin, selon les conditions changeantes des finances et du marché.

Peu importe le moment choisi pour préparer le plan d'affaires, le processus commence généralement par une étude de faisabilité complète qui comprend :

- une analyse du modèle de fiducie foncière communautaire;
- une analyse externe du marché local de l'habitation (besoins actuels et capacités);
- une analyse interne (capacités de l'organisation pour ce qui est de répondre à ces besoins);
- la conception d'un modèle de durabilité financière.

## ***Un leadership et une administration solides***

Mettre sur pied une entreprise durable exige un leadership solide, une régie responsable et une administration efficace. Il faut absolument un bon leadership pour que la FFC ne perde pas de vue sa vision et son plan d'affaires et qu'elle bénéficie de conseils et d'une orientation solides. Une régie responsable est essentielle à l'obtention de soutien et à la crédibilité de la FFC dans la collectivité (parmi les politiciens, les entreprises locales, la collectivité, etc.). Un leadership responsable peut être assuré de diverses manières, notamment, au moyen d'un conseil d'administration élu, d'un directeur exécutif, d'un champion local, etc. Il faut un personnel compétent et expérimenté pour gérer les activités au quotidien de la FFC et soutenir le conseil.

## ***Le soutien de la collectivité***

Le soutien de la collectivité en général est essentiel au succès d'une fiducie foncière communautaire. La FFC doit pouvoir construire et maintenir un réseau de soutien solide englobant les trois ordres de gouvernement, des organismes communautaires, des entités de financement, des établissements prêteurs et des résidents locaux. Comme les études de cas le démontrent, les FFC qui ont été en mesure d'établir et d'entretenir un tel réseau ont remporté beaucoup de succès. À l'inverse, celles qui n'ont pas été capables de se doter d'un vaste réseau de soutien ont dû réduire leurs activités ou être dissoutes.

## ***L'éducation et la prise de contact***

Les FFC qui ont remporté le plus de succès ont appris que la prise de contact dans la collectivité est une fonction essentielle de leurs activités. Les FFC représentent une idée relativement nouvelle qui s'appuie sur une philosophie non traditionnelle en matière de logement abordable et de propriété. Les FFC qui ont réussi ont souvent beaucoup mis l'accent sur le soutien communautaire général et sur le ralliement autour de leur mandat grâce à l'éducation, à la prise de contact et à la promotion. Ces FFC ont investi des ressources considérables afin de s'assurer du soutien des gouvernements (municipaux, provinciaux, territoriaux ou au niveau des États, et fédéral), des bailleurs de fonds, des organismes communautaires, du milieu des affaires, des donateurs possibles, des clients possibles et de la collectivité dans son ensemble.

## ***Les partenariats communautaires***

En plus de s'assurer du soutien de la collectivité en général, les FFC ont souvent besoin de partenariats communautaires actifs. Les partenariats communautaires peuvent prendre des formes diverses, y compris : 1) les partenariats organisationnels qui visent à obtenir de la crédibilité dans la collectivité et de l'aide pour l'administration de la FFC; 2) les partenariats de financement pour le paiement des frais administratifs de la FFC et de l'aménagement de nouveaux logements; 3) les partenariats industriels qui contribuent à l'aménagement et à la construction de nouveaux logements; 4) les partenariats de prêt qui aident les ménages qui pourraient devenir membres à obtenir des prêts hypothécaires abordables; 5) les partenariats visant les services de soutien qui contribuent au développement des capacités des ménages particuliers afin qu'ils réussissent en tant que propriétaires-occupants.

## ***Le financement et la capitalisation***

La plupart, sinon toutes les initiatives mentionnées précédemment (planification commerciale, administration, éducation et prise de contact dans la collectivité, acquisition de terrains, aménagement de logements, etc.) exigent des fonds dans une certaine mesure. De ces tâches, certaines peuvent être accomplies par des bénévoles. Les terrains peuvent être donnés (et le sont souvent) à la FFC, aussi inscrite en tant qu'oeuvre de bienfaisance enregistrée. Cependant, à un certain point, il faut acheter des services essentiels. L'acquisition de terrains et l'aménagement de logements s'accompagnent de divers frais dont une partie seulement seront annulés. Par conséquent, pour réussir, les FFC ont besoin de financement de démarrage et d'une source durable de fonds de fonctionnement.

## ***Le développement des compétences***

Les FFC, pour réussir, doivent travailler au développement des compétences à l'interne et à l'externe. À l'interne, les FFC doivent se doter de compétences en matière d'administration et de régie, afin de répondre aux besoins de logements abordables de la collectivité. À l'externe, les FFC doivent développer les capacités des membres particuliers afin qu'ils deviennent des propriétaires-occupants compétents et des membres actifs de la FFC.

### ***Un réseau et une aide technique à l'échelle nationale***

Les FFC ne sont pas très courantes au Canada. Il est souvent difficile d'obtenir de l'information à jour sur les FFC en fonctionnement et sur la façon de les joindre. Par conséquent, de nombreuses FFC travaillent en vase clos à la préparation de leurs plans d'affaires, leurs documents modèles, etc. Les FFC des États-Unis ont beaucoup profité des occasions de travailler en réseau, des conseils techniques et du soutien financier offerts par l'Institute for Community Economics. Plusieurs des FFC canadiennes examinées dans le cadre de l'étude ont signalé qu'il fallait les soutiens suivants au Canada :

- aide technique et conseils;
- documents modèles;
- politiques et protocoles types;
- diffusion de l'information et participation à un réseau;
- pressions politiques au nom du secteur;
- développement des compétences et formation.

### ***Le soutien du gouvernement***

Plusieurs des FFC canadiennes étudiées ont indiqué qu'il fallait des modifications législatives particulières, ainsi que le soutien gouvernemental aux FFC. Plus précisément :

- permettre à une FFC d'obtenir son statut d'œuvre de bienfaisance enregistrée par l'intermédiaire de l'Agence du revenu du Canada (ARC);
- soutenir un texte de loi qui reconnaît formellement les FFC comme une méthode légitime d'aménagement de logements abordables;
- modifier la *Loi de l'impôt sur le revenu* (Canada) afin d'en retirer les mesures visant à dissuader les propriétaires fonciers privés de faire don d'une propriété à une FFC ou à d'autres organismes de production de logements;
- prévoir des fonds de démarrage et une aide technique parrainés par le gouvernement pour la création de nouvelles FFC;
- améliorer les lignes de conduite de la SCHL visant l'assurance prêt hypothécaire afin de permettre, pour les terrains des FFC, des prêts hypothécaires qui en restreignent la valeur de revente;
- adopter des politiques qui encouragent l'aliénation de terres publiques et de terrains municipaux pour l'aménagement de logements perpétuellement abordables;
- renoncer aux frais liés aux cessions immobilières, aux contrats de cession-bail et à l'aménagement.



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Appendix A: Annotated Bibliography

# Chapter 1.0 Introduction

Community Land Trusts (CLTs) are an innovative approach to providing *perpetually* affordable housing to low- and moderate-income households. CLTs exist all over the world, taking on a variety of different forms. They have a long-standing tradition in Europe, and in the United States, they have been promoted since the 1960s. Today there are over 115 active CLTs in the U.S. spanning 31 States. In Canada, the tradition is less established, with only a handful of CLTs operating across the country.

While the tradition of Community Land Trusts goes back to the 1960s, they started taking hold in the U.S. in the late 1970s and early 1980s as a means to address urban revitalization issues in specific neighbourhoods – either as a way to promote revitalization through homeownership in distressed neighbourhoods or as a means of preserving the affordability of housing for low-income households in the face of large-scale gentrification. More recently, Community Land Trusts have emerged in the U.S. to address broader issues around the lack of affordable housing for low- and moderate-income households at a community-wide level.

In Canada, Community Land Trusts first appeared in the late 1970s and early 1980s as a means of preserving the long-term affordability and non-profit status of housing co-operatives. In the 1990s, CLTs were initiated as a means of promoting inner-city revitalization, using models similar to those in the United States. Recently, CLTs have emerged in Canada to address broader, community-wide issues around housing affordability by supporting a broad range of housing options and tenure arrangements.

Community Land Trusts in both countries have met with varying degrees of success. Some have continued to flourish over two decades while others have dissolved within a few years of incorporating.

The goal of this study is to identify those key factors that are instrumental in the success of a Community Land Trust. The target audience for this research primarily consists of CLTs and other non-profits or community groups who may be looking to develop their own CLT. The objectives are fourfold:

- 5) To profile twelve Community Land Trusts across Canada and the United States;
- 6) To demonstrate the range of models available to provide perpetually affordable housing through a CLT;
- 7) To identify the key challenges and successes CLTs are likely to experience in their efforts to provide perpetually affordable housing; and
- 8) To share those key learnings (best practices) that each of the profiled CLTs has gained over time.

An expected positive offshoot of this research is the beginning of a network of Community Land Trusts that can call upon one another when need be, share resources if and where appropriate, and work together on key issues that have sector-wide importance.

## 1.2 How This Document is Structured

This document is organized into four sections. *Chapter 2: What is a Community Land Trust?* provides an overview of what a CLT is and is not, the different types of CLTs, and how CLTs generally operate. Chapters 3, 4, and 5 present case studies of twelve CLTs – eight from Canada; and four from the U.S. *Chapter 6: Conclusions and Recommendations* summarizes the key findings from the research; drawing some basic conclusions about best practices and providing recommendations for changes to various public policies to provide better support for Community Land Trusts in Canada. Finally, *Appendix A: Annotated Bibliography* provides summaries of literature reviewed as part of this research that community groups wishing to start their own CLT may want to read as part of developing their own feasibility study.

# Chapter 2.0 What is a Community Land Trust?

The Community Land Trust model widely used across Canada and throughout the United States was developed and pioneered by the Institute for Community Economics (ICE) in the 1960s. ICE is a U.S.-based community development organization located in Springfield, Massachusetts that provides technical support, resources and financial assistance to CLTs and other non-profits.

ICE defines a Community Land Trust as:

“a private non-profit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents.”<sup>1</sup>

CLTs focus on meeting the affordable housing and community development needs of low-to moderate-income households – those households least served and often priced out of the prevailing housing market – and neighbourhoods. CLTs do so by acquiring land in the community either by purchasing<sup>2</sup> land directly or by receiving as a donation land, land and buildings, or money to purchase land. The land is then held by the CLT permanently so that it can always be used for affordable housing. Access to that land is often limited to low- and moderate-income households and/or non-profit organizations that serve low- and moderate-income households.

## 2.1 Key Features of a Community Land Trust

The Community Land Trust model developed by ICE contains a number of key features that define and distinguish CLTs from other similar initiatives that promote housing affordability.

### 2.1.1 Non-profit Status

Community Land Trusts are non-profit organizations, incorporated either as a Society or as a Corporation. Many CLTs are also registered charities, able to issue tax receipts for donations or endowments of land (with or without buildings), publicly traded securities, and cash (e.g., to purchase land or assist with operating expenses). In the U.S., many CLTs are eligible for 501(c)(3) status through the Internal Revenue Service (IRS) and in Canada, several CLTs are registered charities with Canada Revenue Agency (CRA).

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<sup>1</sup> Institute for Community Economics Website (<http://www.iceclt.org/clt>)

<sup>2</sup> CMHC (1995) *Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada*, p 18.

### 2.1.2 Democratic Control

CLT are typically formed at the grass-roots level, by groups such as neighbourhood associations, community development corporations, foundations, housing sector associations, religious coalitions, local governments, or groups of concerned citizens.

CLTs are controlled by their members. Members typically include existing CLT residents, future CLT residents, general community residents, and representatives from the broader community who support the goals of the CLT (e.g., public officials, housing professionals, social service providers, funders, local businesses, and other non-profits).

CLT governance is provided by a Board of Directors elected by the members. A typical CLT Board of Directors is comprised of one-third CLT residents, one-third community residents who do not live on CLT lands, and one-third community representatives (including public officials, housing professionals, social service providers, etc.). The composition of the Board helps to ensure that the CLT balances the needs of the residents with the needs of the broader community.

### 2.1.3 Dual Ownership of Land

CLTs offer a distinctive approach to affordable housing by separating the ownership of land (property) from the ownership of individual dwellings (improvements). CLTs retain ownership of the land and, through long-term leasehold interests, grant the right to third parties (e.g., low- to moderate- income households) to use that land. Lease rates tend to be below-market and based on the use value rather than the market value of the land. As a result, leasehold arrangements help to reduce the immediate carrying costs of the land, thereby reducing housing costs and enhancing affordability.

While individual households may benefit from the use of that land, the actual ownership of the land remains with the community. The land is leased to low- and moderate-income households through a long-term (usually 99-year) renewable ground lease. The ground lease allows residents to benefit from the use of that land while ownership of the land remains with the CLT. This model is similar to a leasehold interest on Crown Land (e.g., National Parks, Reserves, etc.) yet focused to assist low- and moderate-income households.

Separating ownership of the land and any improvements (housing) built on CLT land achieves a number of goals. First, by reducing or removing the cost of land from the housing equation, CLTs make homes built on that land more affordable to low- and moderate-income households. Second, by acquiring existing affordable housing, CLTs can help remove that housing stock from the speculative market, thus preventing it from becoming unaffordable through redevelopment and gentrification. Third, by retaining ownership over the land, CLTs can control who lives in homes built on that land. This ensures access is limited to low- and moderate-income households (or organizations that serve those households). It also ensures that homes are occupied by the actual owners rather than being purchased and rented out by absentee landlords. Fourth (again, by retaining ownership over the land), CLTs can control the resale value of the housing built on that land thus ensuring it remains **perpetually** affordable. Fifth, by retaining ownership of land in perpetuity, CLTs prevent the public investment in that land from going into the pockets

of individual households. CLT residents can earn equity on their individual homes and any improvements they have made to their homes. However, any increase in value of the land remains with the community and is used for future land purchases.

#### **2.1.4 Perpetual Affordability**

As mentioned above, CLTs ensure that housing remains **permanently** affordable by limiting the resale value of their homes.<sup>3</sup> The land lease agreements establishes a resale formula that ensures individual households are able to benefit from a *portion* of the appreciation of their homes (a fair return on their investment) while the majority of the appreciation remains with the CLT. As a result, CLT homes appreciate at a slower rate than homes bought and sold on the open market, and therefore remain affordable to future purchasers. The ground lease also gives the CLT the right to buy each home back when it is put up for sale (first right of refusal) and often allows the CLT to intervene should a household be in default of its mortgage so it can forestall foreclosure.

Each CLT establishes its own resale formula. Appraisal-based formulas establish the maximum resale price based on the original purchase price plus a predetermined percentage of any increase in market value (measured through property appraisals). Another formula establishes the resale price based on the sum of the original purchase price plus a predetermined annual appreciation rate (usually linked to the consumer price index).

#### **2.1.5 A Range of Housing Types and Tenure Options**

As the case studies in this report will show, CLTs provide a wide range of housing types and tenure options to low- and moderate-income households. Housing built on CLT land includes single-detached homes, duplexes, townhouses, and multi-residential developments. These include new development, renovation/rehabilitation, and conversion. Some CLTs even support emergency shelters, transitional housing, and single-room-occupancy hotels (SROs) for absolute or near homeless persons. The CLTs profiled in this study also support a range of tenure options including individual homeownership, rental, rent/lease-to-own, and co-operative housing.

### **2.2 Added Benefits of a Community Land Trust**

Community Land Trusts offer additional benefits beyond improving the affordability of housing for low- and moderate-income households. These benefits include:<sup>4</sup>

1. Improving the stability of tenure;
2. Promoting economic development; and

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<sup>3</sup> A recent study conducted by the Burlington Community Land Trust (BCLT) in Vermont demonstrates how, on average, the relative affordability of CLT homes actually *increases* upon resale. The study, *Building Assets with Permanently Affordable Housing: Burlington Community Land Trust*, National Housing Institute, February 2003 is available for purchase through BCLT. (NOTE: A preview of this study is available online at: <http://www.nhi.org/online/issues/127/assets.html>)

<sup>4</sup> CMHC (1985) *Land Trusts for Non-Profit Continuing Housing Co-operatives*, p. 3. [While the authors associated these three objectives with the land trust objectives for housing co-operatives (sector-based trusts), the same objectives apply to community-based and publicly-based trusts.]

### 3. Promoting social/community development.

CLTs are designed to ensure the long-term stability of tenure. By holding the land in perpetuity and offering long-term (often 99-year) leases, CLTs offer improved security of tenure over private market rental housing and the reassurance that the housing built on CLT land will *always* be available at affordable rates.

Helping to stabilize the housing situations of low- and moderate-income households promotes a number of economic development objectives. First, the improved affordability factor helps households achieve greater self-sufficiency. Reducing housing costs and increasing housing stability provides these households with more opportunities to “come out from behind the eight-ball” and start addressing their own economic goals (increased savings, new opportunities to go back to school or get advanced training, etc.). CLTs often provide a variety of training opportunities and other supports to assist households in maintaining their housing. CLTs also allow households that are traditionally marginalized and excluded from the housing market to begin to build equity through homeownership.

CLTs also serve social (or community) development objectives. CLTs focus on building stronger networks and supports both within the CLT membership and with the larger community. CLTs allow low- and moderate-income households to stabilize their housing and improve their economic stability. In so doing, CLTs encourages greater participation of these households in the activities and opportunities available to the broader community. This increased stability also serves to reduce transience and allow households to develop longer-term social networks and support systems.

## 2.3 Types of Community Land Trusts

The Community Land Trust model is a flexible approach to affordable housing that has been used in a variety of communities, using a variety of housing opportunities to meet a variety of community needs and goals. Canada Mortgage and Housing Corporation (CMHC) has identified three basic types of CLTs:<sup>5</sup>

### 2.3.1 Community-Based CLTs

Community-based CLTs are created to address the affordable housing needs of a general community – usually through a grass-roots initiative. “Community” can be defined as a neighbourhood or district within a municipality, an entire city, and even beyond to encapsulate a metropolitan area or larger region. Community-based CLTs have an open membership that includes anyone who either lives within a defined geographic area (e.g., neighbourhood) who shares in the philosophy and goals of the CLT. Examples of community-based CLTs from the proceeding case studies include:

#### *Neighbourhood focus:*

- Central Edmonton Community Land Trust (Edmonton, Alberta, Canada)

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<sup>5</sup> CMHC (1995) *Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada*.

- Durham Community Land Trustees, Inc. (Durham, North Carolina, United States)
- Fonds Foncier Communautaire Benny Farm (Montréal, Québec, Canada)
- West Broadway Community Land Trust (Winnipeg, Manitoba, Canada)

***Citywide focus:***

- Calgary Community Land Trust Society (Calgary, Alberta, Canada)
- Northern Communities Land Trust (Duluth, Minnesota, United States)
- Portland Community Land Trust (Portland, Oregon, United States)

***Regional focus:***

- Burlington Community Land Trust (Burlington, Vermont, United States)
- Salt Spring Community Housing & Land Trust Society (Salt Spring Island, British Columbia, Canada)

**2.3.2 Sector-Based CLTs**

Sector-based CLTs<sup>6</sup> serve a specific segment of the population or a particular housing sector (e.g., housing co-operatives). Sector-based CLTs are more likely to be initiated by a regional association representing the sector, although, in the case Communauté Milton Parc, creating the CLT was very much a grass-roots initiative. Membership in a sector-based CLT is also generally more limited than in a community-based CLT. Examples of sector-based CLTs from the proceeding case studies include:

- Colandco Co-operative Homes Inc. (Toronto, Ontario, Canada)
- Communauté Milton Parc (Montréal, Québec, Canada)

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<sup>6</sup> There are divergent opinions as to whether or not a co-operative housing-based Land Trust is in fact a Community Land Trust (Jon Harstone, personal communication). The 1995 CMHC publication, “Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada,” identifies three categories of Land Trusts: 1) Conservancy Land Trusts (focusing on environmental protection and conservation); 2) Community Land Trusts (focusing on community, social and economic development, including affordable housing); and 3) Land Stewardship Trusts (which combine the goals of conservation and Community Land Trusts). (1995: 2). Within the category of Community Land Trusts, CMHC identifies three types: 1) community-based Trusts; 2) sector-based Trusts; and 3) publicly-based Trusts. Later in the document, CMHC identifies Colandco and other co-operative-housing Land Trusts as sector-based Trusts (*Ibid.*, p. 12) and therefore, by extension, one of the three types of Community Land Trusts. At the same time, there are people living in and/or administering co-op-based land trusts would consider themselves community Land Trusts. Co-op based Land Trusts also fit the basic definition of a CLT put forward by ICE – that being “a democratically controlled nonprofit organization that owns real estate in order to provide benefits to its local community - and in particular to make land and housing available to residents who cannot otherwise afford them” (Institute for Community Economics, website: <http://www.iceclt.org/clt/cltmodel.html>). Thus, this researcher considers is appropriate to regard sector-based Land Trusts such as Colandco as a variation-on-a-theme of the CLT model.

· Community Housing Land Trust Foundation (Vancouver, British Columbia, Canada)

### **2.3.3 Publicly-Based CLTs**

Publicly-based CLTs are set up through government legislation to oversee the implementation of public policy relating to land and housing management. Publicly-based CLTs have no membership apart from the Board of Directors appointed by government. There are no examples of publicly-based CLTs in the proceeding case studies.

## **2.4 What a Community Land Trust is *Not***

Community Land Trusts are complex organizations – often displaying a variety of characteristics that represent variations-on-a-theme. As such, there can be considerable confusion between CLTs and other forms of community land ownership, affordable housing, or Trusts. It can be helpful to understand what a Community Land Trust *is* by understanding of a Community Land Trust is *not*. What follows is a description of a variety of organizations that may appear *similar* to CLTs but display important differences.

### **2.4.1 Residential Leasehold**

Residential leaseholds are arrangements whereby individuals are granted permission to occupy land on a long-term basis. In these circumstances, the landowner grants through a contractual agreement, “some rights to immediate possession of the property to [a third] party (the tenant) but retains ultimate ownership of the property.”<sup>7</sup> When the lease ends, the property and any improvements (buildings) on that land typically revert to the landowner. Residential leaseholds have become common on both public and private lands since the 1960s and 1970s. Examples of the types of landowners who grant residential leaseholds include the Federal Government (Federal Crown lands such as national parks and harbour fronts), First Nations (Reserve land), Provincial Governments (Provincial Crown land), Municipalities (Municipally-owned land) and Universities (Endowment lands).

CLTs follow the same basic concept of a residential leasehold interest. However, CLTs specifically target low- and moderate-income households for the primary purpose of providing affordable housing. Typical residential leasehold arrangements are generally more open to a broader market (however, in National Parks such as Banff National Park, residential leaseholds are restricted primarily to permanent residents of the Park). Thus, where housing built on a CLT is both affordable and restricted to low- or moderate-income households, housing built on a typical residential leasehold may or may not. Where typical residential leasehold interests are typically non-renewable, CLT leases are renewable and can be bequeathed to heirs. In addition, under the CLT model, the value of any improvements (buildings) remains with the tenant rather than reverting to the CLT at the end of the lease.

### **2.4.2 Conservancy Land Trusts**

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<sup>7</sup> CMHC (2000) *Alternate Tenure Arrangements*, Research Highlights, Socio-Economic Series Issue 65, p. 4.

Conservancy land trusts (or land conservation trusts) are designed to protect specific tracts of environmentally sensitive or significant lands from future development. Conservancy land trusts control the rights to undeveloped land in order to preserve open space, ecologically fragile or unique environments, wilderness, or productive forest or agricultural land.

Conservancy land trusts and CLTs are very similar in terms of structure and purpose. Both types of Trusts are local organizations (often grass-roots) with open memberships and an elected Board of Directors. Both acquire their land either through donations, outright purchase, or the acquisition of specific rights that prevent future development on those lands. However, conservancy land trusts and CLTs differ fundamentally in their focus.<sup>8</sup> The focus of a conservancy land trust is on the *natural environment*, with the goal of protecting the natural integrity of those environments. The focus of a CLT is on *people*, with the goal of ensuring that low- and moderate-income households have access to affordable housing.

These goals are not always mutually exclusive and some land trusts may combine the goals of both environmental conservation and affordable housing.

### **2.4.3 Limited Equity Co-Operatives**

Limited equity co-operatives are a form of communal land and housing ownership. Unlike the traditional fee-simple approach to homeownership (whereby households themselves own the Title to both the parcel of land and the individual dwelling unit), residents of equity co-operatives acquire shares of stock in the *co-operative corporation that holds the Title* to both the land and the buildings. In addition to their equity interest, members hold individual proprietary leases (occupancy agreements) that convey the right to occupy specific units in the housing project. Limited-equity co-operatives are very similar to market rate co-operatives except that limited-equity co-ops restrict the resale of share prices to ensure they remain affordable and accessible to low- and moderate- income households.

Limited equity co-operatives and CLTs share similar governance structures (members of both organizations elect a Board of Directors that provides leadership and oversees the management of the property). However, equity co-operatives are closed organizations (membership is limited to residents of the housing project) whereas CLTs are open (membership is open to existing residents, future residents, and at-large community members). While both attempt to promote affordability and security of tenure, co-op members own shares in both the land *and* the improvements (buildings). While CLT resident members own their individual dwelling units, the land itself belongs to the CLT, and by extension, the community-at-large.

Some limited equity co-operatives have recognized the value of the CLT model and have chosen either to establish their co-op on CLT lands to begin with, or to transfer their existing land holdings over to a CLT after the co-op has been formed.

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<sup>8</sup> It should be noted that some conservancy land trusts in Canada have named themselves “Community Land Trusts” (e.g., Cowichan Community Land Trust, New Brunswick Community Land Trust), presumably to highlight their community-wide focus and membership rather than to indicate an affordable housing mandate.

#### 2.4.4 Communes

Communes (or enclaves) are intentional communities designed to hold land and other assets (buildings, resources, etc.) in common. They are *private* Trusts created by and for distinct groups who share a specific philosophical or religious commitment. In practice, communes may established themselves as communities within themselves and therefore separate from the broader surrounding community.

CLTs differ from communes in both their membership and their purpose. Where communes are *private* organizations, CLTs are *public* organizations. While it is important that CLT members share in the basic philosophical goals of the CLT, membership is open to people from a variety of religious, ethnic, and cultural backgrounds. CLTs are designed to promote affordable housing for low- and moderate-income households residing in the surrounding community rather than creating a cultural or religious enclave. Nor do CLTs segregate themselves from the surrounding community. CLTs are often actively engaged within the broader community, focusing on improving the social and economic development of the surrounding community (community economic development).<sup>9</sup>

As with limited equity co-operatives, communes may also decide to lease land from a CLT, or choose to put their existing land holdings into a CLT.<sup>10</sup>

#### 2.4.5 Real Estate Trusts

A real estate Trust (or legal land Trust) is designed to hold property on behalf of a private organization, individual, or specified (limited) “beneficiary.” real estate Trusts are closed legal arrangements controlled by specified Trustees. “(A)n increasing number of private land trusts...have been created by major financial institutions turning to land as a sound investment, and by private developers seeking to reduce the sales price of their properties, increase sales, and realize long-term speculative gains.”<sup>11</sup>

CLTs follow a similar legal model to real estate Trusts but for different purposes. Where real estate Trusts are *private* entities holding land in trust on behalf of private individuals and organizations, CLTs are *public* entities that hold their land on behalf of the community. The goal of the CLT is to hold that land in *perpetuity*, removing it from the speculative market so that it can be developed specifically for affordable housing. Real estate Trusts typically hold land as a long-term speculative investment. While the immediate beneficiaries of both real estate Trusts and CLTs may be limited numbers of individuals and families, CLTs specifically target low- and moderate-income households that reside on CLT land. Membership in the CLT and access to CLT land is both open and democratic. A CLT is also controlled by an elected Board of Directors comprising a broad range of community members rather than a private Trustee.

#### 2.4.6 Co-Housing

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<sup>9</sup> For examples of this, refer to West Broadway Community Land Trust and Durham Community Land Trustees in the proceeding case studies.

<sup>10</sup> Institute for Community Economics (1982) *The Community Land Trust Handbook*, p. 30.

<sup>11</sup> *Ibid.*

“Cohousing” is short for Collaborative Housing. In a cohousing development, each household has its own private self-contained residence, but also shares common facilities with other residents in the cohousing. Common facilities often include a communal kitchen and dining hall, laundry facilities, children's playrooms, workshops and guest rooms.<sup>12</sup> Cohousing members jointly own the common property (land) and facilities but are the sole owners of their individual lots and dwelling units.

While some cohousing communities (neighbourhoods) are organized as limited equity cooperatives, most are structured as condominiums or planned unit developments. Cohousing residents participate in the design and development of the community (the physical layout and orientation of the buildings, including community facilities). Essentially, cohousing members act as the developers of their own communities. They are also involved in the ongoing management of the community and maintenance of the property.

Unlike CLTs, cohousing residents own the land as well their individual dwelling units. They also jointly own the common facilities and the land upon which they are situated. As such, cohousing does not remove land from the speculative market or separate the Title to the land from Titles to the buildings. As the landowners, all of any appreciation in the market value of the land and housing is retained by the individual households. Membership in a cohousing community is also limited to residents – who may or may not be low- and moderate-income households – rather than being open to the broader community.<sup>13</sup>

#### **2.4.7 Self-Help Housing**

Self-help housing is a situation where the *individual homeowner* serves as his or her own developer and/or builder (rather than a cohousing group of homeowners). There are three basic categories of self-help housing:<sup>14</sup> 1) self-provision; 2) self-promotion; and 3) self-building. With self-provision, the homeowner acts as the developer by acquiring the necessary financing, purchasing the land, managing both the development of the site and the building of the home, and then owning the final product.<sup>15</sup> With self-promotion, the homeowner purchases a serviced site and then acts as either the general contractor or contracts out the construction of the home. With self-building, the homeowner participates in the construction of the home by contributing sweat equity. Habitat for Humanity is perhaps the best-known example of self-building for low- and moderate-income households. In each case, Title to both the land and the dwelling unit resides with the homeowner.

Self-help housing is not typically associated with a CLT. However, in the case of Habitat for Humanity, partnering with a CLT is a relatively new initiative.<sup>16</sup>

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<sup>12</sup> CMHC (2000) *Alternate Tenure Arrangements*, Research Highlights, Socio-Economic Series Issue 65, p. 4.

<sup>13</sup> In many cases, the costs of custom building the community and the cost of common facilities in the absence of public grants can make co-housing too expensive for low- and moderate-income households.

<sup>14</sup> CMHC (1995) *Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada*.

<sup>15</sup> *Ibid.*, p. 322

<sup>16</sup> Habitat for Humanity-Calgary has recently partnered with the Calgary Community Land Trust Society to develop 27 units of affordable housing for low- and moderate-income Calgary families in the community (neighbourhood) of Dover.

## 2.4.8 Life Lease

A life lease is a legal agreement that permits households – usually mature adults and seniors (55+) – “to occupy a dwelling unit for life in exchange for a lump sum payment (entrance fee) and a monthly payment to cover the project management fees, maintenance, and operating costs.”<sup>17</sup> Life lease projects are typically sponsored by community-based non-profit organizations or charitable institutions (however, private organizations are now beginning to use the life lease model). Each life lease resident contributes only the funds necessary to construct the individual unit desired and a proportion of the common areas.<sup>18</sup> When the sponsoring organization is either a non-profit or charity, there is no "developer's profit." Thus, life leases can contribute to greater housing affordability.

Actual ownership and Title to the life lease development remains in the name of the sponsoring organization, which provides property management and maintenance services. Life lease residents own a leasehold interest in the development, which conveys the exclusive *Right to Occupy* the leasehold suite and shared in the use of common areas (e.g., lounges, workshops, recreation areas, parking, etc.). This leasehold interest may or may not be transferable. Through the leasehold interest, the sponsoring organization is able to ensure that the housing is reserved for the target population (people 55 years of age and older).

Life leases differ from CLTs in that individual households in a life lease project do not hold Title to their individual units but rather a Right to Occupy that unit (similar to an equity co-op). Life lease projects also allow residents to benefit from any appreciated value of the building *and* the property. When the life lease resident leaves (moves or dies), the original entrance fee is refunded – either: 1) at the same level originally paid; 2) at full market value; 3) at the original level plus a *share* of market appreciation (if any); or 4) at the original level less a continually increasing percentage. Life lease projects are also not restricted to low- and moderate-income households (although they can be made to be more affordable to low- and moderate-income mature households).

## 2.5 Why Community Land Trusts are Formed

Community Land Trusts are established in response to a variety of issues, including:

- neighbourhood decline;
- the loss of affordable rental stock;
- the need to establish a long-term land bank for housing;
- the desire to reduce absentee ownership;
- the need to limit the escalating resale value of home in high-growth communities; and/or

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<sup>17</sup> CMHC (2000) *Alternate Tenure Arrangements*, Research Highlights, Socio-Economic Series Issue 65, p. 3.

<sup>18</sup> Essentially, life lease arrangements are an innovative way of arranging financing for new housing development. Mature adults who have equity built up in their existing homes sell those homes and, as a collective, pool that equity to finance the development costs of new housing.

- the desire to retain and leverage the value of public investments in the community.

In some cases, CLTs may be formed only after other options have been explored, implemented, and ultimately failed to achieve the desired results. There are numerous examples where communities have made concerted efforts to promote affordable housing only to find soon after that the housing had become unaffordable.<sup>19</sup> These communities devoted considerable resources (time, energy, capital) into developing these initiatives. However, the affordable homes were placed on the private market and soon flipped by individuals for significant profit. The result is a significant *public* investment going directly into the pockets of *individuals*.

CLTs provide a means of ensuring public investments remain with the community and any efforts to provide affordable housing are preserved in perpetuity. By retaining ownership of the land and any increased value of the land, CLTs ensure that public investments remain with the community. By establishing a resale formula that allows individual households to earn equity in their homes, CLTs ensure that individual investments remain with the individual.

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<sup>19</sup> Examples include Canmore, Alberta's efforts to provide more affordable housing options through manufactured home neighbourhoods (Grotto Village) and small lot (Z-lot) residential neighbourhoods (Peaks of Grassi). In both cases, first-time homebuyers were able to purchase their homes at affordable rates. However, these homes are now in the speculative market and no longer affordable. In some cases, individual homeowners were able to sell their homes soon after purchasing them and earn considerable profit.

## 2.6 How Community Land Trusts Acquire Land

Most Community Land Trusts acquire their land through donations. Donations provide land to CLTs at little or no cost.<sup>20</sup> The reduced cost is then passed on to the CLT household.

In the United States, most CLTs (although not all) fall under section 501(c)(3) of the tax code on the basis that they provide benefits for low-income people.<sup>21</sup> For qualified “501(c)(3) status” CLTs, donations of land are federally tax-deductible. Donors of appreciated property to 501(c)(3) status CLTs have no capital gains tax liability for the donation. In addition, the donors can deduct 100% of the market value of the donation from their taxable income.<sup>22</sup> Thus, CLTs are able to acquire donations of land from private individuals and corporations as well as local governments.

The situation in Canada is more of a challenge. In order to issue a tax receipt for donated land, capital, or stocks, a CLT must be a registered charity. However, CLTs are regarded as a unique and new phenomenon, and there is no formalized structure and evaluation protocol for assigning charitable status. The Charities Directorate of Canada Revenue Agency (CRA) evaluates each application on a case-by-case basis. For some CLTs, acquiring their charitable status is a difficult and lengthy process, and significant limitations may be placed on their operations in order to be registered. Another challenge for Canadian CLTs is the capital gains tax on lands donated for affordable housing. While a CLT may have its charitable status and be able to issue tax receipts, the value of that receipt may not necessarily offset the capital gains a donor must pay on the appreciated value of that donation. One option for Canadian CLTs to overcome these challenges is to acquire land through a public-private partnership. Governments are exempt from paying either income or capital gains taxes and thus are in a better position to donate land to CLTs. This can take the form of an outright donation or a long-term lease that allows the CLT to use the land and sublease it to low- and moderate-income households. This latter case is an example of a government allowing the CLT to earn income from government land while retaining both the ownership of that land and the flexibility to use that land for another purpose in the future. In many cases, Canadian CLTs purchase land on the open market with the help of funding from private or public sources. If the CLT has been able to acquire its charitable status, it can issue tax receipts for donations of capital and stocks without the barriers associated with capital gains tax.

There are a number of options available to CLTs to purchase land either at market or at below-market rates. These include:<sup>23</sup>

- ***outright purchase***: the CLT pays for the land in full and upfront;
- ***joint purchase***: the CLT enters into a partnership with another organization to purchase the land;

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<sup>20</sup> There may be administrative costs associated with securing those donations and fees associated with the transfer of land title.

<sup>21</sup> Personal communication with Kirby White, Partner with Burlington Associates in Community Development LLP (co) author of several ICE books.

<sup>22</sup> *Ibid.*

<sup>23</sup> CMHC (1995) *Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada*, p. 18.

- ***installment purchase:*** the CLT purchases the land over time in installments (the vendor acts as the mortgage holder);
- ***outright purchase and life tenancy:*** the CLT purchases the land at a reduced rate and the vendor continues to live on the land with the other lessees (the price reduction is equal to a pre-paid life-long lease);
- ***outright purchase and leaseback:*** the CLT purchases the land and the vendor continues to live on the land paying a lease fee over time (like the other lessees);
- ***installment purchase and leaseback:*** the CLT purchases the land over time and the vendor continues to live on the land (the monthly fee paid to the vendor is equal to the monthly installment minus the lease fee); and
- ***option, or right of first refusal:*** the CLT acquires the right to purchase the land from the vendor at a predetermined price at a future date.

## **2.7 How Community Land Trusts Providing Housing and Related Supports**

A Community Land Trust may choose to build new homes, renovate existing homes, convert existing non-residential building to residential, acquire existing housing that needs little or no renovation, or a combination. The focus may be on single-family housing, low-rise multi-residential, high-rise multi-residential, manufactured homes, or a combination depending on the opportunities and resources available to the CLT. The CLT can develop housing itself or it may hold the land and have another organization (either non-profit or for-profit) develop and manage that housing. In the latter case, the housing organization is the lessee and the individual resident households are the sub-lessees (maintaining a sub-leasehold interest in the property).

Developing affordable housing on CLT land is typically done through a combination of government grants, donations of capital and materials from a variety of public, private, philanthropic and non-profit sources, bank financing, volunteer labour, etc. The guarantee of perpetuity and the community focus can often leverage broader community participation and support to develop the housing.

## **2.8 How Community Land Trusts Building Relationships with the Broader Community**

A key to the success of the Community Land Trust is building a strong, collaborative network of relationships with the broader community. This is especially important if the CLT requires public supports (grants, operational funding, etc.) and community partnerships to provide housing supports and services. Building a strong network with government, non-profits, and the private sectors can help build needed capacity, credibility, and community outreach.

In addition to housing, a CLT may make a portion of its land available for community gardens, playgrounds, community facilities, open space, etc. A CLT may also provide

(either directly or indirectly) additional supports and services such as life skill training, homeowners training and assistance (including supports for homeowners who face unexpected home repairs or financial problems), etc.

## 2.9 The Unique Philosophy Behind Community Land Trusts

Community Land Trusts represent the practical application of a unique philosophy. This philosophy is based on the ideology that land was not created by people and therefore the value of land (in the form of “property”) should not be given to the individual. This ideology has led to a philosophy that distinguishes between land and the human improvements on the land, how the benefits and value of both land and improvements are accrued, and to whom.

The CLT model seeks to balance the legitimate interests of individuals (often short-term) with the legitimate interests of the community (often long-term). In particular, it seeks to balance the legitimate interests of individuals and community in relation to land.<sup>24</sup>

### 2.9.1 The Legitimate Interests of Individuals and the Community

The legitimate interests of *individuals* include:<sup>25</sup>

- Security;
- Earned equity; and
- A reasonable legacy

Individuals have a legitimate interest in having a secure home – whether that home is an individual dwelling, a homestead, or a farm. They also have a legitimate interest in keeping whatever value they directly put into their home through personal labour or capital. Individuals also have a legitimate interest in ensuring that the next generation of family members can inherit that security and earned equity.

The legitimate interests of the *community* include:<sup>26</sup>

- Community access;
- Community equity; and
- A community legacy

The community has a legitimate interest in maintaining continued access to its land and natural resources for all of its members. It also has a legitimate interest in retaining and utilizing for the common good whatever value or equity it has created through *collective* community efforts (e.g., improved schools, parks, transportation systems, economy, etc.). The community also has an interest in ensuring that continued access to land and resources and the increased equity earned through collective efforts is available to future generations.

In a number of communities, population growth and economic investment are driving up real estate prices to the point where they are out of reach of working people. In some

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<sup>24</sup> Institute for Community Economics (1982) *The Community Land Trust Handbook*, p. 6.

<sup>25</sup> *Ibid.*, p. 6-7.

<sup>26</sup> *Ibid.*, p. 7-8.

communities, the cost of housing (rental and ownership) may be so expensive that local businesses are finding it difficult to hire and retain staff. In many of these communities, the increased value of homes is not a direct result of individual efforts but rather the collective result of community, regional and/or national efforts to improve economic conditions. In some cases, local economic prosperity may be the result of new trends and locational preferences. However, the legitimate value of those *collective* efforts and trends are accruing to *individual* homeowners and not to the community as a whole.

In other communities where disinvestment and absentee ownership is occurring, community efforts to stabilize and build up equity may not benefit the local residents. While the community may organize to create neighbourhood improvements that result in increased property values, the increased equity earned through those collective efforts go into the hands of the absentee investors. Once again, the legitimate value of *collective* efforts is accruing to *individual* investors and not to the community as a whole.

### **2.9.2 Balancing the Legitimate Interests of Individuals and the Community**

The Community Land Trust model recognizes and seeks to balance the legitimate interests of both individuals and the community.

The CLT model offers *individuals* security of tenure. Individuals have the right to earn equity, but only on the direct improvements they make to the land (i.e., the equity earned on the physical dwelling). Individuals also have the right to pass that security and earned equity on to family members.

The CLT model offers the *community* improved access to land and natural resources to all members by providing opportunities for marginalized low- and moderate-income households to access the housing market from which they have been excluded. While the individual household retains the equity earned on individual improvements, the model allows the community to retain the increased value of the land that has resulted from broader, collective efforts to improve the economy, local infrastructure, etc. By holding land in perpetuity, the CLT model also ensures that all members of future generations are able to access the community's land and resources and use those resources to earn additional equity through direct individual efforts.

## **2.10 Where Community Land Trusts are Located**

Community Land Trusts can be found all over the world including Europe, North America, Africa, and the Middle East. CLTs can be established to serve particular neighbourhoods, larger communities, a cluster of communities, or entire regions. They may be located in expanding metropolitan areas, university communities, small towns, low-income neighbourhoods, or expensive resort communities.

In the United States, there are approximately 115 formalized CLTs across 31 states who are current members of the Institute for Community Economics (ICE). In Canada, there are only a handful of formalized CLTs. It is unknown exactly how many CLTs are operating in Canada. While this researcher was able to identify at least eight (8) CLTs, it is expected

that many others may be in existence. Others may have emerged during the time that this research was being conducted and new ones are likely to continue to emerge.



# Case Studies

## Chapter 3.0 Introduction to the Case Studies

This section of the report provides twelve case studies of Community Land Trusts – eight (8) from Canada, and four (4) from the United States. These case studies provide snapshots of where the Community Land Trusts are located, how they operate, and the challenges they have faced. The choice of specific Community Land Trusts to examine was a pragmatic decision – there are only a limited number of Community Land Trusts in Canada to choose from...and almost too many to choose from in the U.S. (there are over 100 Community Land Trusts currently registered as members with the Institute for Community Economics). The Canadian case studies were drawn from those Community Land Trusts the researcher was able to contact and establish a sufficient dialogue to create the case studies.<sup>27</sup> The U.S. case studies were chosen based on the recommendations of staff the Institute for Community Economics (ICE) – the national organization representing and providing technical support to Community Land Trusts in the U.S.

The information used to derive these case studies came from a combination of sources including:

- Completed surveys;
- Personal communications (email correspondence and telephone interviews) with staff and/or proponents of each Community Land Trust;
- Information posted on individual Community Land Trust websites;
- Other internet-based resources and news articles posted on the World Wide Web; and
- Published studies and documents.

The goal of these case studies is twofold. The first and primary goal is to identify and share the key lessons each Community Land Trust has learned, either in terms of mistakes made or successes achieved. The second goal is to provide the readers of this report with a brief overview of the range of opportunities and models available to Community Land Trusts in both countries, as well as the challenges new Community Land Trusts are likely to face. Those readers who are interested in learning more about a specific model or individual Community Land Trust are encouraged to connect with the appropriate organization(s) and build that network.

### 3.1 How the Case Studies are Organized

The Canadian case studies are described first, followed by the U.S. case studies. This is done to see if there are any key differences in the challenges and key learnings between countries. Case studies are also organized chronologically. For the Canadian case studies, the Community Land Trusts are described from the oldest to the youngest to show how the movement has changed over time and see what key lessons have been learned during that time (i.e., what challenges faced by the early Community Land Trusts have or have not

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<sup>27</sup> The sole exception is the West Broadway Community Land Trust. While ongoing dialogue with the CLT was not established, sufficient information was available on the internet to develop the case study.

been overcome by the newest group of Community Land Trusts). For the U.S. case studies, this chronology is reversed to see what lessons may have been learned from experience and longevity.

### **3.2 General Findings**

Based on the case studies presented in this report, there appears to be more similarities than differences between Community Land Trusts in both countries. Key challenges continue to be the need for broad community support, operating funds, and partnerships to create affordable housing. Community Land Trusts in both countries have learned that the key to their success and longevity is a sustainable business plan, solid organizational capacity and leadership, community outreach, and the legal and financial structure (including government funding programs) that support the Community Land Trust approach.

## Chapter 4.0 The Canadian Case Studies

Case studies are provided on the following eight Community Land Trusts in Canada:

- 1) **Colandco Co-operative Homes Inc.** (Colandco) – Toronto, Ontario
- 2) **Communauté Milton Parc (CMP)** – Montréal, Québec
- 3) **Community Housing Land Trust Foundation (CHLTF)** – Vancouver, British Columbia
- 4) **Central Edmonton Community Land Trust (CECLT)** – Edmonton, Alberta
- 5) **West Broadway Community Land Trust (WBCLT)** – Winnipeg, Manitoba
- 6) **Fonds Foncier Communautaire Benny Farm (FFCBF)** – Montréal, Québec
- 7) **Calgary Community Land Trust Society (CCLT)** – Calgary, Alberta
- 8) **Salt Spring Community Housing & Land Trust Society (SSCHLT)** – Salt Spring Island, British Columbia



## 4.1 Colandco Co-operative Homes Inc.

### 4.1.1 Introduction

Colandco Co-operative Homes Inc. (Colandco) was a sector-based Land Trust<sup>28</sup> established in the late 1980s in response to research and discussions led by the Co-operative Housing Federation of Canada. Colandco showed great potential in its early years, not only as a means of ensuring that housing co-operatives remained perpetually non-profit and affordable, but also for having developed a sustainable growth model. However, an economic downturn coupled with the lack of sufficient support from the co-op housing sector led to Colandco's being downsized in 1994.

### 4.1.2 History

Federally-sponsored funding programs in the 1970s and 1980s (administered through CMHC) saw the rapid growth of housing co-operatives across Canada. In the mid 1980s, the Co-operative Housing Federation of Canada (CHFC) and CMHC sponsored research to explore the feasibility of using Land Trusts as a vehicle for ensuring the land holdings of housing co-operatives across Canada remained within the sector and continued to be used to support affordable, non-profit housing beyond the terms of their operating agreements.<sup>29</sup>

Through research on Land Trusts in Canada, the U.S. and in Europe, combined with an evaluation of the legal and financial structures available to Canadian housing organizations, CHFC concluded that Land Trusts not only presented a viable solution for the co-operative housing sector, but also presented a solution that was least likely to be abused or circumvented in the future.<sup>30</sup> The research determined that Land Trusts could help the co-operative housing sector achieve three key goals:<sup>31</sup>

- 1) Guarantee perpetual non-profit status and ensure that the value of the land asset remained within the sector rather than allowing any profits from the sale of that land to go to individual co-op members;
- 2) Provide a stable framework and controls to ensure that housing co-operatives operated in an appropriate manner and adhered to sector policies; and
- 3) Help to capitalize the sector to promote continued expansion and development of new housing co-operatives through the use of various lease mechanisms and fees.

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<sup>28</sup> As mentioned in *Chapter 1.0 Introduction*, there are divergent opinions as to whether or not a co-operative housing-based Land Trust is in fact a CLT or a "sectorally based Land Trust" (Jon Harstone, personal communication). The 1995 CMHC publication, "Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada," identifies Colandco as a "sector-based trust" within the category of Community Land Trust. It is thus appropriate to consider Colandco a CLT.

<sup>29</sup> CMHC (1985) *Land Trusts for Non-Profit Continuing Housing Co-operatives* (Prepared by Communitas Inc., May 1985).

<sup>30</sup> *Ibid.*

<sup>31</sup> "The Co-Operative Land Trust in Practice," Jon Harstone, Colandco, November 1993

### 4.1.3 How Colandco Works

Colandco (originally called Inner City) was created in 1986 by the Co-operative Housing Federation of Toronto (CHFT) as a vehicle to capitalize on a \$2,000,000 donation by the Campeau Corporation.<sup>32</sup> The goal at the time for CHFT was to use the money to develop additional housing co-operatives rather than use it to pay down the mortgages on existing co-ops. By combining a Land Trust with a sector-based development company, CHFT was able to get Ministry of Housing and CMHC approval and use the \$2,000,000 as a revolving loan fund for land development.<sup>33</sup> As the development arm of CHFT, Colandco sought to capture the profits generated from developing land to a higher and better use and retain that value within the co-operative housing sector. Colandco would purchase land, develop housing, and then sell the finished product to newly formed housing co-ops, while retaining ownership of the land.

By the early 1990s, Colandco owned the land on which 14 housing co-operatives had been built, supporting 2,350 housing units throughout Toronto and its suburbs. The land holdings of eight of the co-ops were given to Colandco. The remaining six co-ops were developed directly by Colandco. In 1988, Colandco purchased a 9.37-acre site to develop Northview Meadow in Oshawa (a 261-unit co-op and a 103-unit condominium) and a 1.33-acre site to develop Orchard Grove in Scarborough (an 83-unit townhouse). In 1989, Colandco purchased three more sites – a one-acre site to develop a 133-unit co-op (Chord in York), a 1.25-acre site to develop a 56-unit apartment and eight single family homes (Ujamaa in Scarborough), and an existing 772-unit apartment development (City Park in Toronto).

As mentioned above, Colandco was restructured in 1994. Colandco continues to hold Title to the lands under the existing co-ops and meets once a year to perform its corporate administrative responsibilities.

### 4.1.4 Key Challenges

Colandco was not completely “successful” as a development corporation due primarily to timing and circumstance. While it stood to make money on some of the projects, it incurred significant losses on other projects due to falling land values and a declining real estate market at the time.

Colandco was also unable to overcome tensions within the co-operative housing sector that saw a Land Trust as potential competition and an overly expensive means of ensuring the non-profit status of co-ops. Some members of the sector believed that there were other, less expensive ways to take advantage of the \$2,000,0000 Campeau donation and help co-ops develop there projects. There were also challenges trying to encourage existing co-ops that already held Title to their land to transfer those assets into the Land Trust.

There was also contention about the primary vision of Colandco. Some viewed the primary goal as capitalizing the sector with a focus on new development; others saw the primary goal as stewardship – preserving the non-profit status and long-term affordability of the sector. In the end, the development goal proved unsustainable.

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<sup>32</sup> *Ibid.*

<sup>33</sup> *Ibid.*

As a result, Colandco abandoned its development and expansion focus in 1994. The high cost of operating the Land Trust combined with financial losses on a number of key projects led the CHFT membership to vote in favor of giving the land back to the individual housing co-ops. Colandco could not legally give the land back to the individual co-ops, and so the corporation was downsized. In exchange, the co-ops had to sign a land trust agreement (similar to a conservation easement) that would be registered as a caveat on Title limiting the land for use only as non-profit housing.<sup>34</sup> This was seen as a more cost effective means of securing the long-term affordability and non-profit status of the co-ops.

#### **4.1.5 Key Successes**

One of the key successes of Colandco was its credibility with the financial community. As a well-structured and governed development corporation backed by CHFT, Colandco was able to secure financing for the development of new housing co-ops where individual co-ops would not have been successful. Given this credibility with lenders and given CMHC's current position that non-profit groups have to be operating for five (5) years in order to qualify for mortgage insurance, CHFT is once again considering using Colandco as a development vehicle for new housing co-op projects if and where it makes sense.

#### **4.1.6 Key Learnings**

The Colandco experience suggests that Land Trusts, as non-profit organizations, may be limited in their ability to capitalize a sector through the development of new housing. Land development is both a risky and costly business, making it difficult to make money. Colandco developed some projects that made money, yet others lost money – those losses threatened the viability of the corporation and ultimately lead to its downsizing. For Land Trusts seeking to develop new housing, development expertise, effective risk mitigation, and good timing are essential. As mentioned above, land and housing development is both costly and risky. The ability to mitigate those risks can make or break an organization. Colandco suffered from an economic downturn that led to declining real estate values and significant financial losses.

Ultimately, Colandco's experience shows that Land Trusts have greater potential within the co-op sector as a stewardship mechanism rather than a development (capitalization) mechanism. Through stewardship, Land Trusts have the capacity to bring the sector together to build stronger networks and to ensure the long-term affordability and non-profit status of the individual co-ops. Colandco's experience also shows that the stewardship motive is more likely going to be attractive and successful with brand new housing co-ops than with co-ops that have significant equity already built up in their land holdings.

Developing land also incurs certain liabilities. As the principal landowner, a Land Trust is liable for any environmental issues either already existing or resulting from the ongoing use of that land. As landlords, Land Trusts may also be liable for any negligence resulting in someone getting hurt while on CLT land. The need for appropriate liability insurance

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<sup>34</sup> *Land Trusts and Co-operative Housing Issues and Initiatives*, Paper presented to the CMHC/CHRA Symposium on Land Trusts and Self-Built Housing, prepared by Jon Harstone, June 1994

creates an ongoing operating expense for a Land Trust, which needs to be factored in to its business model.

Securing mortgage financing can be difficult for Land Trusts wishing to develop ownership housing. Some mortgage lenders may consider a mortgage for a home on Land Trust land too risky (i.e., the mortgage is tied only to the physical structure which is a depreciating asset and not the land upon which it sits). Proponents of Colandco found that “CMHC mortgage insurance requirements were also prohibitive” (personal communication with Jon Harstone). Personal communications with CMHC employees from the Prairie, Nunavut and Northwest Territories Business Centre confirmed that CMHC’s policy per the *Mortgage Loan Insurance Handbook (Initiation)* is that CMHC will not insure properties in what it terms “lifestyle communities” (i.e., properties that are encumbered with resale restrictions). Should a bank foreclose on an individual homeowner and CMHC be required to pay out the insurance and take possession of the unit, CMHC does not want the resale of that asset limited either in price or to whom the property may be sold (i.e., CMHC wishes to be able to resell that property at its highest and best value).

Credibility is essential for the success of a Land Trust – credibility both as an organization and as a viable solution for housing affordability. Colandco was seen as a credible organization to the financial community and so was able to secure financing for the development of new housing co-ops. However, the organization did not gain sufficient credibility within the co-operative housing sector itself, and in the end lost the sector’s support when the financial losses became too great.

Supporting legislation is also essential for the success of Land Trusts. Legislation formally recognizing Land Trusts could help to legitimize them and give them added credibility.<sup>35</sup> This legislation could also formalize and control the structure and operations of Land Trusts, helping to ensure they act in a consistent, appropriate, and accountable manner. The ability of Land Trusts to be registered as charitable organizations is another key success factor. At the time Colandco was operating, Land Trusts did not qualify for charitable status. As a result, Colandco did not qualify for input tax credits and could not offer tax receipts for private donations and bequests of land, cash, or stocks.<sup>36</sup> This served as a disincentive to further private donations (land or money). Changes to the *Income Tax Act (Canada)* to support donations of land for affordable housing are another critical legislative change required to support Land Trusts.<sup>37</sup> Even with its charitable status, regulations governing capital gains taxes do not currently favor donating land to a Land Trust. Under the current legislation, a donor incurs a tax liability equal to one-half of the capital gains when it gifts land to a Land Trust. This is in marked contrast to donations of land to a conservation land trust – the donor’s tax liability is reduced to only one-quarter of the capital gains.

#### **4.1.7 For More Information**

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<sup>35</sup> *Ibid.*

<sup>36</sup> NOTE: Community Land Trusts can now qualify for charitable status under certain circumstances. The Charities Directorate of Canada Revenue Agency has registered several Community Land Trusts in recent years.

<sup>37</sup> *Land Trusts and Co-operative Housing Issues and Initiatives*, Paper presented to the CMHC/CHRA Symposium on Land Trusts and Self-Built Housing, prepared by Jon Harstone, June 1994.

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## 4.2 Communauté Milton Parc

### 4.2.1 Introduction

Communauté Milton Parc (CMP) is a “*syndicat de copropriété*”<sup>38</sup> in the ethnically diverse neighbourhood of Milton Parc in Montréal, Québec. CMP was created in 1987 to support the joint ownership of land by 25 housing co-operatives and non-profit corporations. CMP is the largest co-operative neighbourhood in North America and it demonstrates the effective use of a *syndicat* of this type to ensure the perpetual affordability and non-profit status of the housing stock.<sup>39</sup>

### 4.2.2 History

CMP had its roots in community activism and the anti-urban-renewal movements of the 1960s and 1970s.<sup>40</sup> During the early 1960s, a development corporation purchased the majority of buildings within the six-block neighbourhood of Milton Parc, located east of McGill University. The development corporation’s plan was to demolish the existing buildings (most of which were late 19<sup>th</sup> and early 20<sup>th</sup> century greystone residences) and redevelop the site as Cité Concordia (now known as La Cité) – a complex containing office buildings, a hotel, apartment towers and a shopping mall.

In reaction, a coalition of local residents and interested citizens combined to oppose the project. Over the next four years, this group held street demonstrations, occupied empty buildings, and even held a sit-in at the office of the development corporation. The opposition created enough negative attention for the corporation that financing the project became difficult. The inability of the development corporation to overcome community opposition eventually led it to divide the property into thirds. One-third was demolished in the early 1970s and a *modified* version of the original development plan went forward. The other two-thirds of the site remained as un-renovated rentals. Several years later, the neighbourhood again organized and, using CMHC funding programs, succeeded in purchasing the remaining buildings, which were eventually developed into housing co-operatives and corporations.<sup>41</sup>

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<sup>38</sup> A condominium under Quebec law, comparable to a Community Land Trust.

<sup>39</sup> There are differing perspectives on whether CMP is technically a Community Land Trust. Some proponents see it as a CLT while others see it as a condominium (see also Helman, Claire “The Milton-Park Affair,” *Vehicule Press*, Montréal, 1987). From a strictly legal perspective, CMP is a condominium under Quebec law, but at a much larger scale. CMP was incorporated prior to there being a legal mechanism in Quebec permitting a Community Land Trust (“Fonds Foncier Communautaire”). At CMP, individual co-ops own the land beneath their buildings; some own additional semi-private spaces (e.g., gardens), and the syndicat as a whole owns common spaces (e.g., sidewalks, roads, pathways, etc.). Whether CMP is a CLT, a condominium, or an extremely large co-operative, this case study provides some valuable insights into critical success factors for Community Land Trusts in Canada.

<sup>40</sup> Information on the history of Communauté Milton Parc was provided by two internet resources: the CMP website (<http://www.miltonparc.org>) and “Les coopératives de Milton Parc” by Serge Beaucher. Online resource located at: <http://www.cooperativehabitation.coop/capsules/statique/capsules21.html> (available in French only).

<sup>41</sup> These co-ops and non-profit corporations were created between 1979 and 1982 with the support of Héritage Montréal. CMHC provided financial support for the initiative as part of its 56.1 Program to support the creation of these and many other housing co-operatives across Canada.

The result was one of the largest-scale projects by a group of housing co-operatives in North America, with entire rows of heritage buildings being renovated. The buildings themselves were acquired for approximately \$5.5 million, with renovations adding another \$40 million to the project.

In December 1987, Société d'Amélioration Milton Parc (SAMP), a holding company created to oversee the acquisition and renovation process, transferred ownership to the individual groups and, following adoption of Bill 224 <sup>42</sup>(a private member's bill) by the Assemblée nationale du Québec, a Declaration of Co-ownership was signed by all, giving birth to CMP. With the 1994 revision of the Civil Code of Quebec, the co-ownership became a "*syndicat de copropriété*." The condominium formula was determined to be the best way, under Quebec's Civil Code, to preserve Milton Parc as affordable housing and remove market pressures. With the creation of CMP, land ownership by all 25 of the member organizations was brought under the control of one entity.

The original goal of CMP was threefold:

- 1) To preserve the existing homes in this heritage neighbourhood;
- 2) To prevent speculation; and
- 3) To ensure that these homes would be affordable and available to low- and moderate-income households in perpetuity.

#### **4.2.3 How CMP operates**

Legally, CMP is a *syndicat de copropriété* composed of 16 housing co-operatives, 6 non-profit housing corporations, 1 community organization, 2 commercial entities, and a community development corporation – Société de Développement Communautaire Milton Parc (SDC).

CMP is unique in North America. In Quebec, co-ownership is governed by the civil code rather than common law as in the rest of Canada and the United States. In CMP's declaration, as in all condominiums, a *Destination Clause* defines the intent of the condominium.

Members of CMP are not individual residents but rather the community organizations themselves (i.e. the housing co-operatives, non-profit housing corporations, etc.). The members (composed of one delegate from each of the individual member organizations) meet four to six times a year. Each year, the members elect a *Conseil d'administration* (Board of Directors) made up of five members who meet monthly. In addition to the Board of Directors, there is a president and secretary of the General Assembly. Together, the Board of Directors and General Assembly decide on matters related to management of common property and budgeting for technical resources. The daily administration of CMP as a whole is handled by a condominium manager. However, each housing co-operative and non-profit housing corporation is self-managed and responsible for its internal

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<sup>42</sup> Loi concernant la conversion en copropriété par déclaration de l'immeuble appartenant à la Société d'Amélioration Milton Parc Inc. (An Act respecting the conversion of the immovable belonging to Société d'Amélioration Milton Parc Inc to co-ownership by declaration).

activities. They are managed by their Boards of Directors. As members of the *syndicat*, each group must ensure that its activities comply with the principles of the agreement and do not infringe on or cause damage to the other members.

To qualify for CMP housing, potential residents must fall within one of three income categories (applicants must show proof of total household income to be accepted into one of the housing co-operatives or corporations that are members of CMP):

- Category A:** Persons on social assistance and persons on fixed income supplements (i.e., seniors);
- Category B:** Persons earning a maximum income equal to or less than 125% of the Statistics Canada Low-Income Cutoffs (LICOs); and
- Category C:** Persons earning a maximum income less than the average income in Canada as published by Statistics Canada.

For every five units that become available, at least two must be occupied by households from Category A; no more than two may be occupied by households from Category B, and no more than one may be occupied by households from Category C. Units are also allocated based on established occupancy standards. For example, in Quebec a two person household qualifies for a 4\_ to 5\_ room unit (i.e. one or two bedrooms); a three person household qualifies for a 6\_ to 7\_ room unit (two or three bedrooms); and a four person household qualifies for a 8\_ room unit (four bedrooms).

#### 4.2.4 Key Challenges

One of the key challenges for CMP has been maintaining the cohesive non-profit structure of the community.<sup>43</sup> However, since CMP was created by a private member's bill (Bill 224) of the Assemblée nationale du Québec, for any member (housing co-op or non-profit corporation) of CMP to leave the *syndicat*, both a majority vote (90%) among all members *and* the express permission of the appropriate minister is required. Withdrawal by a member has not occurred and CMP has retained its destination clause intact.

Individual co-operatives have also experienced some challenges associated with the renewal of their mortgages.<sup>44</sup> As a result, some subsidies have been lost and, in some cases, residents have left the co-operatives and non-profit corporations in search of more affordable housing options.

Another challenge for CMP's housing groups is preventing volunteer burnout. CMP, like many community organizations, relies heavily on volunteers. However, there tends to be a limited number of volunteers who take on most of the responsibilities and are therefore

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<sup>43</sup> In the early phase of the project, before the Declaration was accepted and signed by all, some people formed an association called Maison St-Louis, which sought, among other things to buy their own property and, if that had been successful, it meant that they could profit from the resale of the units, hence the importance of bill 224.

<sup>44</sup> As part of CMHC's 56.1 Program, new co-ops received subsidies to help lower their mortgage costs, effectively maintaining a 2% interest rate on their 10-15 year mortgages. Once the mortgages rolled over, the subsidy was lost and housing co-ops now pay market interest rates on their mortgages.

prone to burnout. Sustaining momentum in volunteer initiatives can also be a challenge: effective change or implementing new ideas often requires continued effort and commitment.

#### **4.2.5 Key Successes**

Communauté Milton Parc is the largest co-operative neighbourhood in North America. It has proven its success in bringing a diverse group 25 housing co-operatives and non-profit corporations together to support the joint ownership of land. The continued effectiveness and integrity of the *syndicat* is demonstrated by its longevity (almost 17 years) and ability to maintain its destination clause.

CMP has also been an effective means of ensuring the perpetual affordability and non-profit status of the housing stock. Today, CMP houses more than 1,500 low- and moderate-income residents from more than fifty different countries in 616 multi-residential housing units spread over six inner-city blocks. As of March 2001, the total value of the real estate assets of CMP was over \$58 million.

CMP has also been successful in maintaining a strong sense of community among its diverse population. The community activism that was responsible for CMP being created is still strong. A recent initiative by the City of Montréal to dismantle the Pine-Park traffic interchange adjacent to CMP and redevelop a segment of the land as multi-residential housing proposed alterations to CMP: this was successfully contested by the mobilization of CMP residents.

#### **4.2.6 Key Learnings**

Based on the CMP experience, co-ownership involving non-profit housing organizations can be a highly effective tool for ensuring long-lasting housing affordability. The combination of types of entities has the increased capacity (synergy) to control the resale price of housing and limit that housing to specific income groups.

In order for the relationship to succeed, there has to be agreement by both the umbrella group and the individual non-profit organizations. The legal structure must also be able to sustain the relationship. As CMP's experience shows, the legal structure of the *syndicat* is sufficient to maintain the integrity of the destination clause, although full compliance by all of the housing groups has been more difficult to maintain.

Thus, ongoing education is essential for the success of a non-profit housing *syndicat*. It is reasonable to assume that housing co-operatives naturally support the combined goals of housing affordability – especially **perpetual** housing affordability – and community (collective) sharing of resources, both physical and economic. However, CMP has realized that this is not always the case. Even a *syndicat* of housing-coops requires ongoing education about the social values of affordable housing and collective resources to ensure continued support for the *syndicat's* mandate and structure.

Administering an effective *syndicat* requires both staff and volunteers. CMP maintains a permanent salaried employee and contracts a range of ad hoc staff, consultants, and

volunteers. The annual budget for CMP administration is currently \$45,000. Funding is derived from the co-owners' fractional share of costs (shares are assessed based on the property owned by each co-owner). Additional funding for contract staff is sought occasionally from the provincial government through the *Emploi Québec*<sup>45</sup> program.

Strong leadership and commitment to vision are also critical for the success of a community. CMP has that leadership in the form of dynamic and passionate people (among them some of the original creators of CMP) who are committed to preserving CMP's long-term affordability and strong sense of community. These community leaders have kept the lines of communication open among the various members of CMP, promoting dialogue and collaboration around key issues.

#### **4.2.7 For More Information**

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<sup>45</sup> *Emploi Québec* is a provincially-sponsored program of apprenticeship and work training.

<sup>46</sup> Lucia Kowaluk is a long-time, active resident member of CMP, having been one of the original organizers of the Community Land Trust in the early 1970s.

## 4.3 Community Housing Land Trust Foundation

### 4.3.1 Introduction

The Community Housing Land Trust Foundation (CHLTF) emerged out of national initiatives to ensure the long-term affordability and non-profit nature of housing co-operatives that began in the mid 1980s. CHLTF currently supports six housing co-ops in four different communities in British Columbia. CHLTF offers a look at the challenges faced by Community Land Trusts seeking to bring existing housing organizations (in this case housing co-operatives) into its framework. These include challenges meeting sometimes-conflicting government mandates and a general resistance among housing co-ops to the idea of giving up the Title to land that they owned outright to a Community Land Trust.

### 4.3.2 History

Since the early 1980s, housing co-operatives across Canada had begun questioning their future. In B.C., housing co-ops had five key concerns:<sup>47</sup>

- 1) How to develop new housing co-ops once funding for federal affordable housing programs expired;
- 2) How to ensure existing housing co-ops remained both affordable and non-profit beyond the expiration of their operating agreements with CMHC;
- 3) Concerns about rising lease costs on land leased from the BC Government;
- 4) Fears that the BC government would sell the co-ops to private interests once the lease agreements ended; and
- 5) Concerns about the ability of existing co-ops to maintain and upgrade existing buildings once government subsidies became no longer available.

At the national level, the Co-operative Housing Federation of Canada initiated a study in the mid 1980s to examine issues around preserving the affordability and non-profit nature of housing co-ops beyond the expiration of their operating agreements with CMHC, and how to mobilize the co-ops' unencumbered equity (once the mortgages had been retired) to develop new housing co-ops (see the Colandco case study above for more details). However, it would be several years before CHFBC took up the charge in earnest.

In 1993, CHLTF was created by the Co-op Housing Federation of BC (CHFBC) both in response to the withdrawal in 1992 of the Federal Government from funding social housing and from an opportunity presented by six co-ops whose leases on land owned by the Province of B.C. were up for renewal. The goal of CHLTF was to bring the majority of the 200 housing co-ops existing at the time into the Trust. Following its incorporation, CHLTF

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<sup>47</sup> The Community Housing Land Trust Foundation (1999) "The Community Housing Land Trust Foundation: Case Study." Available online at: <http://www.landcentre.ca/docs/landtrustcasestudy/landtrustcasestudyfinal.html>.

began exploring opportunities to bring the six housing co-ops into the Trust as well as the opportunity to establish a Community Land Trust on an existing manufactured home park and within an existing resort development.

Today, the CHLTF portfolio consists exclusively of the original six housing co-ops – two in Vancouver, two in Victoria, one in New Westminster, and one in Kelowna – totaling 357 units.

### 4.3.3 How CCLT Operates

CHLTF's mission<sup>48</sup> is

*“to acquire, create and preserve affordable housing for future generations, and to foster self-managed housing communities. The Foundation operates as a non-profit, community based, democratic organization.”*

While initially focused on housing co-ops in B.C., the founders of CHLTF sought to include a wider range of affordable housing initiatives, not only to increase access to potential donations but also to satisfy Canada Revenue Agency's charitable status requirements at the time. Included in CHLTF's articles of incorporation are the following four purposes:<sup>49</sup>

- 1) To provide and preserve opportunities for persons of low income to acquire and occupy housing and accommodation and facilities which would otherwise be unattainable or unaffordable;
- 2) To develop and make available for development property held by it for housing and related accommodation and facilities that will assist persons of low income, seniors and the specially challenged occupying it to sustain and improve the quality of life;
- 3) To seek and receive donations, contributions, endowments and gifts of all kinds for and to apply its finds and other resources to, the promotion of co-operative and social housing initiatives for persons of low income, seniors and the specially challenged and the ecologically sound use of land resources used for such housing accommodation; and
- 4) To promote and encourage research and education into the concept of land trust use for co-operative and social housing initiatives.

CHLTF was set up to ensure the long-term affordability of existing housing co-ops by having the Titles to their properties transferred to CHLTF and then entering into long-term land leases with the co-op residents. Under the conditions of the land leases, residents would be required to:

- Pay a modest fee for the ongoing operation of CHLTF;

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<sup>48</sup> *Ibid.*

<sup>49</sup> *Ibid.*

- Maintain a subsidy program to support low-income member households;
- Contribute toward a development fund that would be used to acquire new sites for future affordable housing; and
- Allow CHLTF to leverage unencumbered equity in projects on CHLTF lands (once the mortgages were paid off) to finance new affordable housing projects.

In return, CHLTF would offer the co-ops stability that could not be provided through their current relationships with the Province. CHLTF offered housing co-ops 80 year renewable land leases, long-term affordability for low-income members through an on-going subsidy program, and the knowledge that their lease payments and contributions to the development fund were being used to support the creation of new housing co-ops.

CHLTF was originally incorporated with a Board of up to 15 Trustees.<sup>50</sup> Five Trustees were to come from the Board of CHFBC, up to five Trustees were to be elected by Regional Community Action Panels consisting of co-ops and others who had transferred land into the Trust, and the remaining Trustees were to be elected by the CHLTF membership from the community-at-large and from the provincial government. An administrative shell with dedicated staff was also created to support the Board. However, with only six co-ops in the Community Land Trust, the lease revenues proved to be insufficient to support the operating structure. The grants and donations used to support the administrative and governance structure during the early stages of CHLTF's development had a limited shelf life and eventually dried up.

As a result, both the operational and governance structure has since been significantly reduced. CHLTF is now administered as a "filing cabinet portfolio" by the Assistant to the Executive Director of CHFBC. The members of CHLTF are the current Directors of the CHFBC Board who represent all housing co-ops in B.C. The Board of CHFBC elects the Directors of the CHLTF Board, which now consists of two-thirds CHFBC Directors and one-third people recruited from the community with relevant interest and expertise in housing co-ops. CHLTF charges a modest lease fee to cover administration costs (for the 357 units currently in the Trust, this lease fee amounts to approximately \$11,000 annually).

#### **4.3.4 Key Challenges**

One of the biggest challenges CHLTF faced was in trying to create a large body of buy-in for its original purpose. CHLTF was only marginally successful in building that buy-in as evidenced by the fact that only six of approximately 200 housing co-ops in B.C. have joined the Trust. The only co-ops willing to join CHLTF were those whose only other option was to lease their land from another landlord (i.e., the Province).

The key barrier to building that buy-in is the cost of transferring land into the Trust. In B.C., there is a property transfer tax, so each housing co-op had to pay between \$30,000 and \$50,000 to transfer their Title over to CHLTF.<sup>51</sup> Legal fees to negotiate leases added

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<sup>50</sup> *Ibid.*

<sup>51</sup> It is not the transfer of land into the CLT that attracts the property transfer tax, but rather leasing that land back to the co-ops that attracts the tax.

another \$20,000 per co-op to the transaction. In addition, each co-op had to pay CMHC mortgage insurance fees (over \$30,000 each) and contribute to the costs of Phase I environmental site assessments. These costs added up to between \$80,000 and \$100,000 for each co-op seeking to transfer its lands into CHLTF – costs they would not incur by retaining their leases with the Province.<sup>52</sup>

There was also significant political resistance to the idea of transferring public lands over to a *non-public* entity. Opposition came from within the Province as well as other governments including the City of Vancouver, which leased land to 45 co-ops and was unwilling to transfer those land assets to CHLTF. That six housing co-ops were both willing and able to transfer their lands over to CHLTF was due in large part by the support of the Minister at the time. This particular Minister had previous experience with housing co-ops, understood their challenges, and gave the direction to his staff to proceed with the transfers.

Additional resistance came from housing co-ops themselves. In the end, it proved a significant challenge trying to convince co-ops and government agencies that owned land that they should not. CHFLT admits that it missed the boat during the mid 1980s when Community Land Trusts were first being proposed by the Co-operative Housing Federation of Canada. In retrospect, CHFLT might have been more successful had CMHC required new housing co-ops to develop their projects through CLTs as a condition of their operating agreements.

CMHC posed its own barriers to the initiative. CMHC maintained the original operating agreements and held the first mortgages with each of the housing co-ops. Thus, CMHC approval was required prior to any property transfers being made. CMHC's first concern was that the new lease agreements did not increase CMHC's financial obligations and that the lease agreements would ensure the co-ops remained affordable. This concern was readily addressed since the lease agreements guaranteed the perpetual affordability of the units. However, as CHLTF and the interested co-ops explored second mortgages to pay for the land, two significant issues arose. First, the co-ops determined that they would be in a better financial position if they paid out their existing mortgage with CMHC and took out a new mortgage at a lower interest rate. However, CMHC (in following industry standards) would not permit the co-ops to pay out their mortgages early without paying a significant penalty – thus negating any financial benefits of a lower interest rate. Mortgage industry standard is to charge a penalty when transferring an existing mortgage over to one that offers a lower interest rate. The penalty can be equal to the interest differential (i.e., the difference between the current interest rate and the new interest rate for the duration of the existing mortgage term) or three months interest payments.

Second, CMHC's mortgage insurance requirements contradicted both the requirements of the original CMHC operating agreement as well as the Provincial Crown's affordability requirements for the property transfer:

*“As a condition of providing insurance, CMHC stipulates that if a co-op defaults on the mortgage and the lender requires CMHC to pay the*

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<sup>52</sup> The Community Housing Land Trust Foundation (1999) “The Community Housing Land Trust Foundation: Case Study.” Available online at: <http://www.landcentre.ca/docs/landtrustcasestudy/landtrustcasestudyfinal.html>.

*insurance, CMHC is entitled to sell the leasehold interest in the project **with no restrictions**. With this provision, all terms of the CHLTF lease to secure the affordability of the project would be void. (This, despite a different branch within CMHC earlier insisting that the CHLTF leases guarantee the projects always be used as affordable housing!)”<sup>53</sup>*

#### **4.3.5 Key Successes**

CHLTF was successful in offer the six housing co-ops that joined the CLT a stability of tenure that could not be provided by leasing land from the Province through the Provincial Rental Housing Program. The Provincial leases were proving problematic for the co-ops due to the escalator clauses in their existing leases that allowed the Province to increase lease rates every five years according to increases in the market value of the land.

CHLTF was also successful in obtaining seed funding for the initiative. This seed funding came from two substantial operating grants; one from the Real Estate Foundation of B.C.; the other from the BC Housing Management Commission (BC Housing) through the *Community Housing Initiatives Program*. Additional project-specific grants were provided by The Vancouver Foundation, VanCity Community Foundation, Van Dusen Foundation, the Canadian Co-operative Association, and the Co-operators. CHFBC also provided in-kind administrative and governance support to CHLTF.<sup>54</sup>

In 1995, CHLTF received its charitable status, thus permitting the Trust to issue tax receipts for land donations and transfers. This was seen as a key incentive to attracting private donations. Charitable status also gave CHLTF exemption from paying Property Purchase Tax on land transferred to CHLTF, and from paying income tax on land transfers made by Federal or Provincial Crown corporations.

CHLTF also administers two successful funding programs – the *Co-operative Housing Disability Trust* and the *Domestic Violence Relief Fund*. The *Disability Trust* is a revolving loan fund that provides interest-free loans to assist persons with disabilities in purchasing the up-front share capital required to buy in to a housing co-op. The Trust was created in 1982 by Columbia Housing, which then transferred administrative responsibilities to CHLTF in 1998. Since its inception, the *Disability Trust* has made 186 loans totaling over \$150,000. Donations to support the fund are made to CHLTF but earmarked for the *Disability Trust*. The *Domestic Violence Relief Fund* is a recent initiative funded by an Endowment from the Province of B.C. The *Relief Fund* offers interest-free loans (maximum \$1,000) to women who have either experienced or are at risk of domestic violence and who cannot afford to pay for their up-front capital shares to move into a housing co-op. Recipients have up to five years to repay the loan.

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<sup>53</sup> The Community Housing Land Trust Foundation (1999) “The Community Housing Land Trust Foundation: Case Study,” p. 10 of 12 (bold emphasis added). Available online at:

<http://www.landcentre.ca/docs/landtrustcasestudy/landtrustcasestudyfinal.html>.

<sup>54</sup> *Ibid.*

### 4.3.6 Key Learnings

Based on the CHLTF experience, Community Land Trusts need widespread support and buy-in from government, funders, and their target clientele. Solid Municipal, Provincial, and Federal support is essential to the success of a Community Land Trust. Political support lends credibility to the Community Land Trust and can help to promote improved community support for individual developments and fundraising initiatives (funding to cover operations and land acquisitions). CHLTF's inability to gain sufficient government and stakeholder support resulted in too few housing co-ops being either willing or able to join the Trust. As a result, the Trust was not sustainable in its originally envisioned form. Fortunately, CHFBC has continued to support the operation of the Trust by providing an administrative and a membership network to raise money and promote the initiative.

Having a clear vision, objectives, and priorities that all members agree upon from the beginning is essential for the smooth operation of the Community Land Trust. Resolving stakeholder conflict is especially important if the goal of the Community Land Trust is *both* to conserve existing affordable rental stock and to promote new affordable rental development (two mandates – the *stewardship* mandate and the *development* mandate – which tend to be seen as mutually exclusive). For CHLTF, this conflict posed a barrier to new housing development and therefore the expansion of the Trust. Existing co-ops have been reluctant to allow CHLTF to leverage the equity they have built up in order to develop new housing given the potential risks that activity implies.

Community Land Trusts also need to develop and test a sound financial model to ensure their long-term sustainability. The business model must be able to generate sufficient revenues to cover operating and expansion costs. In the short term, grants and donations can be acquired to cover operating costs; however, in the long term, lease revenues are required to sustain the Trust. CHLTF drastically underestimated how expensive it is to transfer lands into the Trust (legal fees, financial transaction costs, and taxation). As a result, the more successful CHLTF was in bringing existing housing co-ops into the Trust, the deeper into debt it became; losing money with each new transaction. Given these limitations, CHLTF has had to strip down its governance and administrative structure and now operates as a filing cabinet portfolio. This has severely limited how ambitious the Trust can be over time.

Finally, if Community Land Trusts are to be successful in promoting existing housing co-ops to embrace *perpetual* affordability, they should not restrict their vision to the Title-transfer model. Other methods of encumbering Title to preserve affordability and non-profit status should be explored if those methods are financially sustainable.

#### **4.3.7 For More Information**

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## **4.4 Central Edmonton Community Land Trust**

### **4.4.1 Introduction**

Central Edmonton Community Land Trust (CECLT) combines a Community Land Trust with a rent-to-own program to promote homeownership among low-income residents living in inner city Edmonton, Alberta. The experiences of CECLT in recent years provide insights into the challenges Community Land Trusts can face when they use a rent-to-own model for low-income households, especially in high-cost housing markets.

### **4.4.2 History**

CECLT began in 1997 when a group of residents, members of local community groups, and social service agencies began meeting to discuss potential solutions to the lack of adequate and affordable housing in inner city Edmonton. CECLT was officially incorporated as a non-profit corporation in September 1998.

For its first housing project, the CECLT Board of Directors looked at over 100 existing properties in the inner city (McCauley and Norwood neighbourhoods) and eventually selected to purchase 14 single-family homes and 3 duplexes (six units). Each of these properties was in substandard condition and in need of renovation. Since then, CECLT has purchased an additional two single-family homes, bringing its total portfolio to 16 single-family homes and three duplexes (22 units total). One of these homes was purchased and renovated on behalf of CECLT and broadcast at regular intervals on A-Channel's (a local TV station) Big Breakfast Show. Funding for the renovations came from a number of local businesses including Burger King franchises in Edmonton, Camrose and Leduc; Home Depot; and many others.

### **4.4.3 How CECLT Operates**

The goal of the CECLT is to use the Community Land Trust model to promote affordable homeownership among low- and moderate-income residents in inner city Edmonton neighbourhoods. Affordable homeownership is seen as a means of promoting community development and neighbourhood revitalization.

CECLT uses a rent-to-own approach to promote affordable homeownership among low- and moderate-income households. CECLT purchases existing homes in inner city Edmonton that are in substandard condition. Using a variety of CMHC and other grants, CECLT renovates these homes and makes them available to CECLT member households.

Governance is provided by a Board of Directors. The inaugural Board consisted of CECLT member households and representatives from neighbourhood groups, social service agencies, and City of Edmonton Community Services. The original Board has since turned over. The current Board consists of eight members – four CECLT member households, a lawyer, an individual experienced with residential relations, a representative from the City of Edmonton and an individual with financial expertise – and is supported by a volunteer

Executive Director with strong connections with the affordable housing community and extensive experience in real estate and homeownership education and training.<sup>55</sup>

To become a CECLT member, a household must have an income equal to or less than CMHC's Core Need Income Threshold (a requirement of RRAP funding). Qualifying households purchase a one-time \$30 share in CECLT and submits an application along with a \$25 credit check fee. These households are then interviewed by the selection committee and homes are awarded on a first-apply-first-serve basis. CECLT's member households are extremely diverse, including individuals and families from both Aboriginal and immigrant communities, as well as persons with disabilities.

CECLT homes are allocated according to need (i.e., preferred location, number of bedrooms, special needs, etc.). Approved households enter into a five-year rent-to-own agreement with CECLT, after which they will be given the option to purchase the home for a pre-determined price (CECLT is still too young to have transferred any of its current properties over to its member households).

The goal of the rent-to-own approach is to use the equity earned (the portion of the principal paid down on the mortgage) during that time towards the household's downpayment. Once the household takes Title to its home, it will continue to lease the land from CECLT for a set fee, expected to be in the range of \$50 per month. It is anticipated that the lease fees will be used to cover operating costs and to help pay for future projects. The first group of CECLT member households is expected to become homeowners by May 2005.

CECLT is now working diligently to secure a working project with the Edmonton Chapter of Habitat for Humanity-Canada.

#### **4.4.4 Key Challenges**

CECLT is currently experiencing some important challenges using a five-year rent-to-own model for households earning incomes below the Statistics Canada Low-Income Cutoffs (LICO). Part of the challenge is the households' inability to build up sufficient equity within a five-year rent-to-own period to acquire a sufficient downpayment. The Executive Director of CECLT suggests that a more appropriate timeframe may be up to ten years.

It has also been a challenge for CECLT renting to member households who have a conventional "renter's" mindset. In a rent-to-own situation, many of these households consider themselves tenants and expect CECLT (their landlord) to take care of any and all necessary repairs (e.g., leaky taps, blocked toilets, broken water heaters, etc). CECLT has found that helping its rent-to-own-households prepare to be responsible homeowners required ongoing homeownership education and training.

Limited resources, an over-reliance on volunteer support, and erratic property management practices have caused a number of problems for CECLT. As a volunteer-run organization,

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<sup>55</sup> The Executive Director is also the Program Coordinator for the HOME Program, an Alberta-wide homeownership education and training program targeting low-income households. For more information about the HOME Program, go to <http://www.homeprogram.ca>.

many of the original Directors were asked to take on too much. These Directors soon became burnt out and subsequently left the organization. None of the original Directors is currently serving on the Board – although some continue to support the organization at arms length. Many of the current Directors (again volunteers) have been reluctant to go out to individual households to collect rents or enforce rules. As a result, the organization has rents in arrears, three properties are currently vacant (CECLT’s business model can only support one vacancy at any given time and remain viable), and CECLT has not been actively recruiting new qualifying households. One household was even found to have rented its home out to another non-qualifying household! CECLT has recently hired a volunteer Executive Director to support the organization including overseeing the day-to-day operations of CECLT and assisting the Board in developing policies and protocols to overcome many of its current challenges. CECLT is also strengthening a partnership with the Capital Region Housing Corporation to provide limited property management assistance.

Transferring the Title of individual homes from CECLT to individual households may be more difficult than originally anticipated. Originally, it was anticipated that a Strata Title would be created separating Title to the land from Title to the home. While a Strata Title may be legally possible, the challenge for CECLT is finding a mortgage lender willing and able to provide a mortgage on a dwelling unit not attached to land, and overcoming CMHC’s mortgage insurance underwriting restrictions. CECLT is currently studying different mechanisms and developing a protocol for transferring Title of the homes over to its member households. Funding for this research is being provided by the Community Economic Development Technical Assistance Program (CEDTAP).

Building a strong and cohesive sense of community among its member households has also been a challenge. CECLT properties are spread throughout the Edmonton inner city making it difficult for member households to connect on a regular basis or develop relationships and a commitment to each other. It is also uncertain whether CECLT actually recruited people who are both motivated and committed to the Community Land Trust model or not. The original outreach to build CECLT’s membership was based in part on recruiting existing renters of City-owned properties. While completely unintended, the underlying message received by these renters may have been “Do you want to become a member of CECLT or be forced to move?”

#### **4.4.5 Key Successes**

CECLT was very successful in building political support and backing for the initiative. Seed funding was provided through a combination of grants, interest-free loans, and deferred consulting fees. The Muttart Foundation provided a grant to cover start-up costs, CMHC provided a \$50,000 Project Development Fund (PDF) loan and Communitas Group (a local consultant) contributed technical expertise on a deferred fee basis (fees were included as a portion of the capital construction budget of CECLT’s first project).

Additional grants were used to cover various operating costs including a \$20,000 grant from the Alberta Real Estate Foundation, \$3,000 from the Mennonite Centre for Newcomers, and \$12,000 from the City of Edmonton Family and Community Support Services (FCSS).

Funding for the purchase and renovation of these homes was provided from a number of sources including:

- a \$440,000 land donation from the City of Edmonton through the *Low Income Capital Assistance Program* (a one-time only contribution);
- over \$400,000 from CMHC through the RRAP Rental and RRAP Disabled programs; and
- a short term loan of \$32,000 from the Inner City Housing Society.<sup>56</sup>

The key success of CECLT will be the day when a member rent-to-own household takes Title to the unit and becomes a homeowner – a success that would not have been possible without CECLT.

#### **4.4.6 Key Learnings**

Based on the experiences of CECLT, a Community Land Trust needs to develop a sustainable business model where revenues meet expenses on a consistent basis in order to remain viable. Government grants and private donations can provide necessary seed funding. However, these sources and the funds they provide are finite. Thus, a Community Land Trust must develop and maintain an operating model that will eventually generate sufficient revenues from the properties within the CLT to cover operating and maintenance costs. CECLT was able to capitalize on good timing - affordable housing has been on the agenda of all three levels of government. As a result, there is strong support for the organization and seed funding has been made available (e.g., CMHC, the City of Edmonton, the Alberta Real Estate Foundation, Muttart Foundation, etc.). CECLT recognizes that this window will not always be open and so is working through its technical difficulties and redeveloping a model that will continue to be sustainable beyond current government programs.

The rent-to-own model can be problematic, especially in higher-costs centres. As CECLT is currently experiencing, households earning incomes below the Statistics Canada Low-Income Cut-offs (LICO) may not be able to contribute enough equity within a five-year period to save up a sufficient downpayment. Nor are long-term renters necessarily going to be ready for homeownership within a five-year period. Additional supports to prepare households for homeownership may be required and the rent-to-own period may need to be extended in higher-cost centres. CECLT is also currently looking at The HOME Program (an Alberta-wide homeownership education and counseling program) as a vehicle to help prepare member households for homeownership.

To be effective, Community Land Trusts need to rely on paid staff *as well as* a core of community volunteers. CECLT recognizes the need to be able to develop appropriate policy and enforce it. This requires a skilled and experienced Board of Directors supported by a skilled and experienced administration. As mentioned above, CECLT has recently hired an Executive Director to provide that support.

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<sup>56</sup> 2001 presentation made by Norm Connolly, *Senior Consultant, Research*, CMHC to the CMHC Housing Industry Forum Advisory Committee (Alberta) (personal communication).

Developing a strong sense of community and common purpose is another important consideration for Community Land Trusts. This requires paying careful attention to recruiting member households who are truly committed to the Community Land Trust model and goals of the particular organization. The creation of CECLT involved the collective efforts, energy, and resources of a broad spectrum of community supporters – those who believed in the Community Land Trust model and community development. The next step will be to build a stronger sense of community among the organization’s member households.

#### **4.4.7 For More Information**

For more information about the Central Edmonton Community Land Trust, contact:

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## 4.5 West Broadway Community Land Trust<sup>57</sup>

### 4.5.1 Introduction

The West Broadway Community Land Trust (WBCLT) uses a rent-to-own approach to provide affordable homeownership opportunities for low- and moderate-income households in inner city Winnipeg, Manitoba. WBCLT's experiences demonstrate some of the challenges Community Land Trusts in Canada face in the absence of both an established tradition of CLTs in the country and a nationally-focused body (such as ICE in the U.S.) providing technical assistance, expertise and resources from the Canadian perspective.<sup>58</sup>

### 4.5.2 History

The impetus for WBCLT began in the late 1990s when the Lions Club of Winnipeg Housing Centres began purchasing and renovating older homes in West Broadway.<sup>59</sup> West Broadway is a distressed inner city neighbourhood in Winnipeg, Manitoba. In 1999, over 90% of West Broadway residents rented and the average income for the neighbourhood was well below poverty levels.<sup>60</sup> While LCWHC was successful in upgrading existing homes in West Broadway, those homes were unaffordable to many low-income households in the neighbourhood. Concerns were raised that this would lead to gentrification and the displacement of existing residents. A Community Land Trust was explored as a potential vehicle to overcome this challenge.

Through the efforts of Sheri Blake, an assistant professor at the University of Manitoba in the Department of City Planning, a study group was organized and funding was secured to test the feasibility of a Community Land Trust in West Broadway. The study group consisted of Ms. Blake, a staff person from the Assiniboine Credit Union with financial and community development expertise, a legal advisor with real estate experience, a planner from the City of Winnipeg, and a representative from the Province of Manitoba.<sup>61</sup> Based on the study group's findings, an appropriate structure was recommended for the West Broadway Community Land Trust and work was begun on setting up a Board of Directors, incorporating, securing charitable status, and developing the necessary support resources (a business plan, legal agreements, educational and outreach materials, etc.).

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<sup>57</sup> *Disclaimer:* Despite numerous attempts to contact representatives from the West Broadway Community Land Trust, these representatives were unavailable to participate in this research. As a result, this case study is derived from the following public domain resources:

- Blake, Sheri, PhD, MCIP (1999), "West Broadway Community Land Trust (WBCLT): Lessons Learned." Ottawa (a report prepared for Homegrown Solutions).
- West Broadway Development Corporation website: <http://www.westbroadway.mb.ca/housing.html>

The interpretations and conclusions drawn from the above sources are solely those of the research and may or may not be endorsed by representatives of WBCLT.

<sup>58</sup> Sheri Blake, Assistant Professor in the Department of City Planning at the University of Manitoba has prepared a detailed case study for Homegrown Solutions documenting the WBCLT model, challenges faced by the organization, and the many lessons learned entitled "West Broadway Community Land Trust (WBCLT): Lessons Learned" (1999).

<sup>59</sup> *Ibid.*

<sup>60</sup> Blake, Sheri, PhD, MCIP (1999), "West Broadway Community Land Trust (WBCLT): Lessons Learned."

<sup>61</sup> *Ibid.*

WBCLT was created in 1999 as a subsidiary of the West Broadway Development Corporation (WBDC) – itself a subsidiary of the West Broadway Alliance Group. Together, these three organizations use a community development approach to revitalizing West Broadway

It is uncertain whether WBCLT has been successful in purchasing, developing, or rehabilitating any housing at this time or not.

#### **4.5.3 How WBCLT Operates**

The goal of WBCLT is to provide stable, affordable homeownership opportunities to low-income residents through the purchase and rehabilitation of older, inner-city homes. WBCLT acquires and renovates existing homes in the neighbourhood of West Broadway. Financing for both the purchase and renovations are provided through a combination of government subsidies; mortgage financing; and donated skills, labour, and materials, etc. Once the renovations are completed, the homes are made available to qualifying local residents (absentee ownership is not permitted). The goal is to keep housing costs at \$400-\$570 per month, which is deemed affordable for WBCLT's target low- and moderate-income households.

Governance is provided by a Board of Directors comprised of one-third residents of the WBCLT elected by all residents of WBCLT lands, one-third of people appointed by the WBDC Board and one-third elected at the Annual General Meeting of the WBCLT by all residents of the area and the WBCLT. The current Board “has expertise in government housing, technical supports, city planning, property development, financial and lending institutions, construction industry, construction, design, house building programs, property management, academia, and interested residents.”<sup>62</sup>

WBCLT's original intent was to provide four tenure options to local residents: 1) rent-to-own homeownership; 2) individual homeownership; 3) co-operative homeownership; and 4) rental.<sup>63</sup> Rent-to-own homeownership focuses on low-income households currently unable to move into homeownership but who could become homeowners over time with assistance. Individual homeownership is geared to households able to obtain mortgage financing. Co-operative homeownership is an option for households interested in establishing a housing co-operative on WBCLT lands. Rental housing is an option available to local households either not interested or unable to become homeowners in the foreseeable future with or without supports.

Under the rent-to-own option, qualifying households enter into a legal agreement with WBCLT whereby they rent their homes for five years at a rate equal to the current mortgage payments being paid by WBCLT, the total property taxes on both the land and the building, and a WBCLT administration fee (property management, etc.). At the end of the five-year period, the household has the option to purchase the home and continue leasing the land from WBCLT through a long-term leasehold agreement. The principal that the household has paid down on the mortgage during the five-year rental period is credited

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<sup>62</sup> <http://www.westbroadway.mb.ca/housing.html>

<sup>63</sup> Blake, Sheri, PhD, MCIP (1999), “West Broadway Community Land Trust (WBCLT): Lessons Learned.”

to the household as a downpayment. The household is responsible for securing its own mortgage financing and, once the home is purchased, paying the property taxes on the *building* and an ongoing, monthly lease fee to WBCLT. This new lease fee includes the property taxes on the *land* and a WBCLT administration fee.

While the household takes Title to the dwelling, the land continues to be held by WBCLT in Trust and secured through a second mortgage equal to the public subsidies used to renovate the home in the first place. Through the leasehold agreement, WBCLT sets limits on the resale value of the home so that a portion of the market appreciation of the home is retained by WBCLT and the units remain affordable to future low-income households.<sup>64</sup>

In order to qualify for a WBCLT rent-to-own home, a household must have a low- to moderate-income (e.g., earning incomes at or below the Household Income Levels established by CMHC for RRAP funding). Qualifying applicants participate in an orientation to learn how the program works, what conditions must be met, and what will be expected of them at the end of five year rent-to-own period.<sup>65</sup> Those households that are willing and able to adhere to the conditions of WBCLT membership then go before a selection committee. Successful applicants enter into a rent-to-own agreement with WBCLT, which specifies the terms and conditions of the relationship as well as the purchase price of the home at the end of the five-year period.<sup>66</sup>

#### **4.5.4 Key Challenges**

One of the key challenges for WBCLT has been the gap between the actual costs of purchasing and rehabilitating homes in inner city Winnipeg and the market value of those renovated homes. Since renovation costs typically exceed the market value of those homes, the difference must be sought through federal, provincial, and municipal grants. Obtaining that funding support has been a significant challenge for WBCLT due both to the lack of funding programs available generally and the lack of funding available per home specifically. Without sufficient government subsidies, providing affordable homeownership opportunities for WBCLT's target low-income households continues to be extremely difficult.

A second challenge for WBCLT has been the cost – in both time and money – of developing a viable business model and support materials from scratch. Canada does not have a strong tradition of Community Land Trusts; nor does it have an established support network for existing CLTs or the infrastructure (technical assistance and resources) to support the creation of CLTs, such as exists in the U.S. (i.e., the Institute for Community Economics). As a result, WBCLT (similar to many other Canadian CLTs) found itself working in relative isolation. While WBCLT did access the supports and technical expertise available through the Institute for Community Economics (ICE) in the U.S., many of the resources available are U.S.-based and not necessarily applicable to the Canadian or

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<sup>64</sup> The portion of the market appreciation retained by WBCLT is equal to the percentage of the initial investment (debt financing plus equity) contributed by WBCLT (e.g., if WBCLT contributed 10% of the initial debt financing and equity over the five year rent-to-own period, then WBCLT retains 10% of any market appreciation that occurs on that home after the household takes possession).

<sup>65</sup> Blake, Sheri, PhD, MCIP (1999), "West Broadway Community Land Trust (WBCLT): Lessons Learned."

<sup>66</sup> The purchase price at the end of the five-year period is pre-determined as the market value of the home at the time the rent-to-own agreement is originally signed.

Manitoba context. As a result, WBCLT had to develop its own model documents, using trial and error and input from various local industry professionals.

Establishing a new CLT is a long and complex process that requires the expertise and input of a variety of stakeholders and experts in the fields of housing, law, finance, and community development, etc. As a grass-roots non-profit organization, WBCLT did not have either the in-house organizational capacity, or ready access to sufficient funds to pay for that expertise early on in its creation.

Building the capacities of individual households to become homeowners has been another challenge. Low-income households with long histories as renters may not possess the knowledge or attitude necessary to become successful homeowners. Others may have the necessary attitude but do not possess the financial means (even with additional supports and the benefit of a five-year rent-to-own program) to obtain mortgage financing. In addition, the complexity of the Community Land Trust and its rent-to-own model, the legal and financial processes, and the length of commitment required is daunting for many. WBCLT has invested substantial time, resources, and expertise to build capacity among West Broadway's low-income residents and help them become successful homeowners and members of WBCLT. At times, these efforts have met with limited success.

#### **4.5.5 Key Successes**

WBCLT was successful in obtaining seed funding to develop the CLT. Initial funding was provided through a \$20,000 grant from the Canadian Housing and Renewal Association's Homegrown Solutions program. Subsequent funding to cover administration costs and project development (purchasing and renovating homes) has come from the City of Winnipeg, the Province of Manitoba's Neighbourhoods Alive! Program, the Winnipeg Homelessness and Housing Initiative, and a line of credit from the Assiniboine Credit Union.

WBCLT was also successful, despite the above-mentioned challenges, in developing and test appropriate operating models, financial models, resident selection policies and procedures, lease agreements, support documents, and outreach programs.<sup>67</sup>

Another key success for WBCLT has been its ability to build a broad base of community support for the initiative, including the support of the West Broadway Alliance Group and the West Broadway Development Corporation. WBCLT also gained both support and donated expertise from the University of Manitoba's Department of City Planning, Assiniboine Credit Union, the Public Interest Law Centre, the City of Winnipeg's Winnipeg Housing Rehabilitation Corporation, and the Province of Manitoba.

#### **4.5.6 Key Learnings**

The experiences of WBCLT demonstrate that Community Land Trusts are complex organizations that require substantial resources and technical expertise to set up. The

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<sup>67</sup> Some of these documents may be available through CMHC's Canadian Housing Information Centre – phone 1-800-668-2642 (as archives from the Canadian Housing and Renewal Association, Homegrown Solutions program).

technical expertise and associated resources (including model documents and templates) appropriate to the Canadian context need to be developed and shared widely. Developing these resources requires a stronger network among existing CLTs and an organization such as ICE in the U.S. to serve as a central advocate and resource for both new and existing organizations.

Every CLT is unique in terms of the community it serves, its economic context, and the needs and capacities of its target population. Organizations considering a CLT need to test various financial models and organizational structures thoroughly before they decide to move forward with incorporation. Even with that upfront analysis, there is still no guarantee that the preferred model will gain sufficient buy-in from the target neighbourhoods.

Outreach and education are important activities both before and after a CLT is created. WBCLT has been actively involved in educating the community about affordable housing issues and opportunities, including the benefits of the Community Land Trust model. This includes workshops, presentations, distributing flyers around the neighbourhood, one-on-one meetings. WBCLT has also been actively involved educating itself (its own internal members) about the opportunities and limitations of the CLT model.

Given the complex and time-consuming nature of Community Land Trusts, it is important to engage a number of stakeholders and community partners who support the initiative, understand the challenges, and are willing to commit to the long-term vision of the organization. WBCLT has benefited greatly from the support of the West Broadway Alliance Group and the West Broadway Development Corporation as well as a strong base of grass-roots community support. It is also important to engage dedicated staff who have the necessary knowledge and experience to work through the various issues, do the necessary legwork, and engage the community.

All of this requires money. Sufficient funding to support both the creation and ongoing administration of the Community Land Trust as well as project funding is vital. As mentioned above, WBCLT was fortunate in that it was able to securing funding and in-kind donations from a number of sources to meet many of its financial needs.

There also needs to be greater government support (both policy and funding support) for affordable housing in general and specifically for Community Land Trusts.<sup>68</sup> There needs to be seed funding from the various levels of government to cover the start up costs and initial administrative costs of CLTs. The Federal government needs to address the limitations placed on low-income households through its policies on mortgage insurance for recipients of social assistance; limits on sweat equity contributions; and underwriting policies for co-ops, co-housing and CLTs. Provincial governments need to address shelter allowance disparities and limitations placed on social assistance recipients' abilities to own their homes. Municipalities should explore opportunities to provide unused municipal land for CLTs and other community development organizations, and explore taxation policies that support non-profit housing development.

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<sup>68</sup> For a more detailed account of suggested government support for CLTs, see Blake, Sheri, PhD, MCIP (1999), "West Broadway Community Land Trust (WBCLT): Lessons Learned."

#### **4.5.7 For More Information**

For a more detailed account of the West Broadway Community Land Trust, see Sheri Blake's 1999, "West Broadway Community Land Trust (WBCLT): Lessons Learned;" or visit <http://www.westbroadway.mb.ca/housing.html> (the West Broadway Development Corporation website).

## 4.6 Fonds Foncier Communautaire Benny Farm

### 4.6.1 Introduction

Fonds Foncier Communautaire Benny Farm (FFCBF) is an example of a Community Land Trust that showed promise as a means of providing perpetually affordable housing in the Notre-Dame-de-Grâce neighbourhood of Montréal, Quebec. FFCBF promised to be one of the largest Community Land Trusts in Canada. However, due to political challenges that FFCBF was unable to overcome, the Community Land Trust dissolved during the course of this research. Despite its dissolution, FFCBF does present a valuable lesson in what can be achieved using the CLT model and the potential barriers to its success.

### 4.6.2 History

Benny Farm is an 18-acre (7.3 ha) site located in the Notre-Dame-de-Grâce neighbourhood of Montréal, Quebec. Notre-Dame-de-Grâce (NDG) is an unusual patchwork of high-income census tracts and low-income census tracts, resulting in large pockets of low-income households and seniors. Benny Farm was originally built to provide housing for WWII veterans and their families, many of whom continue to live in the area. The site was owned by CMHC up until 1999, when ownership was transferred to Canada Lands Company. At the time, the developed portion of the site consisted of just over 300 units within 52 separate buildings built between 1946 and 1947. Until recently, these units housed mostly senior veterans who, between 1998 and 2000 were relocated to new housing units built on the site. Since that time, the majority of the 300 units have remained vacant.

In November 1997, the Benny Farm Community Round Table was created by the Notre-Dame-de-Grâce Community Council to explore ways of promoting affordable housing and community development in the neighbourhood. In May 2000, FFCBF was officially incorporated as a non-profit development corporation representing this coalition. Soon after, it began negotiations with the Federal Government to purchase the site for non-profit affordable housing.

In April 2001, FFCBF signed a six-month intent-to-purchase agreement with Canada Lands Company. This agreement stipulated that the land would be sold to FFCBF at fair market value provided that certain conditions were met, including the conditions that FFCBF obtain the appropriate financing, the necessary zoning approvals, and create a viable development plan for the site.<sup>69</sup>

Following the signing of the intent-to-purchase agreement, FFCBF worked with a number of experts in the housing field, including architects, lawyers, developers, local agencies, and community volunteers to develop a comprehensive plan for the site and assemble the necessary financing. FFCBF initiated its own community consultation process, while another consultation process was undertaken by the City as part of the rezoning that was required for the site.

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<sup>69</sup> “Canada Lands Signs Agreement to Revitalize Benny Farm,” Press Release, Montréal, April 19, 2001.

The FFCBF consultation involved a community workshop, inviting local residents and Notre-Dame-de-Grâce community organizations to share their ideas and concerns about the proposed redevelopment plan for Benny Farm. The workshop also provided a forum for creative input to help enrich the vision of Benny Farm 2000. The workshop was very successful with over 65 residents and 20 resource people (including FFCBF staff and Board members), participating in the event.<sup>70</sup>

During the six-month period, the FFCBF also developed a financially viable development plan, secured a \$25 million mortgage, confirmed renovation subsidies from municipal and provincial governments, and prepared an offer to purchase the site. Despite these efforts, FFCBF was not able to secure its purchase of the site. By the end of the six-month period of the intent-to-purchase contract, Canada Land Company announced that it planned to develop the site itself rather than sell the land to FFCBF.

Two months after the end of the intent-to-purchase agreement ended, and after the FFCBF had launched legal proceedings against Canada Lands Company to prevent them from selling the land to a third party, the FFCBF secured a grant totaling \$6.3 million from a charitable foundation. CLC refused to enter into discussions with the FFCBF because the matter was before the courts.

In June 2003, the Board of FFCBF elected to dissolve the organization. FFCBF was created to achieve a specific goal that was no longer possible given the new direction chosen by CLC.

#### **4.6.3 How FFCBF Worked**

The FFCBF model was very much inspired by the Community Land Trust model developed and promoted by the Institute for Community Economics (ICE). There had been an earlier pilot project in Montréal led by Concordia University, the Third Avenue Resource Centre, and the Regroupement des Organismes du Montréal-Ethnique pour le Logement (ROMEL) to develop a Community Land Trust to provide housing for the homeless, immigrants, and refugees.<sup>71</sup> Several members of FFCBF had been involved in this project.

FFCBF was set up as a coalition of 24 community organizations and individuals. Initial members included health and social service agencies, heritage and housing advocacy groups, and a variety of special needs organizations. At the time it dissolved, FFCBF was governed by a nine-member Board of Directors, including representatives from the Notre-Dame-de-Grâce Community Council, the Notre-Dame-de-Grâce Senior Citizens Council, Elizabeth House, Project Propulsion, and five prominent community members.

FFCBF's goal was to pursue, through a CLT, the development and revitalization of Benny Farm as an integrated, affordable community for low- and moderate-income households.

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<sup>70</sup> "Benny Farm 2000 Workshop Proceedings – September 6, 2001," prepared by Jason Prince for the Fonds Foncier Communautaire Benny Farm.

<sup>71</sup> See Evoy, Lance, "Claiming What is Ours: The Building of a Community Land Trust" *City Magazine*, Vol. 13, No. 1, Winter '91/92.

By using the Community Land Trust model, FFCBF hoped it would be able to support a wider range of affordable housing options to meet needs of local residents not currently being met by the existing housing market. Target households were to include young families, seniors, single parents, persons with mental and cognitive challenges, and persons with accessibility and mobility challenges.

FFCBF also sought to pursue community economic development (CED) initiatives at Benny Farm. The \$6.3 million that was forthcoming from the charitable foundation included a loan for the purchase of the Benny Farm site and a 5-year grant to support CED.<sup>72</sup> This approach would have seen permanently affordable housing used in tandem with other initiatives to achieve a variety of community and individual capacity building goals.

The purpose of FFCBF, as outlined in its Charter<sup>73</sup>, was:

- To establish a Community Land Trust to preserve housing affordability in Notre-Dame-de-Grâce;
- To encourage access to decent housing for people with low and modest incomes;
- To support the development of housing co-operatives and other non-profit housing;
- To buy or receive donations of land to help meet these goals;
- To encourage collective solutions to problems, notably housing and planning, including services useful to the community; and
- To encourage adapted housing and design in order to permit aging residents or residents affected by some incapacity to continue living at home.

The vision for Benny Farm was to provide a range of housing opportunities, including affordable homeownership (townhouses and condominiums), housing co-operatives, and both non-profit and traditional rental housing. The goal was to provide a ratio of 30% homeownership and 70% rental housing, which reflected the existing ratio of housing in the Notre-Dame-de-Grâce neighbourhood. To achieve its purpose, FFCBF had proposed to develop 455 units of perpetually affordable housing for low- and modest-income households on the Benny Farm site, including approximately 140 permanently affordable homeownership units using the Community Land Trust model. Individual housing co-operatives and other non-profit housing corporations would develop, own, and administer the rental housing, while FFCBF would own and lease the land on a long-term renewable basis. As a Community Land Trust, FFCBF would be able to control the resale price of the homeownership units to ensure it remained affordable to local residents. Had it been successful, FFCBF would have been the one of the largest Community Land Trusts in Canada.

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<sup>72</sup> This approach was inspired by the US Comprehensive community initiatives model.

<sup>73</sup> <http://www.bennyfarm2000.ca/charter.html> (downloaded February 3, 2003). Website is no longer available.

#### 4.6.4 Key Challenges

FFCBF faced two key challenges in its attempt to develop the Benny Farm site using a Community Land Trust. The first challenge was the time and energy required to develop a financially viable plan that would meet the diverse needs of the community. During the three years that the Benny Farm Community Round Table and FFCBF were actively involved in negotiating a proposed development for the site, it is estimated that several thousand hours of work by community members, over \$250,000 in grants, and up to \$1 million worth of donated labour were expended by the community.<sup>74</sup>

The second challenge was gaining the necessary government support to purchase and develop the site. Despite its efforts to develop a financially viable proposal, despite the support of the community (including a coalition of over 50 local and citywide organizations known as the Friends of Benny Farm), and despite (sometimes shifting, sometimes uneasy) support from federal, provincial and municipal politicians, FFCBF was unsuccessful in securing the purchase of the Benny Farm site from Canada Lands Company. In the end, FFCBF dissolved.

As a result of these challenges, it is unclear whether the new development proposal by Canada Lands Company will ensure that the affordable housing proposed for the site remains *perpetually* affordable to low- and modest-income households.

#### 4.6.5 Key Successes

From its inception to the time it dissolved, FFCBF achieved a number of key successes, especially the creation of a financially viable development plan for the site that would both meet the diverse housing needs of the community and ensure the *perpetual* affordability of that housing. FFCBF also mobilized considerable support within the community – from local residents and from both local and citywide organizations.<sup>75</sup>

Vestiges of FFCBF's vision can be seen in the redevelopment plans for Benny Farm. The Canada Lands Company proposal<sup>76</sup> will see 75% of the site developed for housing (approximately 530 units) with the remaining 25% developed as institutional and community services. Housing on the site will be affordable to households earning low to average incomes. The goal is to provide a housing mix that meets the diverse needs of the community, with particular attention placed on meeting the needs of seniors, young families, single-parent families, and persons with special needs. A range of housing will be provided that includes housing cooperatives, non-profit housing, private rental units and condominiums, townhomes, triplex, sixplex and apartment buildings.

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<sup>74</sup> "Presentation to the Office de consultation publique: Benny Farm Consultations," by Sam Boskey (December 2003)

<sup>75</sup> "Bringing Benny Farm back to life!: Mémoire concernant le réaménagement due site Benny Farm, Notre-Dame-de-Grâce, Montréal," Notre-Dame-de-Grâce Community Council (December 2003)

<sup>76</sup> "A Project for the Community: Benny Farm Redevelopment," Canada Lands Company (September 22, 2003). Available online at: <http://www.bennyfarm.org/en/pdf/Presentation.pdf>

Ownership housing for low- and medium- income households will be developed through a partnership between Canada Lands Company and the Société d'habitation et de développement de Montréal (SHDM) – a non-profit paramunicipal housing corporation founding in 1988 by the City of Montréal. Rental housing will be provided as part of the City of Montréal's "Opération 5000 logements" – a program designed to build subsidized rental housing for low- and moderate-income households including singles, families, seniors, and persons with special needs.<sup>77</sup> These subsidized rental units will be administered by co-ops and other non-profit organizations. Additional housing (rental and other) may be built on the site by other individual housing co-operatives, non-profits, and developers in response to proposal calls sent out by CLC. The first of these proposal calls was released in October 2004 for four (4) parcels of land representing about 1/8 of the land.

#### **4.6.6 Key Learnings**

FFCBF may be the victim of circumstances. FFCBF evolved out of a decade of discussions and community consultations to develop a plan that would meet the diverse needs of the community. These discussions occurred through three different municipal administrations, and were overseen by five separate consultative bodies.<sup>78</sup> One of the key consultation processes for FFCBF occurred during the period where the City of Montréal was being expanded to amalgamate all of the independent municipalities on the island into a single *mega-city*. This particular consultation process was also being overseen by the three local Councillors who, at the time, were running for re-election.

NIMBY ("Not in My Back Yard") was a major factor in the Benny Farm redevelopment. FFCBF was dealing with what ultimately became (because of market conditions), a very valuable piece of property, sought after by a number of different interest. The signing of the intent-to-purchase agreement with CLC alarmed some members of the community who then mobilized against the project. Many in the neighbourhood wanted to see the site razed and new buildings put in its place. Neighbours feared that social housing might lower their property values while new, more upscale market housing was seen as increasing values. A group of veterans who were living in the new housing that had been built for them on the site opposed social housing. Strong opposition also came from the local health and community clinic that wanted to demolish housing on one of the streets to build a new clinic - the CLSC, serving Notre-Dame-de-Grâce and Montreal West. This organization was able to mobilize a number of seniors in support of its proposal. A fourth group (led by one of the local city Councilors) that was spearheading a proposed recreational centre also opposed the CLT.

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<sup>77</sup> "Opération 5000 logements" targets the development of non-profit & co-op housing using current social housing programs in Quebec (particularly AccèsLogis and Logement Abordable) among other programs.

<sup>78</sup> "Presentation to the Office de consultation publique: Benny Farm Consultations," by Sam Boskey (December 2003)

The FFCBF experience demonstrates how vital government support is for a Community Land Trust (especially during its start-up phase). FFCBF never obtained strong enough support from local politicians, the MNA (Member of the National Assembly<sup>79</sup>) or MP (Member of Parliament). Although these politicians indicated support for the project, that support was not sufficient in the face of such strong NIMBY opposition.

In retrospect, there are a number of things that FFCBF *could have done* to build greater support for the initiative including: 1) taking an even more assertive stand on the need for *perpetually* affordable housing;<sup>80</sup> 2) putting greater effort into addressing the NIMBY in outreach efforts through carefully facilitated, regular public meetings and newsletters; 3) putting more effort into organizing future residents of FFCBF to support the project; and 4) developing a more collaborative approach to resolving differences between FFCBF and the local health and community clinic vis-à-vis whether or not to raze housing for a new CLSC building on the site.

#### **4.6.7 For More Information**

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Additional information is also from the Centre Canadien d'Architecture (CCA). Archives of FFCBF have been donated to the CCA, including two binders of Board minutes.

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<sup>79</sup> A Member of the National Assembly in Québec is equivalent to a Member of the Legislative Assembly (MLA) in English-speaking Canada.

<sup>80</sup> FFCBF did take a strong stance – as did many community organizations – for perpetually affordable housing. The cost of housing in Notre-Dame-de-Grâce was rising so quickly that it did not take much to illustrate this need (for both rental and homeownership), especially for first-time homebuyers. Many people who had grown up in Notre-Dame-de-Grâce were finding that they could not afford to live in the community once they left the parental home.

## **4.7 Calgary Community Land Trust Society**

### **4.7.1 Introduction**

The Calgary Community Land Trust Society (CCLT) is a newly established organization whose focus rests strictly on the acquisition of land and cash donations for affordable housing. CCLT does not manage housing, but rather partners with local non-profit and charitable organizations with that experience and reputation. CCLT provides a business model that is financially sustainable and shows early signs of supporting the continued growth and expansion of the Trust.

### **4.7.2 History**

In Calgary, the lack of affordable, developable, residential land is cited as the number one barrier to not-for-profits being able to develop new affordable housing.

In late 2001, members of the Calgary Housing Industry Forum – a CMHC-led initiative – began exploring the potential for a Community Land Trust as a vehicle to support affordable housing. Through these preliminary discussions, representatives from CMHC, the Alberta Real Estate Foundation (AREF), the Alberta Real Estate Association (AREA), and the Calgary Homeless Foundation (CHF) met to discuss a plan of action. It was determined that a study group was needed to explore the feasibility of a Community Land Trust in Calgary. AREF agreed to provide seed funding to hire a coordinator to support this study group. CHF agreed to provide an office space and equipment for the coordinator and meeting spaces to convene the study group. CHF and AREF also put together a list of local housing industry professionals who would later take part in the 13-member study group. In January 2002, the coordinator was hired and the study group began its work in earnest.

The study group met regularly over a six-month period to explore and test various scenarios. The study group concluded that a Community Land Trust was viable and proceeded to develop preliminary resources including draft bylaws, a business plan, and a financial sustainability model. Based on the study group's recommendations, the Calgary Homeless Foundation agreed to incubate CCLT for a period of three years. In June 2002, the Calgary Community Land Trust Society (CCLT) was incorporated.

In 2003, CCLT received its first land donation. The land was an industrial site donated to CCLT by the Government of Canada through its Surplus Federal Real Property for Homelessness Initiative (SFRPHI) and exchanged with The City of Calgary for a 1.6-acre residential site. The land is currently being developed through a partnership between CCLT and Habitat for Humanity-Calgary. The project is called Sun Court and will provide first-time homeownership opportunities for 27 low-income Calgary families by the end of 2005.

CCLT recently received its charitable status and now is in the process of securing its second land donation from a private source. Once secured, this land will be developed again in partnership with Habitat-Calgary, providing new homeownership opportunities for an additional 17 low-income Calgary families.

All but three of the original study group members have remained to serve as the organization's inaugural Board of Directors. Additional Directors were recruited during 2003 and 2004, bringing the Board to 17 members representing a cross-section of the Calgary community and housing industry. The current Board has expertise in land development, housing, architecture, home inspections, law, financial management, banking, business management, real estate, communications, community support services, property management, and environmental consulting. The original coordinator also continues to serve with the organization.

### **4.7.3 How CCLT Operates**

The purpose of CCLT is to receive and manage donations of land, land and buildings, or money to acquire land that will be dedicated in perpetuity for homelessness and affordable housing in Calgary. That land is held in Trust and leased at reduced rates and on a long-term renewable basis (99 years) to other charitable and non-profit organizations that provide shelters, transitional housing, or affordable housing.

CCLT helps to increase the supply of affordable housing in Calgary in four key ways. First, CCLT separates the cost of land from the cost of the home thus making housing more affordable and accessible to low- and moderate-income households. Second, CCLT can acquire land through charitable donations and provide that land to organizations that would otherwise not be able to access land at an affordable rate. Third, CCLT can preserve the exiting stock of affordable housing by removing it from the speculative market (thus preventing gentrification or redevelopment). Fourth, CCLT guarantees that its land assets will always be used for affordable housing and will always be available to low-and moderate-income households.

CCLT seeks to address two important housing-related needs in the community: 1) arresting the decline of families into homelessness; and 2) providing opportunities for households to move up and out of emergency, transitional, or social housing. The absence of sufficient affordable housing (rental and ownership) in Calgary means that families and individuals continue to be at risk of homelessness.

CCLT targets households whose incomes fall below the Statistics Canada "Low-Income Cutoffs" (LICO) and that are unable to access either social housing (because they do not fit the criteria or are too low on the priority list) or entry-level market housing (due to insufficient earnings/savings or above-average housing needs for their income levels). CCLT primarily targets singles and families earning between \$18,000 and \$35,000, paying more than 50 per cent of their household income on shelter.

CCLT neither develops nor manages housing on its land. Instead, CCLT partners with other local non-profits and charities that already have the organizational capacity, expertise, and resources to successfully develop and manage housing projects. This allows CCLT to focus wholeheartedly on its mandate of acquiring land while allowing its partners to focus on what they do best – develop and manage affordable housing.

Because the Trust retains ownership of the land, it is able to place stipulations on who can live in the housing developed on that land and the amount of resale profit that individual

homeowners can achieve. Because CCLT is a registered charity, only households whose total income falls below the Statistics Canada Low-Income Cutoffs (LICO) are eligible to live on CCLT land. In addition, all revenues generated from projects developed on CCLT land must either go back into the project or be returned to CCLT to ensure that those revenues are used for charitable purposes. This ensures that both the land and the revenues generated from the use of that land will always be used to help low- and moderate-income households.

CCLT also charges a ground lease to its leaseholders. This lease revenue is used to sustain the operations of the Community Land Trust and will eventually provide a source of capital for future land acquisitions. The ground lease is calculated based on the market value of the land at the time of development. The combination of a below-market lease rate effectively lowers the land cost component of the housing, thus making it more affordable to lower-income households.

#### **4.7.4 Key Challenges**

Obtaining charitable status has posed a significant and lengthy challenge to CCLT. Canada Revenue Agency recognizes the potential benefit of Community Land Trusts as a vehicle for relieving poverty. However, CLTs are still a relatively new phenomenon in Canada and little is known about how they operate or what mechanisms are in place to ensure they are not used for non-charitable purposes. As a result, CRA's policy is to evaluate applications on a case-by-case basis. The operating model proposed by CCLT was out of the ordinary and therefore required considerable evaluation and testing before CRA felt comfortable that all revenues generated from the use of CCLT land could only be used for charitable purposes. As a result, it took more than a year-and-a-half for CCLT to obtain its charitable status.

Even with its charitable status, CCLT will face significant challenges obtaining land donations from the private sector. The *Income Tax Act (Canada)* does not currently favor donations of land for affordable housing. Such donations are taxed on one-half of the capital gains. This creates a disincentive for private landowners to donate real property to Community Land Trusts or other housing-related organizations. In contrast, donations of land for environmental reserve are only taxed on one quarter of the capital gains. This reduced tax does provide sufficient incentive for private landowners to donate to *conservation* land trusts. Two years ago, CCLT, in partnership with the Calgary Homeless Foundation, submitted a proposal to the Federal Government seeking amendments to the *Income Tax Act (Canada)* that will give donations of land for affordable housing the same tax treatment that donations of land for conservation receive. Despite support both from organizations across Canada and from high-ranking politicians, limited progress has been made to date on that proposal.

CCLT faces an interesting challenge in trying to identify and resolve competing interests imbued in its business model. On the one hand, CCLT is a charitable agent trying to address a social need in the community. On the other hand, CCLT is a business that must act in a fiscally responsible and conservative manner in order to remain viable. As a result, early signs of competition between sound business practices and community development goals are emerging. Is CCLT's primary business the *process* of obtaining land and

capitalizing the Trust, or is it the *outcome* of providing land to community organizations at a rate that makes new housing projects affordable to low-income households? That issue comes to the surface when trying to set a consistent yet appropriate lease rate for CCLT lands.

CCLT is also finding itself competing with the very organizations it seeks to support. Affordable land is a scarce commodity in Calgary and there is considerable competition between community organizations for that land. There is also considerable competition within the community for limited government dollars. While the long-term goal of CCLT is to attract *private* donations of land and money for affordable housing and homelessness and channel those donations to community organizations, achieving that goal requires a proven track record and positive profile. As a new organization, CCLT finds itself relying on government donations of land and operating dollars to build that credibility. Every government dollar that goes to CCLT for affordable housing is a government dollar that does not go to another housing organization.

#### **4.7.5 Key Successes**

One of CCLT's key successes was its ability to attract and maintain the support of an energetic, experienced, and dedicated Board of Directors. This Board has a breadth of experience in matters relating to housing development, community development, and business management. Individual Board members are also well connected to the larger community, and thus able to build boarder support for the initiative.

Another key success for CCLT is the support it has from all three levels of government. This stems from the early support it received from two highly credible and recognized organizations in the community – the Calgary Homeless Foundation and the Alberta Real Estate Foundation. Both CHF and AREF also have many connections within the corporate community and were thus able to mobilize essential corporate support for the initiative. CCLT has also benefited greatly from private sector support. Many of the professional services required not only to set up the Community Land Trust but also to develop its first housing project were provided on a *pro bono* or reduced rate basis by the private sector.

CCLT has also recently received its charitable status. The success of this achievement means that CCLT will not only be able to issue tax receipts for private donations of land and money, etc., but also will be permitted to partner with both charitable and non-profit housing providers in the community. This greatly extends the potential opportunities available to CCLT both to acquire and use its donated resources.

#### **4.7.6 Key Learnings**

Community Land Trusts need broad community support, especially from governments in the early stages of their development. As mentioned above, CCLT has been able to achieve the successes it has to date because of the support it has received from all three levels of government – particularly its first land donation by the Federal Government and facilitated by The City of Calgary. This success stems from the CLTs affiliation with the Calgary Homeless Foundation and the Alberta Real Estate Foundation.

Developing a sustainable business model is another key factor for Community Land Trusts. CLTs must be sustainable over the long term and have a model that is self-financing rather than reliant on ongoing government support. Based on research conducted by a cross-section of local representatives from industry, government and the not-for-profit sector, CCLT developed an operating model and sustainable business plan based on initial seed funding supporting CCLT through its first four years of operation, after which lease revenues become the primary source of income. To date, operating funds have been provided by a variety of public and private sources. In 2002, operating funds were provided through a grant from the Alberta Real Estate Foundation and in-kind support from the Calgary Homeless Foundation. In 2003, AREF and CHF continued their support CCLT with an additional operating grant coming from Human Resources and Development Canada (now Human Resources and Skills Development). Funding for 2004 is being provided by a grant from the Province of Alberta through its Community Initiatives Program combined with the first installment of a three-year funding commitment by a private donor. In 2005, CCLT will begin receiving lease revenues from the Sun Court project and access the second year's private donation to cover operating expenses. By 2007, CCLT should have sufficient lease revenues from its lease revenues to cover operating costs and therefore be able to channel all private donations towards land acquisition and development.

CCLT has benefited greatly from the experiences of other Community Land Trusts in Canada. The challenges experienced by both the Central Edmonton Community Land Trust and the Community Housing Land Trust Foundation were drawn upon to help CCLT develop its business model.

Having an experienced, paid staff person has been another key success factor for CCLT. CCLT benefited greatly from a staff person knowledgeable in both affordable housing and community development who worked directly with the Board to conduct the necessary background research and assist with developing the business plan and financial sustainability model.

Community Land Trusts need ways to attract donations of land and capital from the private sector. This requires both charitable status (the ability to issue tax receipts for donations) and favorable tax laws providing sufficient incentive to donate.

#### **4.7.7 For More Information**

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## 4.8 Salt Spring Community Housing & Land Trust Society

### 4.8.1 Introduction

Salt Spring Community Housing & Land Trust Society (SSCHLT) is one of the newer Community Land Trusts to be established in Canada. SSCHLT is designed to promote affordable housing for existing low-income residents living on Salt Spring Island, B.C. While the organization has not yet developed any housing, this case study shows some of the challenges a new CLT faces in starting up, including funding the start-up of the organization, building community support for its initiatives, and financing perpetually affordable housing.

### 4.8.2 History

Salt Spring Island is one of thirteen separate islands governed by the Islands Trust. Salt Spring Island is the largest and most populated of the Canadian Gulf Islands, located between Victoria and Vancouver, British Columbia. Salt Spring Island has a total population of about 10,000 living in a variety of small communities and villages spread around the island.<sup>81</sup>

Affordable housing has become an important concern for residents of the island in recent years. Due to its growing popularity, real estate prices on Salt Spring Island have escalated. This has had a particularly strong impact on low- and moderate-income households as well as local businesses in the artisan and tourism sectors (two sectors that traditionally provide lower wage jobs).

In 1993, the Islands Trust established a Housing and Accommodation Task Force to review housing issues (including affordability issues) on the islands and make recommendations. As a result of this work, affordable housing became a recognized concern and efforts were begun to address the issue. At the time, between 15% and 19% of households living on the island were estimated to be experiencing affordability challenges. A recent study (2003)<sup>82</sup> indicates that over 20% of homeowners and approximately 44% of renters may be in core housing need (paying more than 30% of their before-tax income on shelter. As a result, the Salt Spring Island *Official Community Plan* has policies in it to support not only affordable housing, but also Community Land Trusts.<sup>83</sup>

SSCHLT was officially incorporated in August 2002 following research conducted during the development of an affordable housing plan for Salt Spring Island. This included research into the Community Land Trust model proposed by the Institute for Community Economics (ICE).

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<sup>81</sup> [http://www.saltspringtoday.com/community\\_info.htm](http://www.saltspringtoday.com/community_info.htm)

<sup>82</sup> Normandy Daniels, Planning Technician, Island Trust Local Planning Services, Victoria (2003) "Options for Affordable Housing: New Solutions to the Housing Crisis in the Islands Trust Area."

<sup>83</sup> <http://www.islandstrust.bc.ca/islandgovernments/saltspring/bylaws/adopted/ssibylbaseocpvolume10345.pdf>

### 4.8.3 How SSCHLTS Works

SSCHLT seeks to help existing low- and moderate-income residents (i.e., residents who have lived on the island for at least three years) find suitable, affordable housing. These include households who are working at low-paying jobs or those less-abled residents who may not be working. A priority for Salt Spring Island residents is providing a broader range of housing options targeted to *current* residents rather than developing new housing for an off-island market; hence the focus on residents who have lived on the island for at least three years.

The Community Land Trust is currently governed by a five-member Board of Directors and supported by a larger working group. The Board is made up of long-term residents who have long-standing relationships in the community and take a long-term view of the community's interests. The intent of SSCHLT is to eventually adopt the Board model espoused by ICE (1/3 residents, 1/3 community members at large, and 1/3 local service organizations and housing/community development professionals) once the Trust has a project and residents/homeowners to draw from.

SSCHLT has recently made its first land purchase – a five-acre parcel that is currently being rezoned. The proposed development will consist of eight (8) single detached homes on leasehold bare land strata. Each home will maintain a private leasehold on the land immediately surrounding the house and common leasehold rights on land within the subdivision.

### 4.8.4 Key Challenges

SSCHLT has encountered a number of challenges since its inception. However, these challenges are not seen as insurmountable, as SSCHLT recognizes that most new Community Land Trusts take from two to five years to get themselves established.

One of the key challenges for SSCHLT is finding suitable land on which to develop affordable housing for low- and moderate-income households. Developable residential land on Salt Spring Island is both scarce and expensive. As a result, it took SSCHLT two years to find an available site that it could afford to purchase and develop as affordable housing.

Not having an operating budget to administer the Trust is another key challenge for SSCHLT. The work of setting up a Community Land Trust requires many staff hours and considerable technical expertise. SSCHLT has found it unrealistic to expect a core of volunteers to put that time and energy in on a continuous basis. However, Canadian CLTs do not have the same level of funding and technical supports as do many CLTs in the U.S.

Building general community support for the initiative has also been a challenge. The Community Land Trust model – with its focus on leasehold interest – is both complex and relatively new to residents. There tends to be widespread anti-development climate on the island and a general lack of understanding and support for affordable *homeownership* for low-income households. This general lack of understanding and experience with the model has also made financing difficult, especially with limited government funding to support land acquisition. SSCHLT has found that building support for the organization and its

mandate requires regular community education, which is both costly and time consuming. It is difficult to take on something that large without sufficient resources and financial support.

#### **4.8.5 Key Successes**

SSCHLT has been successful in gaining strong support for the initiative from the business community and local elected officials at an early stage. The model was seen as an especially good fit with Salt Spring Island's *Official Community Plan* policies and associated Bylaws. SSCHLT also benefited from the support and expertise of local industry professionals. SSCHLT has received assistance from a local REALTOR, building inspector, investment advisor, homebuilder, lawyer, and an accountant. SSCHLT also received a significant private donation to support its first land purchase.

SSCHLT benefited from sound research and planning before it set out to incorporate a Community Land Trust. A working group extensively examined the feasibility of a CLT for affordable housing. As a result SSCHLT was structured in such a way that the organization was able to achieve its charitable status within five months of incorporating – something that other Canadian CLTs have found extremely difficult to achieve.

#### **4.8.6 Key Learnings**

Financial start-up funding and supports are essential to a new Community Land Trust, especially given the complexity of the model and the time and energy required to set up the organization. Financial support from the business community helped SSCHLT get through its first year of operations. A local Community Economic Development (CED) initiative supported through the Salt Spring Island Chamber of Commerce provided funding to hire an individual to work with SSCHLT for a second year with the goal of helping the Community Land Trust develop its first pilot project. Legal services were also donated to work through the complex task of setting up the Community Land Trust.

SSCHLT has found that the Community Land Trust model is too complex and new to many residents. It takes considerable time and energy to educate (and re-educate) the community about the model and its potential long-term benefits to the community – all of which requires sufficient funding to cover the costs. Effective outreach is also required to build credibility and support for SSCHLT as an organization. Local lenders need to be educated about the model in order to gain their support and willingness to provide Community Land Trust with mortgages.

Appropriate municipal policies and zoning regulations are required that genuinely work together to support affordable housing developed through a Community Land Trust. While the local government and the Salt Spring Island *Official Community Plan* recognize and support both the CLT and its goal of affordable housing for low- and moderate-income households, current policies require that affordable housing be located within the villages. The high cost of land within the villages combined with policies limiting maximum densities makes it difficult to build affordable housing that is affordable *enough* for low- and moderate-income households.

The Community Land Trust model developed by ICE is specifically tailored to the United States. SSCHLT has found that ICE's model lease agreements, mortgage riders, and other associated technical agreements needed to be vetted by Canadian lawyers and mortgage brokers, and then redeveloped as templates that are compatible with the Canadian legal and banking system.

SSCHLT staff feel that if there are going to be any significant increases in the use of Community Land Trusts to promote perpetually affordable housing, Federal policies and housing grants need to be developed and tailored to support *perpetually* affordable housing. This would include CMHC grants to fund the start-up of Community Land Trusts, and provisions in funding criteria favoring initiatives that guarantee *perpetually* affordable housing as opposed to housing that will only be affordable for 15 – 20 years. Current Canada Revenue Agency (CRA) regulations governing donations to housing-related charities also need to be revised to make donations of land to housing land trusts as favorable as donations of land made to ecological land trusts.

#### **4.8.7 For More Information**

For more information about the Salt Spring Community Housing & Land Trust Society, contact:

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## **Chapter 5.0 U.S. Case Studies**

Case studies are provided on the following four Community Land Trusts in the U.S.:

- 1) **Portland Community Land Trust (PCLT)** – Portland, Oregon
- 2) **Northern Communities Land Trust (NCLT)** – Duluth, Minnesota
- 3) **Durham Community Land Trustees, Inc. (DCLT)** – Durham, North Carolina
- 4) **Burlington Community Land Trust (BCLT)** – Burlington, Vermont



## 5.1 Portland Community Land Trust

### 5.1.1 Introduction

The Portland Community Land Trust (PCLT) has been providing affordable homeownership opportunities for households with low and moderate incomes in Portland, Oregon since 1999. Portland's growth in recent years has led to rapidly escalating housing prices in many low-income neighbourhoods. Although a relatively young organization, PCLT has been very successful in achieving community support for the initiative and building a sizeable housing portfolio within a short period of time.

### 5.1.2 History

PCLT was created because of growing awareness of the need for affordable housing in Portland, particularly in the urban core.

Throughout the 1990s, Portland experienced significant growth, causing real estate prices in prime neighbourhoods to escalate.<sup>84</sup> This included a number of inner city neighbourhoods populated predominantly by African-American, Latino, and Southeast Asian residents, as well as immigrants from the former Soviet Union. PCLT organizers saw a growing number of these low- and moderate-income households were rapidly being priced out of the Portland housing market.

At the same time, the City of Portland proclaimed that it would be a “city without ghettos.”<sup>85</sup> Concerned about the growing lack of affordable housing, the City hired a consulting firm to conduct a housing survey. The consultants recommended a Community Land Trust be established to promote both current and long-term housing affordability for low- and modest-income residents. The study and its recommendations gained widespread support among affordable housing groups, local politicians, and community residents.

PCLT was officially incorporated in 1999. The Institute for Community Economics (ICE) provided both technical assistance and a \$25,000 grant to help with start-up costs. PCLT also received \$100,000 in operating support from the City of Portland as well as a one-time \$400,000 capital grant from the City, as part of a \$1.5 million *Anti-Displacement Program* in the Interstate Corridor Urban Renewal Area (ICURA) of North and Northeast Portland.<sup>86</sup> The ICURA grant was used to support PCLT's *Buyer Initiated Land Trust Homeownership Program*, and provided land-subsidy of up to \$50,000 to each of eight households purchasing homes in the ICURA

In the past five years, PCLT has built up a portfolio of 155 homes. Of these, 37 are owner-occupied homes (17 homes in Rosemont Commons and 20 homes in scattered sites throughout Portland). Most of the units in the scattered portfolio are single-family homes with the exception of two duplexes (four units total) currently built and an additional four

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<sup>84</sup> “Community Land Trusts,” Equitable Development Toolkit, Tools in Action. Available online at: <http://www.policylink.org/EDTK/CLT/action.html>

<sup>85</sup> *Ibid.*

<sup>86</sup> *Ibid.*

duplexes (eight units) under construction. The remaining 118 homes are rental units (including 100 units of housing for low-income seniors and 18 townhouses). The total land-in-trust assets of PCLT are estimated at just over \$2 million.

### 5.1.3 How PCLT Operates

PCLT's philosophy is that homeownership is the key to financial stability for low- and moderate-income working families. PCLT's mission is

*“To keep homes affordable forever by maintaining a community organization dedicated to the creation of high quality, affordable housing and the stewardship of land.”<sup>87</sup>*

PCLT is administered by a staff complement of three – an *Executive Director*, a *Homeownership Program Manager*, and an *Office Manager and Program Assistant*. Membership in PCLT follows the standard for Community Land Trusts established by ICE. All PCLT homeowners are automatically members (with no membership dues required), and both at-large community members and public representatives are welcome to join the Trust. The membership is divided into voting members and non-voting members. To be a voting member, one must live in the City of Portland, support the philosophy of perpetually affordable housing, pay annual membership dues, and attend an orientation session. Non-voting members may be businesses or individuals, and need only pay annual membership dues.

Governance is provided by an elected 12-member Board of Directors comprising 1/3 PCLT lessees or homeowners, 1/3 general members who are not PCLT lessees, and 1/3 public representatives. PCLT makes every effort to ensure that the Board reflects a good mix of private sector development and real estate expertise. The current Board has a lender, a real estate agent, an architect, and a housing development consultant. With the architect leaving, PCLT is looking to bring someone with asset management and real estate investment expertise onto the Board.

PCLT focuses on helping first-time homebuyers purchase homes within the city limits. The Community Land Trust targets potential homeowners in specific neighbourhoods with household incomes between 50-80% of Portland's Area Median Income (AMI) –including families with children, seniors, young married couples, and singles. The typical PCLT homebuyer has an income of 50% of AMI.

In addition to the maximum income threshold, a household purchasing a PCLT home:

- must not have owned a home within the past three years;
- must have a good credit rating;
- must have proof of steady employment income;
- must maintain a maximum total debt-to-income ratio (including mortgage payments) not exceeding 41% of its before-tax income at time of closing; and
- must be willing to abide by the terms of the PCLT's land lease agreement and resale formula.

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<sup>87</sup> <http://www.pclt.org/about/mission.htm>

PCLT offers both new construction and “homebuyer-initiated” (purchase of older homes) homeownership opportunities. For new construction, PCLT partners with a variety of community development corporations and for-profit developers to build housing on land donated to PCLT. Land has been donated to the Trust primarily by the City of Portland and Multnomah County from tax-foreclosures and surplus properties, with additional properties coming in the form of donations from private landowners (PCLT is a federally tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Service tax code and can offer tax receipts for donations and bequests of land, stocks, money, etc.). PCLT’s *Homebuyer-Initiated Land Trust Homeownership Program* allows pre-qualified households to purchase homes on the private market in targeted areas. Once a suitable home has been found, the homebuyer purchases the unit and PCLT purchases the land using funds provided by the City of Portland. This program has been offered twice—once in the Interstate Corridor Urban Renewal Area, with a City grant of \$400,000 from its *Anti-Displacement Program*, and currently in the Lents Town Center Urban Renewal Area, with \$400,000 in tax-increment finance funds from the Portland Development Commission.

Whether a household purchases new construction or an existing home through the *Homebuyer-Initiated Land Trust Homeownership Program*, PCLT retains ownership of the land. The land is then leased to the homeowner at a nominal rate (\$40 per month) on a 99-year renewable basis. The lease can also be transferred to the lessee’s heir(s).

If a PCLT homeowner decides to move, the homeowner can either sell the home to another qualified household and transfer the lease, or PCLT can purchase the home itself through “first right of refusal” and then sell that home to another qualifying household. A “shared-appreciation” resale provision within the Land Lease Agreement determines the maximum amount homeowner is paid when selling his or her home. In the case of PCLT, homeowners are permitted to resell their homes for their purchase price plus 25% of the home’s appreciation, based on market appraisals. This provision is seen to provide a fair return to the homeowner while ensuring that home remains affordable to future residents of the community without the need for additional public or private subsidy.

#### **5.1.4 Key Challenges**

PCLT has faced two key challenges since its inception. As mentioned above, PCLT targets low- and moderate-income households in the inner city from a variety of cultural backgrounds. For many of these groups, the Community Land Trust model is either unfamiliar or cause for suspicion based on historic experiences (e.g., “the ownership structure of community land trusts reminds some African-Americans of sharecropping”<sup>88</sup>). Local non-profit housing organizations also resisted the Community Land Trust model because it did not build equity for low-income residents in the same way as conventional homeownership strategies.<sup>89</sup> PCLT staff responded to these challenges by developing outreach and education programs to help residents better understand the Community Land Trust model and by creating a resale formula that would permit PCLT households to build limited equity.

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<sup>88</sup> *Ibid.*

<sup>89</sup> *Ibid.*

The high cost of land and housing in Portland continues to pose a challenge. While the \$400,000 Anti-Displacement Program grant was a significant contribution to the Trust, the funds were not sufficient to meet the needs of a growing number of low-income households or maintain the operations of the Trust.<sup>90</sup> As a result, PCLT has sought additional funding through a variety of sources including membership dues and donations, individual donations, transaction fees, foundation grants, in-kind donations of professional services, lease fees, and public operating support. PCLT has benefited greatly from the support of a number of major institutional and corporate funders, including the City of Portland, Multnomah County, The Enterprise Foundation, Meyer Memorial Trust, Washington Mutual, Umpqua Bank, Bank of America, Albina Community Bank, and the Institute for Community Economics.

Despite the capacity building support PCLT provides to its resident households, the CLT also finds it a challenge trying to attract resident members to the Board of Directors who represent PCLT's ethnically diverse population.

### **5.1.5 Key Successes**

One of PCLT's key successes has been the support of the City of Portland. As mentioned above, the City provided PCLT with initial operating funds as well as a \$400,000 capital grant through the ICURA program. More than 40% of PCLT's budget came from the City's operating grant in 2004. The remaining funds are derived from lease fees (8%), the sale of homes (18%), private foundations (grants) (19%), and from membership dues and donations (12%).

The City of Portland was also instrumental in brokering PCLT's first housing project – Rosemont Commons. Rosemont Commons is an infill project on a 7.68 acre in the Piedmont neighbourhood of north Portland. The development site was formerly occupied by a Catholic convent and grounds – now a historic landmark. In the late 1990s, the nuns of the convent approached the City to purchase the site and offer it for affordable housing development. Through a competitive Request for Proposal (RFP) process, *Rosemont Community Developers, LLC* (a team consisting of a non-profit and two market-rate developers) won the bid on the condition that they bring the nascent Portland Community Land Trust into the mix. As a result of the City's insistence, PCLT now owns the land beneath 100 rental apartments for low-income seniors and 18 rental townhouses (all owned and managed by the non-profit developer, *Northwest Housing Alternatives*), and a combination of 17 single family and duplex units (developed by *Habitat for Humanity* and *HOST Development Inc.*) – a total land value worth \$1,000,000.

Another key success has been PCLT's ability to provide perpetually affordable homeownership opportunities to an ethnically diverse group of low-income households. PCLT currently has 37 homeowners, of which 30% are African or African American; 16%, are biracial; 11%, are Latino; and 43%, are white. PCLT households range in size from one-person to six-person households. Nearly 60% of the homeowners are female-headed single-parent families. As mentioned above, the typical PCLT homebuyer has an income of 50% of AMI. However, the highest income household PCLT has served to date was a two-

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<sup>90</sup> *Ibid.*

person household with an income of 77% AMI at the time of closing. The lowest lowest-income household (a single retiree) had an income of 21% AMI at the time of closing!

PCLT also supports capacity building among its member households to ensure that they are successful homeowners. The organization provides a variety of support programs and services to its member households, including:

- Orientation sessions for prospective homebuyers;
- Follow-up education and supports for interested buyers to work through the process of purchasing their own home;
- Down-payment assistance;
- Special financing through one of several approved community lenders (banks, housing finance agencies and other mortgage lenders) who lend to Community Land Trusts; and
- Ongoing supports for homeowners through such activities as tree plantings, landscaping classes, garden construction, and referrals to community resources.

Whether a qualifying household chooses new construction or an existing home through the *Homebuyer-Initiated Land Trust Homeownership Program*, households wishing to participate in PCLT homeownership follow a set series of steps. First, prospective homeowners must participate in a one-hour Community Land Trust homeownership orientation. This orientation introduces people to PCLT and the services offered by the organization. Those households wishing to pursue homeownership through PCLT must then attend an all-day *Homebuyer Education Class* offered through several third-party non-profit organizations operating in the Portland area. Following the *Homebuyer Education Class*, prospective households meet individually with PCLT staff to review mortgage eligibility, develop a home buying plan, and fill out a detailed PCLT application form. They then meet with one of several approved lenders for CLT homebuyers to be pre-approved for a mortgage. Additional meetings with PCLT ensure that prospective homeowners understand the PCLT program (including the Land Lease Agreement and resale provisions) and services offered. The final steps in the process are to identify an appropriate home (either new construction through PCLT or an existing home within the community) and make the final purchase.

### 5.1.6 Key Learnings

Support from both the City of Portland and Multnomah County has been critical to the early success of PCLT. The City offered PCLT initial seed funding for the initiative and was instrumental in brokering Rosemont Commons. The County has also provided PCLT with many of its land donations. This support and recognition has also been instrumental in building PCLT's credibility in the community.

Community partnerships have also been instrumental to the success of PCLT. Community partnerships have helped build affordable housing in the community as well as a broad base of recognition and support for PCLT. PCLT has built homes in partnership with a number of community-based organizations, including:

- Albina Community Development Corporation
- Hacienda Community Development Corporation
- Host Development, Inc.
- Housing Development Center
- Peninsula Community Development Corporation
- Portland Habitat for Humanity
- Portland Youth Builders
- Rose Community Development Corporation
- Rosemont Community Developers

Long-term sustainability through a viable organizational structure is another key focus for PCLT. As more homes come into the Community Land Trust, PCLT lease revenues increase. The goal is to increase the total pool of lease revenues to the point where they alone are sufficient to cover PCLT's core operating costs.

The importance of outreach and building community support for the CLT model cannot be underscored enough. A mistake made in many communities – even those that have active CLTS – is that the community rarely compels the municipality to make a clear policy decision about whether or not it will support *temporary* affordable homeownership through public subsidies. Some communities have offered a variety of options to support affordable homeownership (e.g., shared appreciation mortgages, soft second mortgages, and revolving loan funds). While these options may make homeownership affordable to the first homebuyer, the affordability of that stock is often lost upon resale (with some or all of the proceeds going to the individual). In contrast, CLTs is one of the few mechanisms that can ensure that the full value of the initial public subsidies is retained and recycled to subsequent homeowners. Cities like Portland, Oregon and Burlington, Vermont seem to be the exception more than the norm in their insistence and policy support for *perpetually* affordable housing.

PCLT has also learned that it pays to work with professionals in the real estate industry who deeply believe in the CLT mission. PCLT has recently started working with two real

estate agents who are willing to list on the RMLS for-sale PCLT homes for a significantly reduced listing fee. While PCLT has spent a lot of time educating the agents about the CLT model to make sure they fully understood and could explain the model to potential homebuyers, the pay-off has been tremendous in terms of boosting PCLT's visibility. PCLT also has the support of a local loan officer who has closed most of PCLT's loans and has referred several potential homebuyers to PCLT.

Outreach is also an important activity for CLTs. PCLT continues to a lot of word-of-mouth and personal outreach- building understanding and support for the CLT model and PCLT's mission.

### **5.1.7 For More Information**

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## 5.2 Northern Communities Land Trust

### 5.2.1 Introduction

The Northern Communities Land Trust (NCLT) has been working to provide quality, affordable homeownership opportunities for low- and moderate- income households in Duluth, Minnesota since 1990. During that time, NCLT has been successful in building a stable housing portfolio, developing effective community partnerships, and ensuring the success of its homeowners.

### 5.2.2 History

NCLT began in 1990 with a goal to help low- and moderate-income households in Duluth realize the dream of homeownership. At the time, there was a serious lack of housing developers – particularly developers of affordable housing in Duluth. There was also a growing trend towards urban decline in the older neighbourhoods.

The early organizers of NCLT were community members interested in affordable housing and the revitalization of older neighbourhoods. Additional encouragement came from the Institute for Community Economics (ICE) and the late Chuck Matthei (creator and former Executive Director of ICE<sup>91</sup>).

Since then, NCLT has acquired, either through new construction or through the purchase of existing houses, a total of 86 owner-occupied homes (8 twin homes,<sup>92</sup> and the rest single-family homes) and two duplex rental units throughout the city. NCLT has land holdings in 13 different neighbourhoods including Lakeside, Woodland, Hunter’s Park, Endion, Duluth Heights, East Hillside, Central Hillside, Observation Hill, Lincoln Park, West Duluth, Riverside, Morgan Park, and Gary/New Duluth. Additional homes continue to be built and acquired.

The most significant growth in the organization has occurred over the last four years. Since 2000, the number of homes within NCLT has more than tripled. In 2000, NCLT has a portfolio of 20 homes. In 2001, NCLT added 15 homes, in 2002 another 16 homes, and in 2003 an additional 22 homes joined the Land Trust. Per NCLT’s strategic plan, each year the organization’s goal is to construct ten (10) new homes in addition to helping 15 households purchase existing homes in the community.<sup>93</sup>

### 5.2.3 How NCLT Operates

NCLT is at the same time a Community-Based Development Organization (CBDO) and a Community Housing Development Organization (CHDO). As a result of being a CHDO, at least 1/3 of the Board members must be residents of NCLT’s low-income target neighbourhoods or elected representatives of low-income neighbourhood organizations

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<sup>91</sup> Baue, William (December 24, 2002) “A Tribute to Chuck Matthei, Community Investing Trailblazer.” Available online at <http://www.socialfunds.com/news/article.cgi/article994.html>

<sup>92</sup> Twin homes differ from duplexes in that each half of a twin home is owner-occupied while a duplex typically has one half owner-occupied and one-half rental (or both halves rental).

<sup>93</sup> Northern Communities Land Trust (March 2002) “2001 Annual Report.”

(low-income neighbourhoods are defined as neighbourhoods where at least 51% of the households have incomes below 80% of the AMI). As a result of being CBDO, at least 1/3 of the Board must also be businesses in the low-income neighbourhoods NCLT serves. As a result, NCLT governance is provided by a ten-member Board of Directors, consisting roughly of 1/3 NCLT homeowners, 1/3 developer members (housing professionals), and 1/3 general members (including representatives of community organizations serving lower-income households and at-large community members). This Board is supported by an administrative staff of five, including an *Executive Director*, an *Associate Director*, an *Outreach Director*, an *Administrative Assistant*, and an *Accountant*.

NCLT currently has approximately 235 members. These members include residents of NCLT homes, local businesses and neighbourhood associations, and community members interested in supporting the Community Land Trust. Membership is divided into six different levels, each with its own annual dues:

- 1) Affordable Membership (\$1-\$24)
- 2) Basic Membership (\$25)
- 3) Supporting Membership (\$50)
- 4) Sustaining/Small Business Membership (\$100)
- 5) Steward Membership (\$250)
- 6) Corporate Membership (\$350)

NCLT targets households earning 80% or less of Duluth's Area Median Income (AMI) – although in practice, many of the households served by NCLT are earning on average 60% of the Duluth AMI. NCLT leases its land for a nominal fee to homeowners on a 99-year renewable basis. The Ground Lease Agreement specifies that whenever a NCLT home is resold, it must be sold to a low- or moderate-income household. The Ground Lease Agreement also contains a shared-appreciation resale provision which gives the homeowner the original purchase price plus thirty percent (30%) of the appreciated market value at the time of resale. This new sale price is then passed on to the next low- or moderate-income homebuyer.

NCLT provides three options for prospective homeowners: 1) resale of existing NCLT homes; 2) purchase newly constructed NCLT homes; and 3) purchase existing homes in the open market through the buyer-initiated HOMELAND Program.

Prospective homeowners [those who are earning 80% or less of the Area Median Income (AMI)] can purchase a home from an existing NCLT homeowner. In this situation, an existing NCLT homeowner sells its home to a qualifying household for the original purchase plus 30% of the appreciated market value of the home. The ground lease is then transferred to the new homeowner. NCLT also builds new homes throughout the year through various community partnerships. New homes include single-family, duplex and twin homes. The HOMELAND Program (Home Ownership Means Equity, Legacy, Affordability, Neighbors & Dreams) provides renovation and downpayment grants to qualifying households. Through this Program, qualifying households seek out a home of their choice in the community that is both within their budget and passes NCLT's home

inspection. The Program offers between \$15,000 and \$23,000 as a down payment grant to lower the purchase price of the home plus a rehabilitation grant of up to \$20,000 to cover such costs as repairing or replacing heating, plumbing, roofing, windows, siding, etc., and lead-paint removal. Homebuyers can also access low-interest mortgages through North Shore Bank (CASA Program) or Wells Fargo (CHAMP Program) and up to \$3,000 in an interest-free loan from the Minnesota Housing Finance Agency to cover closing costs. Upon purchase of these homes, Title to the land is transferred to NCLT and the homeowner retains Title to the home.

A household must apply to become an NCLT homeowner. The first step in the application process is attending an orientation session that provides an overview of the Community Land Trust model and NCLT. Interested households then submit a written application that includes information on work history, financial information, references from landlords, personal references, etc. Applicants must verify that their total household income is 80% or less of the Duluth AMI in order to be accepted (as mentioned above, the average income of qualifying applicants is often significantly lower than 80% of AMI; ranging between 55-65% of AMI). Approved applicants must then attend and complete the *Neighborhood Housing Services Homestretch* class (homebuyer education). Applicants with credit scores below 620 must also attend and complete the Salvation Army *Homebuyers Club* course. The next step is to obtain pre-approval for a mortgage from a lender who provides mortgage financing for Community Land Trust homes (e.g., North Shore Bank of Commerce or Wells Fargo Bank). Households who are successful in gaining pre-approval then meet with members of the NCLT Selection Committee prior to final approval. Once approved, the prospective homeowner can begin seeking a home for purchase either through resale of an existing NCLT home, new NCLT construction, or through the HOMELAND Program.

#### **5.2.4 Key Challenges**

NCLT experienced a number of challenges in its early years, due primarily to inexperience with the CLT model, lack of paid staffing, and extremely contentious political events. These challenges threatened the viability of the organization; and as a result, NCLT restructured its operations in 1998 with the help of ICE.

Additional challenges include competition for the limited local funds necessary to develop affordable housing and NIMBY opposition to affordable housing development in established neighbourhoods.

#### **5.2.5 Key Successes**

Using the Community Land Trust model, NCLT has helped to provide permanently affordable housing to a wide range of Duluth households, including single adults ranging in age from their 20s to their 50's (with a few older adults). A little over half of NCLT households are families with dependant children, and nearly 40% are either female-led single families, people of colour, or people with disabilities.

While, the negative image and history created during NCLT's early years posed a significant challenge to the organization's credibility and efforts to promote affordable

housing, in the past 4 years NCLT has done much to turn its reputation into that of being a major positive contributor to affordable housing work in the community.

The project that essentially jump-started NCLT's revival was the beginning of the buyer-initiated HOMELAND Program (with assistance from Tim McKenzie of Burlington Associates). NCLT developed a strong partnership with the Housing and Redevelopment Authority of Duluth to rehabilitate existing homes. In short order and with minimal staffing, NCLT and HRA were helping 10 households per year to purchase and rehabilitate existing homes in the community. The HOMELAND Program has also helped NCLT avoid NIMBY opposition that often accompanies new affordable housing construction projects.

### **5.2.6 Key Learnings**

NCLT has benefited greatly from gradual growth. The organization started out small and only in recent years has picked up its pace. That rate of growth has allowed the organization to build experience over time, learning from its mistakes and building a solid reputation in the community. Incremental and intentional growth has also allowed NCLT to gain a better understanding and build its capacity to meet the individual and specific needs of the neighbourhoods it serves.

Community partnerships have also been essential to the success of NCLT. Throughout its 14-year history, the organization has partnered with numerous public, private, and community-based organizations. Partnering organizations include community partners, funding partners and lending partners. Over time, NCLT has been able to build up an impressive list of supporters, including community partners, funding partners, and lending partners. The quality work that NCLT does has been instrumental in solidifying these relationships.

Outreach has been another key focus of NCLT's activities. Effective outreach has helped to build community awareness and support for issues around housing affordability, raise the profile and credibility of NCLT in the community, and raise funds for NCLT operating costs and new housing projects.

A qualified and dynamic staff has been an essential ingredient of NCLT's success in the community. NCLT started out as a grass-roots initiative supported by a small, part-time staff. Since 2001, NCLT has adjusted to a growing operation and increasing housing portfolio by hiring three additional staff, in effect more than doubling the size of the organization. Today, the organization is well run by a very dedicated and hard-working group of people that has a clear and common mission. Both the staff and the Board do not give up easily and are always looking for new ways to get the job done well. The Executive Director has a very good working relationship with the Board of Directors and with other housing partners in the community. Sound fundraising, good project management, and solid accounting has helped keep NCLT in a strong financial and leadership position. In retrospect, NCLT acknowledges that having the staff support earlier on in the organization's history might have prevented some of the challenges NCLT faced prior to 1998.

Effective leadership is also a key factor for a Community Land Trust's success. NCLT has a strong Board of Directors providing guidance and advice to the organization as well as maintaining a long-term vision for the organization. NCLT acknowledges that it is also important to have someone with connections in the community to champion both the cause (affordable housing) and the organization.

Political support is also important to a Community Land Trust. NCLT recognizes that there may be times ahead when good work and a solid reputation may not be enough; that strong connections to City and State politics will be required.

Finally, adequate funding support is critical to the success of a Community Land Trust. NCLT homes are currently funded through a blend of gap financing sources, which include HUD HOME, HUD CDBG, Minnesota Housing Finance Agency, Greater Minnesota Housing Fund, and the Federal Home Loan Bank of Des Moines. Additionally, smaller amounts of operational funding come from membership dues, lease fees, donations (by individuals and organizations) and foundation and corporate grants.

### **5.2.7 For More Information**

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## **5.3 Durham Community Land Trustees**

### **5.3.1 Introduction**

Durham Community Land Trustees, Inc. (DCLT) was created in 1987 to promote affordable homeownership for low- and moderate-income households living in Durham, North Carolina. The initial impetus for creating a Community Land Trust was to reverse the problems associated with neighbourhood decline and absentee ownership. DCLT has been successful not only in arresting the decline of the inner city neighbourhoods in which it operates, but has also developed a very successful and unique lease-to-own program for low- and moderate-income households.

### **5.3.2 History**

DCLT began as a grassroots initiative in 1987 when a group of local residents banded together to halt ongoing neighbourhood decline in their community. Concerned about the large number of empty and abandoned homes in their neighbourhood, these residents created a Community Land Trust and began purchasing and renovating houses, and then selling them to low-income families.

DCLT's first project involved a neighbourhood initiative to clean up Exum Street – an alley consisting of substandard houses in the Burch Avenue neighbourhood. Through the use of mostly volunteer labour, these houses were renovated and brought up to code. DCLT now has ten housing units along this alley and has subsequently worked with the residents and the City of Durham to pave Exum Street.

To date, DCLT has developed over 100 permanently affordable homes in the neighbourhoods of West End, Burch Avenue, and Lyon Park. Of these homes, 60% are homeownership and 40% are permanent rental. Of these homes, 30 are rental apartments, two are quadruplex rental apartments (8 units), four are duplex units (also rental), and 62 single family homes on scattered sites. The single-family homes include both rehabilitated units and new construction. DCLT has also developed two successful commercial projects – one of which is DCLT's current office building located at 1208 West Chapel Hill Street.

Recent housing projects include the renovation of seven abandoned housing units in the West End, providing homeownership for families earning 60% of the Area Median Income (AMI); and Bridges Pointe Apartments providing affordable rental housing for individuals with sickle cell disease.

### **5.3.3 How DCLT Operates**

DCLT is based on the philosophy of guaranteeing the permanent availability of affordable homeownership for local residents. DCLT's mission is twofold:

- 1) to provide affordable housing for low- to moderate-income households;  
and

- 2) to promote community revitalization in the neighbourhoods in which it operates.

DCLT acquires, through donation or purchase, homes that have been abandoned and/or in substandard condition. Many of the houses acquired by DCLT are dilapidated and boarded up. With the help of volunteers, DCLT renovates the homes to bring them up to code. Often the homes require extensive renovations, including gutting and reconfiguring, to meet the needs of their new owners. In addition to renovations, DCLT builds new homes.

The land within DCLT is leased to the homeowner on a 99-year renewable term. The Ground Lease Agreement specifies a limited appreciation resale formula, which permits the homeowner to receive the original purchase price plus a percentage of the increase in the appraised market value of the home at the time of resale. Rather than the set percentage used by other US-based Community Land Trusts, the percentage used by DCLT increases with the length of ownership.

DCLT homeowners have the right to will their homes and associated Ground Lease Agreement to their immediate heirs, as long as those heirs continue to live in the home. This condition meets DCLT's goal of reducing absentee ownership in the community. If the heirs chose not to live in the home, DCLT has first right of refusal to purchase the unit and sell it to another low- or moderate-income household.

DCLT is administered by a staff of five, including an *Executive Director*, a *Business Manager*, an *Outreach Manager*, a *Project Manager*, and a *Maintenance Manager*. The organization is governed by a 10-16 member Board of Directors. Directors are drawn from three categories of members: 1) DCLT lessees (residents who live in DCLT housing units); 2) at-large community members (i.e., local residents who do not live in DCLT housing units but who have extensive knowledge and experience in the community); and 3) public representatives (professionals with solid expertise and backgrounds in housing finance, law, construction, networking, etc.). Directors are nominated and elected at an Annual meeting of the membership. A Director may serve a maximum of six years.

The composition of the Board of Directors provides DCLT with strong leadership, a breadth of expertise, and intimate understanding of the needs, aspirations, and dynamics in the community and its residents. While the exact size and composition changes over time, attempts are made to balance Board membership, drawing equal representation from each of the three categories.

In addition to the Board of Directors, DCLT recruits other individuals from the community to serve on subcommittees such as the Building Committee, the Finance Committee, the Fundraising Committee, and the C.A.R.E. (Community and Resident Education) Committee.

### **5.3.4 Key Challenges**

Acquiring the necessary funding to support both the administration of the organization and the purchase and renovation of homes has been the biggest challenge for DCLT. This has been particularly difficult since the economic downturns resulting from 9/11. DCLT is funded through a variety of private donations, foundation and government grants, both for project development and core operations. As a federally tax-exempt charitable organization under Section 501(c)(3) of the IRS tax code, DCLT has been able to receive tax-deductible donations and bequests of land and houses as well as money to purchase homes and cover operating costs. DCLT accepts monetary donations in the form of cash (cheque or credit card) and stock contributions made through Salomon Smith Barney (a local stock brokerage). DCLT has also relied heavily on in-kind donations of volunteer labour and donated items such as household appliances, equipment, building supplies, tools, etc. to construct new or renovate existing homes.

The lease-to-purchase program is not without its challenges. DCLT has several families who are “stuck” in lease-to-purchase; unable to overcome their credit glitches or maintain stable employment. DCLT’s policy is to continue working with these families as long as they are paying their rents on time. From a HUD perspective, DCLT is officially converting the ten lease-to-purchase units to rental units. However, this conversion will not prevent DCLT from selling either of the units to the households at a later date once they have resolved their credit and employment challenges.

### **5.3.5 Key Successes**

As mentioned above, DCLT has developed more than 100 permanently affordable homes in the community. By converting substandard houses into attractive, owner-occupied homes, DCLT has not only helped to stabilize low-income neighbourhoods in Durham, it has helped community residents take greater control over housing development in their neighbourhoods and minimize the impacts of land speculation and absentee ownership.

DCLT also offers an innovative lease-to-purchase program to assist families with poor credit histories the chance to move into homeownership over time. Prospective homeowners are referred to a local mortgage lender who pre-qualifies the household for a mortgage loan. The length of the individual lease-to-purchase term is household-specific, meaning that it is based on the mortgage lender’s assessment of the length of time that the prospective buyer would need to clear up credit issues and build sufficient equity to form a downpayment. During the lease-to-purchase period, a portion of the rent is set aside to cover future closing costs. DCLT currently has 10 households in the lease-to-purchase program.

DCLT has been successful in providing a number of additional supports to its resident members, including hands-on maintenance workshops, workshops on predatory lending, repair and maintenance assessments by DCLT’s Maintenance Manager, and referrals for repair and maintenance work when households are unable to do that work themselves. DCLT is currently seeking funds to provide money to match a family’s savings for long-term capital needs such as new roofs, new furnaces, HVAC, etc.

Neighbourhood revitalization and community development require more than just affordable housing. DCLT has been actively involved in a number of local community development initiatives to strengthen its core focus. These activities include:

- organizing neighbourhood improvements to street lights, sidewalks, bus shelters, street paving, storm drainage, etc.;
- organizing neighbourhood cleanup days;
- administering grants to local businesses for façade improvements and the West Chapel Hill Street Mural project;
- providing support to Southwest Central Durham Neighborhood Council;
- developing the West End Community Center;
- providing space for a community garden;
- initiating a Youth Savings Club;
- co-sponsoring the Fitts-Powell Apartments, (rental units for persons with HIV/AIDS); and
- developing supportive housing in collaboration with the North Carolina Department of Mental Health.

### **5.3.6 Key Learnings**

Part of the success of DCLT has been its approach to growth. DCLT started small and built a solid reputation over time. It has taken almost 20 years for the Community Land Trust to build up its portfolio of just over 100 homes. The steady pace of its growth has allowed DCLT to maintain its stability without overextending itself.

DCLT also attributes its success to the many partners who have supported the organization over the years. This includes the original founders of the organization, neighbourhood activists, Board members, donors, volunteers, City officials, lenders, and the Land Trust residents themselves. DCLT also recently partnered with two other Community Land Trusts in North Carolina to create the North Carolina Community Land Trust Initiative, receiving a \$100,000 State grant to work together and promote the CLT model in other North Carolina communities.

Helping long-term renters become successful homeowners requires both flexibility and a focus on capacity building. DCLT has been very successful in developing a flexible approach to lease-to-homeownership. Rather than the conventional fixed five-year term, DCLT works with prospective homebuyers and a local lender to develop a program and terms that are able to meet the specific needs of each household.

Another critical success factor for DCLT has been its staff. The *Executive Director* is responsible for public promotion of DCLT, staff supervision and development, Board development, financial management, program administration, and fundraising. The *Business Manager* is responsible for financial management, and accounting, property management, filing and data storage, and phone and clerical support. The *Outreach*

*Manager* markets DCLT and its available housing units, process applicants, coordinates homeowner and maintenance education programs, provides ongoing support to DCLT residents as they move toward homeownership, assists with property management, and coordinate community relations. The *Project Manager* provides project development and management services such as site acquisition, soliciting bids from contractors, negotiating contracts, managing the construction process, construction accounting, etc. The *Maintenance Manager* is primarily responsible for overseeing the ongoing maintenance of permanent rental units and housing units in the lease-to-purchase phase of homeownership, and maintenance education and outreach.

### **5.3.7 For More Information**

For more information about the Durham Community Land Trustees, Inc., contact:

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## 5.4 Burlington Community Land Trust

### 5.4.1 Introduction

The Burlington Community Land Trust (BCLT) is one of the largest and most successful Community Land Trusts in the United States, and is widely recognized as a model for Community Land Trusts across the U.S. In its 20-year history, the organization has won 21 awards both regionally and nationally. The most recent awards include the 2003 Enterprise Foundation – Jim and Patty Rouse Award and the 2002 Ford Foundation Leadership for a Changing World Award. With total liabilities and net assets in excess of \$20 million<sup>94</sup> and supported by over 2,500 members, BCLT has also grown to be one of the largest residential property owners in Burlington, Vermont.

### 5.4.2 History

BCLT began in the early 1980s in response to a city-led initiative to revitalize waterfront neighbourhoods near the Downtown – in particular, Old North End.<sup>95</sup> At that time, concerns began to be raised about the impacts that gentrification might have on existing low- and moderate- income residents of the neighbourhood. Through a consultative process with community residents, agencies and activists, it was determined that a Community Land Trust would be the most effective way to allow gentrification in the surrounding areas while retaining housing affordability for low- and moderate- income residents.

Key leadership and guidance for the initiative were provided early on by Brenda Torpy and Mary Houghton – currently the co-executive directors of BCLT. At the time, Brenda Torpy was working as the City of Burlington’s housing programs administrator and was looking for ways to promote greater access to safe, affordable housing. Mary Houghton, who was working as a financial analyst for an insurance company, was interested in promoting the Community Land Trust model and later joined BCLT in 1987.<sup>96</sup>

The City of Burlington also played a pivotal role in the creation of BCLT. The Community Land Trust was officially incorporated in 1984 with a \$200,000 seed grant from the City of Burlington (the first municipally-funded Community Land Trust in the U.S.). In addition, the City’s employee’s pension fund set up a \$1 million line of credit to support the organization.<sup>97</sup> The City also brokered BCLT’s first land donation from a local developer as a condition of acquiring his development approvals. The developer was applying to develop a sizeable neighbourhood in Burlington. The City has, as policy, an Inclusionary Development Ordinance (IDO) that requires developers to set aside a certain percentage of any new development for affordable housing.<sup>98</sup> As a result of the IDO, BCLT acquired a

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<sup>94</sup> *Burlington Community Land Trust Annual Report 2003.*

<sup>95</sup> Burlington Community Land Trust: Creating Diverse Housing Opportunities, Burlington, Vermont. Available online at: <http://www.policylink.org/EDTK/CLT/action.html#3>

<sup>96</sup> “New Pioneers Trust the Land,” Leadership for a Changing World 2002 Award Recipients: Burlington Community Land Trust, Burlington, VT. Available online at: <http://leadershipforchange.org/awardees/awardee.php3?ID=41>

<sup>97</sup> Burlington Community Land Trust: Creating Diverse Housing Opportunities, Burlington, Vermont. Available online at: <http://www.policylink.org/EDTK/CLT/action.html#3>

<sup>98</sup> In the surrounding suburbs, individual municipalities require developers to work with BCLT or other non-profits as a condition of the development permit process (as opposed to using IDOs).

turnkey project of six houses interspersed along a single street that it turned around and sold to low-income households. The success of this project has lead BCLT and the developer to partner again on other projects.

While the organization's initial goal was to encouraging neighbourhood revitalization while protecting housing affordability for existing residents in the Old North End, BCLT has since expanded both its mandate and its geographic area. BCLT's activities support a wide range of housing options for low- and moderate- income households throughout the city, into the suburbs, and out into the surrounding county.<sup>99</sup> Housing options include shelters for the homeless, single-room occupancy hotels (SROs), affordable rental apartments, condominiums, housing co-operatives, and single-family homes. While a number BCLT's projects are new construction, many are existing homes that have been renovated and brought into the Trust or warehouses and commercial buildings that have been cleaned up and converted to residential use. BCLT also currently supports a variety of community development and neighbourhood initiatives beyond housing.<sup>100</sup> BCLT has helped build a park, provided community facilities (e.g., a "food shelf" facility, legal aid, a technology center, a Community Health Center, and a multi-generational resource centre for children and seniors).

BCLT has recently completed two major projects. The first is the redevelopment of a 2.5-acre brownfield site that used to house buses and trolleys. The redevelopment includes 25 affordable apartments; with the remaining space for commercial and retail use (including The Good News Garage – a non-profit organization that refurbishes donated cars and sells them at cost to low-income families and provides job-training in auto mechanics). The second development is a 40-unit apartment - Burlington's Waterfront Apartments – along Lake Champlain. Of the 40 one-, two- and three-bedroom units, 12 are market-rate and the remaining 28 are income restricted.

The organization itself has also grown. BCLT currently maintains a staff of 30 full- and part-time employees and is governed by a 12-member Board of Directors representing a cross section of skills and experiences including community development, finance, business development, property management, and fundraising. In addition to industry professionals and community representatives, the Board contains resident Directors with important skills and a clear understanding of the community's housing needs. When inviting new Directors to join the Board, BCLT determines what skills sets are currently available, what skills are missing, and what skills are required to balance out the current team. The biggest thing that *both* staff and Directors bring to the organization is a total commitment to the Vision and the Mission.

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<sup>99</sup> "Burlington Community Land Trust: Incorporated 1984," (no date). Available online at: [http://www.ruralisc.org/pdf/bclt\\_pdf.pdf](http://www.ruralisc.org/pdf/bclt_pdf.pdf)=

<sup>100</sup> *Ibid.*

### 5.4.3 How BCLT Operates

BCLT focuses on providing safe, secure, affordable housing for low- and moderate- income households. BCLT owns and manages approximately 270 rental apartments and SROs. Affordable rental housing is available for households on a first-come basis and units are allocated according to Burlington's Minimum Housing Requirements (i.e., suitability guidelines for the size of the household). Households accessing BCLT units must meet a number of eligibility criteria:

- Applicants must meet income eligibility targets (maximums);<sup>101</sup>
- Applicants' income must be stable and adequate enough so that no more than 35% of that income is required to cover rent;
- Applicants must be able to pay the full security deposit and any utility deposits;
- Applicants must have an overall satisfactory credit rating;
- Applicants must have good references; and
- Applicants must not have had any prior convictions for either crimes of violence or the sale of illegal substances.

BCLT also supports over 265 ownership homes (single-family homes and duplexes). BCLT homeowners own their own units and lease the land from BCLT for a nominal monthly fee. BCLT also has a co-operative housing program for low-to moderate-income households. BCLT currently has 115 multi-residential units in six separate projects. Of these units, 84 are part of leasing co-ops and 31 are part of ownership co-ops.

In order to qualify for BCLT homeownership, households can earn a maximum 85% of the AMI, must become a BCLT member, and must be customers of the NeighborWorks® HomeOwnership Center of Vermont. Through NeighborWorks® HomeOwnership Centers, qualifying households participate in homeownership education and training, credit and budget counseling, financial assistance, special lender programs, home maintenance workshops, and delinquency intervention supports (e.g., in 2000, BCLT provided emergency assistance and loans to 19 families who were in danger of losing their homes through foreclosure). BCLT homeowners also have access to additional supports and programs through partnering organizations. For example, the Vermont Housing Finance Agency offers reduced downpayment requirements; USDA Vermont Rural Development and Key Bank of Vermont both offer low-interest mortgage financing; and New England Federal Credit Union, Chittenden Bank and Banknorth Mortgage Group each offer reduced or waived fees. BCLT has also recently embarked on a downpayment assistance program in partnership with the City of Burlington for households purchasing duplexes (where the homebuyer lives in one unit and rents the other unit to a household earning below 60% of AMI).

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<sup>101</sup> Income eligibility varies by apartment. Most apartments set their limits at or below 60% of the Burlington Area Median Income (AMI). However, some apartments permit higher incomes while others target lower incomes.

BCLT ensures the perpetual affordability of its homes through its Ground Lease Agreements and restrictive covenants. A shared-equity provision in the lease agreement limits the resale of BCLT homes to the original purchase price plus 25% of the appraised market appreciation. This entitles the BCLT household to 100% of the principal paid down on the mortgage, 100% of the value of any home improvements made by the household, and 25% of the appraised market appreciation. A recent study<sup>102</sup> has demonstrated the effectiveness of the BCLT model. According to the study, the average BCLT home was affordable to a first-time homebuyer earning 62% of the Burlington AMI. Upon resale (factoring in differences in mortgage interest rates), the average BCLT home was affordable to a household earning 57% of the Burlington AMI.

A large proportion of BCLT households are single parent families. BCLT also provides housing for an ethnically diverse population – one that is more ethnically diverse than the overall population. Vermont is one of the two whitest states in the US. Burlington, itself, is more diverse than the rest of State but still very white. Thus, BCLT resident members include a disproportionate number of African Americans and new immigrants from Eastern Europe. While BCLT does not provide a lot of housing for low-income seniors, this is more a question of practicality than design (there is already another local non-profit housing developer in Burlington that specializes in seniors housing).

#### **5.4.4 Key Challenges**

BCLT has faced two key challenges in recent years. The first has been being able to respond to escalating housing prices in the face of declining government funding for affordable housing.

The second challenge has been responding to a growing population that is expanding out into other areas of the State. BCLT is starting to look at opportunities and partnerships to expand its operations into the surrounding counties. The organization is also fostering dialogue between smart growth advocates and affordable housing advocates to promote affordable housing while reducing urban sprawl.

#### **5.4.5 Key Successes**

As mentioned above, BCLT is one of the largest and most successful CLTs in the United States. BCLT is widely recognized as a model for CLTs and has won more than 20 regional and national awards in its 20-year history.

One of the key reasons for BCLT's success has been the support provided by both Burlington and the State of Vermont. In the mid-80s, the State of Vermont adopted some very progressive policies that placed a priority on perpetual affordability in housing. As mentioned above, the City of Burlington was instrumental in providing initial operating dollars to BCLT and also brokered its first land donation. BCLT has also benefited from the City's IDOs, ensuring that developers throughout the city develop a mix of high end and affordable housing.

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<sup>102</sup> National Housing Institute (February 2003) *Building Assets with Permanently Affordable Housing: Burlington Community Land Trust*. (NOTE: A preview of this study is available online at: <http://www.nhi.org/online/issues/127/assets.html>)

BCLT has been very effective in building the capacity of its resident members to become successful homeowners. BCLT owns and operates two NeighborWorks® HomeOwnership Centers of Vermont – one in Burlington serving the Champlain Valley; the other in St. Albans serving Northwest Vermont. NeighborWorks® provides homeownership education, credit repair, downpayment assistance, and access to affordable mortgage financing for low- and moderate-income homeowners throughout the state of Vermont. There are currently four other NeighborWorks® throughout Vermont owned and operated by other organizations. BCLT collaborates with each of the other centres, particularly on fundraising initiatives.

Building a strong foundation of community support has been another key success for BCLT. Over the years, BCLT has been able to bring along some of the early doubters and nay-sayers who, while they may have had perfectly good reasons for being skeptical, were able to see the positive results of what BCLT continues to achieve. This strong foundation of community support was instrumental to BCLT's success in developing affordable housing for people living with AIDS in one of the Burlington suburbs – a project of which BCLT is very proud. The project was part of an existing condominium development and was supported not only by the town but also from the people living in the adjacent condominium!

#### **5.4.6 Key Learnings**

Solid and consistent leadership has been a key success of BCLT. Brenda Torpy and Mary Houghton have been with the organization since its inception and currently serve as co-Executive Directors – Brenda providing leadership and Mary providing sound fiscal management. The leadership provided by both Mary and Brenda has led to BCLT winning the 2002 Ford Foundation Leadership for a Changing World Award – a \$100,000 award to promote their further work in the community.

Outside funding for both operations and new construction/renovation has been critical to the success of BCLT. The organization's operations are currently funded through a combination of grants, donations, rents, interest and membership and service fees.<sup>103</sup> In 2003, revenues from these sources amounted to over \$4.1 million. Grants made up the lions share of that revenue (56%) followed by rents (21%) and membership and service fees (18%). New single-family ownership housing construction is funded in large part through assistance from Vermont's Housing and Conservation Trust Fund (subsidizes the purchase of the land) and mortgage financing from a variety of local lenders. Multi-residential developments are funded using the Low Income Housing Tax Credits, HOME funds, and Federal Home Loan Bank funds. BCLT also partners with local housing development corporations and other community-based organizations to achieve its goals.

Community support has also been essential to the success of BCLT. The organization has built a solid reputation in the community over the years and is now regarded as important community institution. Part of BCLT's success is due to the State of Vermont adopting

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<sup>103</sup> *Burlington Community Land Trust Annual Report 2003.*

policies that will only provide subsidies for housing that is perpetually affordable.<sup>104</sup> The City of Burlington also has a special tax (voted in by city residents) to support affordable housing in the community, much of which flows through BCLT. In addition, the Vermont Housing Finance Agency has established a “Perpetually Affordable Housing Program” that provides reduced-rate mortgages for low-income purchasers of resale-restricted, perpetually affordable homes.

BCLT has also placed considerable emphasis on capacity building – both for members and for the organization. BCLT’s programs and services help to ensure that member households build their own personal capacity to become more active members of the community and ensure their success as homeowners. These programs have also built long-term relationships with member households. Over time, many of BCLT’s members have begun taking on leadership roles within the organization – promoting greater ownership and commitment to the long-term success of the organization.

#### **5.4.7 For More Information**

For more information about the Burlington Community Land Trust, contact:

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<sup>104</sup> Burlington Community Land Trust: Creating Diverse Housing Opportunities, Burlington, Vermont. Available online at: <http://www.policylink.org/EDTK/CLT/action.html#3>



# **Conclusions and Recommendations**

## **Chapter 6.0 Conclusions and Recommendations**

The twelve case studies presented in this report show that Community Land Trusts in Canada and the United States have evolved into a variety of models to meet a variety local housing affordability needs. The case studies also show a tremendous diversity in the size of each CLT's land holdings and housing portfolio, ranging from a couple dozen units to several hundred units.

Whatever the model being used, Community Land Trusts in both countries have experienced a number of similar challenges. CLTs in both countries have faced (and many continue to face) challenges associated with building broad community understanding and support for their initiatives. CLTs also face a challenge obtaining the necessary funding to cover general operating expenses. The cost of housing continues to increase in many communities across both countries, making it increasingly difficult to develop affordable housing without government grants and community partnerships. In Canada, specifically, there is a lack of capacity within the sector, including a lack of technical supports or a network of CLTs who work together on common initiatives.

Based on the collective learnings of the twelve Community Land Trusts examined for this research, a number of conclusions and recommendations are identified:

### **6.1 A Sustainable Business Plan**

Community Land Trusts are businesses – albeit non-profit or charitable businesses – with a goal of remaining sustainable. Successful CLTs have recognized the importance of developing a solid business model and strategic plan with reasonable financial expectations and an effective growth strategy.

Some CLTs had the benefit of financial and technical resources early on and were able to develop a business plan prior to incorporating. Others had to wait until a couple years after being in business when the financial and technical resources became available to develop their business plan. Developing a solid business model and strategic plan prior to incorporating adds credibility to the CLT; provides it with a document that can be used to attract donors, additional supporters and financial backers; and helps to keep the CLT focused and on track. However, the CLT may run the risk of having to modify its business model and strategic plan if the CLT failed to conduct all the appropriate due diligence or if financial and market conditions change. While not the preferred approach, waiting to develop a business plan allows the CLT to “test and re-test the waters” over time and develop a business model that is based on tangible experience. However, in the absence of a solid business model and strategic plan, the CLT may run the risk of losing credibility and support if (in the absence of a clear Vision, mandate, and path) it continuously changes strategic direction. There is also the potential for a CLT to remain perpetually in the planning stage and never commit to a strategic plan and direction. In either case, a business plan should be viewed as a living document that is regularly reviewed and updated if necessary to respond to changing financial and market conditions.

Whatever the timeframe for developing a business plan, the process typically begins with a comprehensive feasibility study that includes:

- Developing a clear Vision for the organization;
- An analysis of the Community Land Trust model;
- An external analysis of the local housing market (current needs and capacities);
- An internal analysis (the organizational capacity to address those needs); and
- Developing a financial sustainability model.

### **6.1.1 A Clear Vision**

As both Colandco and the Community Housing Land Trust Foundation discovered, it is important to be very clear and have consensus about the core purpose of the CLT – whether that purpose is primarily *stewardship* (the protection and preservation of existing affordable housing; or primarily *development* (the creation of new affordable housing). A lack of clarity in the original Vision can lead to a number of internal and external conflicts as competing interests emerge.

### **6.1.2 The Community Land Trust Model**

Community groups need to understand what a CLT is, how it works, how it differs from other approaches to affordable housing, what are the possibilities, what legal and financial structures are required, and what are the potential pitfalls. It is important during the early stages of developing a CLT to connect with other existing CLTs to learn as much as possible about the opportunities and challenges of setting up a CLT. Connections should also be made with other groups in the community already involved in affordable housing and homelessness. It is also important to test and retest different operating models (individual homeownership, rent-to-own, rental, housing co-operative, etc.) and assumptions to make sure that the structure and approach being pursued is viable and will meet the needs of the community.

### **6.1.3 Market Analysis**

A thorough market analysis is required to determine:

- Whether or not there is a need for perpetually affordable housing;
- Who the target clientele (type of households) is going to be;
- How large is that market and is it growing, stable or shrinking; etc.
- What incomes are target households earning (what can they afford);
- What are their particular housing needs;
- Where are those households located (do they live within a focused geographic area or neighbourhood or are they spread throughout the community);
- What else is being done currently or has been done in the past; etc.

It is also important to determine whether or not target households have the capacity and genuine interest in participating in a Community Land Trust; what type of housing tenure are they capable of (individual homeownership, rent-to-own homeownership, co-operative ownership, or rental); what education, outreach and capacity building may be required to both reach and support the target households; etc. An analysis of the “competition” is important to determine whether other groups in the community are already meeting the identified need or not, and to what degree there may be competition for local resources and funding supports. An analysis of the potential donor market is also required (who in the community is likely to donate either land or money to purchase land to the CLT, what are their specific needs, what level and type of education and outreach are they going to require, etc.).

Choosing the right experts in the community to conduct the market analysis is vital. The more people “in the know” who are involved in the market analysis, the more reliable the data and insights.

#### **6.1.4 Internal Capacity Analysis**

An internal analysis is required to determine whether the community group has the capacities required to successfully initiate and maintain a Community Land Trust or not. Will the community support a CLT; are the legal and financial structures there to support a CLT, does the community have the technical expertise necessary to develop housing and administer a CLT, what additional resources (technical and financial) might be required and are those resources readily accessible, what community partnerships are may be required and are those partnerships feasible, etc.

#### **6.1.5 Financial Sustainability Model**

It is also recommended that new CLTs consider developing a financial sustainability model. There are two discrete areas address under financial sustainability: 1) sustainability of the organization (CLT); and 2) sustainability of individual projects.

A sustainability model should be developed that identifies and what point the CLT is likely to be financially self-sustaining. There are a number of costs to consider during the start-up stages of a CLT (studies, consultants, legal fees, administration, etc.). CLTs also need to plan ahead, determining in advance at what point they may need to hire additional staff (what are the benchmarks), how much that new staff is going to cost, and where funding may be sought. It is a good idea during the early stages of a CLT to build community partnerships and have funding commitments in place as early as possible.

CLTs can often access initial seed funding to cover operating expenses. However, as the experiences of the CLTs profiled in the case studies demonstrate, seed funding is limited and often only available for a short period of time. Most CLTs have found that they eventually have to derive operating funds from other sources, including lease revenues, membership fees, user fees, donations, and other revenues generated directly from the operations of the CLT.

A financial sustainability model should also be developed to test the viability of individual housing projects (i.e., is an individual housing project going to be financially self-sustaining). Such a model can be used to determine whether or not supporting an individual project is going to be viable for the CLT or will property management and administrative requirements exceed administrative capacities or administrative costs exceed lease revenues. Some of the costs that need to be taken into consideration are environmental site assessments, real estate commissions, legal fees, transfer taxes, insurance, and a variety of other costs associated with acquiring, holding, and developing land.

Developing a viable business plan requires professional expertise and input. Thus, it is important to engage a qualified professional with experience in business development and management to assist with the business plan. Other components of an effective business plan include:

- A clear Vision and mandate for the CLT;
- An analysis of how the CLT intends to develop and manage housing (itself, in partnership with other community groups, contracted out, etc.);
- The CLT's intended legal and administrative structures,
- How the CLT intends to conduct outreach and education;
- Budgets and capitalization; and
- Fundraising

It is also worthwhile to analyse what could potentially go wrong and how the CLT intends to mitigate those challenges.

In Calgary, a study group spent six months evaluating CLTs to determine whether a CLT was a viable option for Calgary or not and developing a solid business plan before the decision to incorporate the Calgary Community Land Trust Society was ever made.

## **6.2 Strong Leadership and Administration**

Developing a sustainable business requires strong leadership, accountable governance, and effective administration. Good leadership is essential to keeping the CLT focused and on track with its Vision and business plan, and providing sound guidance and advice. Accountable governance is essential to building support and credibility in the community (among politicians, local businesses, the community, etc.). Accountable leadership can come from a variety of sources including an elected Board of Directors, an Executive Director, a local champion, etc.

A skilled and experienced staff is required to manage the day-to-day operations of the CLT and provide Board support. Typical administrative duties include developing policies and procedures (e.g., property appraisals and environmental site assessments for new land acquisitions, donor recognition policies, model lease agreements, etc.), fundraising, property management, resident recruiting and selection, accounting, education and outreach, client support, board support, research, housing development, lobbying, community liaison, etc.

In the beginning, many of the typical administrative functions can be carried out by volunteers or provided by local professionals on a *pro bono* basis. However, at some point CLTs need to hire staff – either part-time, full-time, or on a contract basis. It is important that a CLT be able to draw upon, through its leadership and administration, a variety of skills and expertise, including:

- Property management
- Law
- Fundraising
- Community development (including social services, affordable housing and homelessness)
- Real estate (REALTORS™)
- Land development (developers)
- Affordable housing design, construction and renovation (architects and homebuilders)
- City planning
- Government funding programs
- Banks and other lending institutions
- Home inspections
- Financial management and accounting
- Business management
- Communications
- Environmental consulting
- Homeownership education and training

### **6.3 Community Support**

Broad community support is essential to the success of a Community Land Trust. The Community Land Trust must be able to build and maintain a solid support network of all three levels of government, community organizations, funding entities, lending institutions, and local residents. As the case studies show, those CLTs that have been able to build and maintain that network of supporters have been very successful in their initiatives. Conversely, those that have not been able to develop and maintain broad support have either had to reduce their operations or dissolve altogether.

Building community support for a CLT can provide a number of clear benefits. First, setting up a CLT is complex, challenging, and labour intensive. It requires the expertise and assistance of a variety of professionals with a vested interest in the community and an appreciation of what a CLT can achieve. Often that support is provided on a *pro bono* basis, especially in the initial stages of a CLT's development.

As non-profit organizations, CLTs often need financial support from the community to be successful. This includes funding support for start-up and ongoing operating costs as well as land donations and money to purchase land. A number of CLTs received their first land donations directly from government. The Calgary Community Land Trust Society received its first land donation from the Federal Government through a land swap with The City of Calgary. The Central Edmonton Community Land Trust was able to purchase its first homes through a capital grant from the City of Edmonton. The majority of land donations to the Portland Community Land Trust have come from the City of Portland and Multnomah County.

CLTs need the support and acceptance of their target clientele. The Portland Community Land Trust discovered early on that its target low- and moderate-income households come from a variety of cultural backgrounds. For many of these groups, the CLT Community model conflicted with their historic experiences of communal land ownership. Others resisted the model because it did not build equity for low-income residents in the same way as conventional homeownership strategies.

CLTs also need support from the broader community (including businesses and local residents) – not only for the CLT model but affordable housing in general. CLTs may run the risk of incurring NIMBY (Not in My Back Yard) opposition as they attempt to develop new affordable housing in or near established neighbourhoods. The Northern Communities Land Trust has found that NIMBY opposition is typical but that the organization’s solid reputation and broad community support often helps to overcome that opposition. The support of both the municipality and neighbouring residents was instrumental in permitting the Burlington Community Land Trust to develop housing for persons living with AIDS adjacent to an existing condominium development. In the case of Fonds Foncier Communautaire Benny Farm, NIMBY opposition may have been one of the key factors that led to its eventual demise.

## **6.4 Education and Outreach**

The more successful Community Land Trusts have learned that community outreach is a core function of their operations. CLTs are a relatively “new” idea based on an unconventional philosophy about affordable housing and homeownership.

Successful CLTs have often placed a strong emphasis on building broad community support and buy-in for their mandate through education, outreach, and advocacy. They have invested significant resources to build the support of governments (municipal, provincial/territorial/state, and federal), funders, community organizations, the business community, potential donors, potential clients, and the community-at-large. Activities include workshops, presentations, distributing flyers around the neighbourhood, one-on-one meetings, lobbying government representatives, inviting influential people to join the Board of Directors, etc.

These activities focus on several key areas including:

- **Building understanding and support for affordable housing** (what are the community’s affordable housing and related needs, why it is important

both to individuals and the community as a whole to address those needs, why conventional approaches may not be able to address those needs adequately, etc.);

- **Building understanding and support for the CLT model** (how the model works, how it differs from other approaches to affordable housing, how it is unique in its ability to ensure perpetually affordable housing, how households build equity, the selection process, lease agreements, etc.); and
- **Building understanding and support for the organization itself** (who is directly involved and why they support the CLT, who else in the community supports the CLT through donations of land, money and labour, etc.).

Education and outreach is also an essential component of fundraising. Outreach helps build awareness in the community about opportunities available to support the CLT (e.g., how and where to donate), the benefits of becoming members, and the opportunities to purchase or rent a home within the CLT. Education is an important component of a CLT's fund development plan. A solid case for support should not only summarize the key points from the three areas above but also highlight what outcomes have been achieved, including individual households' success stories.

As the Portland and Burlington CLT case studies demonstrate, effective advocacy can be instrumental in encouraging municipal and state politicians to adopt policies around public subsidies for affordable housing that specifically target initiatives that guarantee *perpetually* affordable housing.

## **6.5 Community Partnerships**

It is often said that it takes a community to raise a child. In the affordable housing field, it is also often said that it takes a community to build an affordable home. CLT are often grass-roots, non-profit organizations aimed at meeting the housing and related needs of low-income households, often from a variety of backgrounds. This is no small task; rarely can one organization achieve it on its own.

In addition to building broad community support for the initiative, CLTs often require active community partnerships. Community partnerships take on a variety of forms, including: 1) organizational partnerships to build credibility in the community and assist with administering the CLT; 2) funding partnerships to pay for both the administration of the CLT and new housing development; 3) industry partnerships to help with new housing development and construction; 4) lending partnerships to assist prospective member households in obtaining affordable mortgages; and 5) support service partnerships to help build the capacity of individual households to succeed as homeowners.

Community partnerships can provide essential administrative support and organizational capacity building, initial seed funding and support during the incubation period, and assistance with housing development (construction, renovation, etc.). They also help reduce competition between community groups for scarce government resources and support. Partnerships may also make it easier to obtain donations either from private or public sources since community groups are promoting a collaborative approach to addressing local housing needs and their combined energies and capacities can help to improve the likely success of individual housing projects.

Examples of successful CLT-community partnerships (public, private, and non-profit) abound. To assist with CLT administration, the Central Edmonton Community Land Trust has partnered with the Edmonton Regional Housing Corporation, which now collects rents on behalf of CECLT and may provide additional after-hours property management assistance. The Northern Communities Land Trust often partners with Lake Superior College to develop new housing on NCLT lands. The Calgary Community Land Trust Society partnered with Habitat for Humanity-Calgary on its first housing project and has plans to partner with Habitat-Calgary again for its second project.

Several CLTs, particularly those in the U.S., require their member households to participate in homeownership education and training. The Burlington Community Land Trust requires its households to become clients of NeighborWorks® HomeOwnership Centers. Northern Communities Land Trust requires its households to go through the HOMELAND Program. The Central Edmonton Community Land Trust has recently partnered with the HOME Program to provide homeownership education and training to its rent-to-own households. These programs are often provided by partnering organizations.

CLTs often partner with financial organizations as well that provide a variety of supports to CLT households. The Burlington Community Land Trust partners with the Vermont Housing Finance Agency which offers BCLT homeowners reduced downpayment requirements; USDA Vermont Rural Development and Key Bank of Vermont which offer low-interest mortgage financing; and New England Federal Credit Union, Chittenden Bank and Banknorth Mortgage Group each of which offer reduced or waived fees.

Other community partnerships have been sought to support CLTs through their incubation periods. The Calgary Community Land Trust Society is being incubated by the Calgary Homeless Foundation and the Alberta Real Estate Foundation, the Co-operative Housing Federation of BC provides a home to the Community Housing Land Trust Foundation. The West Broadway Community Land Trust is currently being supported by the West Broadway Development Corporation.

As the evidence suggests, community partnerships are not only beneficial but also essential to the success of a CLT. Community partnerships should be sought early on during the creation of a CLT and fostered throughout its development.

## **6.6 Funding and Capitalization**

Most if not all of the initiatives mentioned above (business planning, administration, community outreach and education, land acquisition, housing development, etc.) require money to some extent. Some of these activities can be achieved by drawing on volunteer labour. Land can be (and often is) donated to a CLT that is also a registered charity. However, at some point, essential services must be purchased and both land acquisition and housing development incurs a variety of fees, only some of which can be waived.

### **6.6.1 Seed Funding**

Many of the Community Land Trusts profiled in this study either indicated the need for or benefited greatly from initial seed funding – money to cover the many of the costs associated with starting up and running a CLT. Colandco started with an initial donation of \$2,000,000 from the Campeau Corporation. Communauté Milton Parc was helped with seed funding and technical support from CMHC as part of its 56.1 Program to support housing co-operatives. The Community Housing Land Trust Foundation received its seed funding from BC Housing and the Real Estate Foundation of BC. Central Edmonton Community Land Trust received its seed funding from a variety of sources including the Muttart Foundation, CMHC, the Alberta Real Estate Foundation, the Mennonite Centre for Newcomers, and the City of Edmonton. The list goes on. CLTs in both countries have acquired seed funding from a variety of sources including governments, public and private foundations, community organizations, and private donors.

One of the challenges that CLTs face when obtaining seed funding from external sources is that they potentially compete for scarce dollars with other community groups – including community groups assisting the very households the CLTs are trying to assist. Another challenge that a number of CLTs have discovered is that “you can only go to the well so many times.” Eventually, traditional funding sources dry up and other more creative approaches are required.

### **6.6.2 Ongoing Operating Funds**

Many CLTs have developed a capitalization model that relies on government assistance only as an interim measure; making a concerted effort to become more financially self-sustaining over time through lease fees, membership dues and fees-for-service as well as new sources of private donations (including institutional and corporate donors). Portland Community Land Trust funds its operations through a variety of sources including membership dues and donations, individual donations, transaction fees, foundation grants, in-kind donations of professional services, lease fees, and public operating support. Northern Communities Land Trust is funded through a combination of membership dues, lease fees, donations (by individuals and organizations) and government grants. Burlington

Community Land Trust operations are funded through a combination of grants, donations, rents, interest on investments, and membership and service fees.

In order to be sustainable, CLTs need to plan ahead. They need to project how much operating dollars they are going to need as the organization grows, where they intend to acquire those operating dollars, and what additional creative ways and alternative sources there might be for those dollars should current funding sources and programs change or become oversubscribed.

## **6.7 Capacity Building**

Successful CLTs need to be involved in both internal and external capacity building.

Internally, CLTs need to build their own administrative and governance capacities to meet the affordable housing needs of the community. This includes fostering community partnerships as described above. It also includes Board and staff development. Most CLTs profiled in this study make a concerted effort to assemble a Board of Directors with a balance and breadth of expertise necessary to affordable housing development and sound business management. Several CLTs, such as Burlington Community Land Trust, also make a concerted effort to build long-term relationships with residents. Over time, many of its members have begun taking on leadership roles within the organization – promoting greater ownership and commitment to the long-term success of the organization.

Externally, CLTs need to build the capacity of individual resident members to become successful homeowners and active members of the CLT. Both Central Edmonton Community Land Trust and West Broadway Community Land Trust have experienced significant challenges building the capacity of their rent-to-own households. In response to this challenge, Central Edmonton Community Land Trust has recently partnered with the *HOME Program* to provide homeownership education and training to its rent-to-own households. Several other CLTs, particularly those in the U.S., also support homeownership education and training. Burlington Community Land Trust requires its households to become clients of NeighborWorks® HomeOwnership Centers. Northern Communities Land Trust requires its households to go through the HOMELAND Program.

Durham Community Land Trustees has come up with a unique and very successful solution to building the capacity of individual households. Rather than the conventional fixed five-year term, DCLT works with prospective homebuyers and a local lender to develop a program for each individual household that meets its specific needs. However, even this is not a panacea.

## **6.8 A National Network and Technical Assistance**

There is a limited tradition of Community Land Trusts in Canada. Up-to-date information about the CLTs that are operating and how to contact them is often difficult to come by. Thus, many CLTs find themselves working in isolation to develop their business plans, model documents, etc.

Community Land Trusts in the U.S. have benefited greatly from the networking opportunities, technical advice, and financial supports offered through the Institute for Community Economics. While ICE readily provides information to Canadian CLTs, that information is predominantly U.S.-based and has limited application to the Canadian context.

Several of the Canadian CLTs profiled in this study identified the need for Canadian-based technical supports (i.e., those that recognize and are tailored to the Canadian legal and tax system and current housing infrastructure). Technical supports could be provided either through CMHC, HRSDC, through existing national housing coalitions such as CHRA, or through a newly created coalition of Community Land Trusts. A “Canadian Coalition of Community Land Trusts” could add credibility to the sector and provide a number of supports, including:

- Technical assistance and advice;
- Templates and model documents;
- Model policies and protocols;
- Information sharing and networking;
- Lobbying on behalf of the sector; and
- Capacity building and training.

Setting up such a coalition would require initial seed funding and additional funding supports to assist with interim operations until the coalition could be self-sustaining. Such a coalition would also need to set up its own accountable governance structure.

## **6.9 Government Supports**

Where the Canadian and U.S. experiences differ most are in the legal and financial structures in place in each country to support Community Land Trusts. In the U.S., the government and business supports for affordable housing are more developed. In Canada, a number of supports (e.g., legislation legitimizing Community Land Trusts, seed funding for Community Land Trust operating costs, funding programs that give preferential treatment to initiatives that ensure perpetual affordability, appropriate mortgage insurance products, etc.) still need to be developed.

Several of the Canadian CLTs profiled in this study have identified the need for specific legislative changes and government supports for CLTs.

### **6.9.1 Charitable Status**

The ability of a CLT to obtain its charitable status is essential if it is to attract donations of land, and money to either purchase land or cover their operating expenses. In the U.S., most CLTs are able to qualify as federally tax-exempt charitable organizations under Section 501(c)(3) of the Internal Revenue Service tax code and can offer tax receipts for donations and bequests of land, stocks, money, etc.. For many CLTs in Canada, obtaining their charitable status has been a challenge, often taking a year or more to become registered. There simply is not enough of a tradition of CLTs in Canada and so CRA must evaluate each application on a case-by-case basis.<sup>105</sup> With each new successful registration, however, CRA builds a portfolio of organizational structures and models that meet the requirements of a registered charity.

### **6.9.2 Supporting Legislation**

Legislation that formally recognizes Community Land Trusts as legitimate approach to housing development and affordability would go a long way towards helping CLTs obtain their charitable status. Such legislation would give credibility to the movement by defining their purpose and placing appropriate controls over how CLTs are structured, how they operate, and what activities they are permitted to conduct. This legislation would ensure that CLTs operate in an appropriate, legitimate, and charitable manner. The Province of British Columbia currently has a Community Land Trust Act (BILL M 208 – 1995). However, more extensive legislation is required at a national level.

In addition to formal legislation recognizing Community Land Trusts and establishing the parameters under which they operate, changes to the *Income Tax Act (Canada)* are also required. Current policies with the *Act* do not support donations of land for affordable housing. Even if a CLT has its charitable status, under the *Act*, a donor incurs a tax liability equal to one-half of the capital gains when it gifts land to a Community Land Trust. This is in marked contrast to donations of land to a conservation land trust – the donor’s tax liability is reduced to only one-quarter of the capital gains. This creates a disincentive for private landowners to donate real property to a CLT or other housing-related organizations. The Calgary Community Land Trust Society, in partnership with the Calgary Homeless Foundation, has submitted a proposal to the Federal Government seeking amendments to the *Income Tax Act (Canada)* that will give donations of land for affordable housing the same tax treatment that donations of land for conservation currently receive.

Other options may be to explore the development of legislation in Canada similar to the U.S.’s *Low Income Housing Tax Credit (LIHTC)* and the *Community Reinvestment Act (CRA)*. The *Low Income Housing Tax Credit (LIHTC)* was created by the Tax Reform Act of 1986 as an alternate method of funding affordable housing for low- and moderate-income households. Under the program, each state receives a per capita tax credit (currently approximately \$1.75 per person). These tax credits are then used to leverage private capital for affordable housing (new construction, renovation or acquisition and rehabilitation). Recipients of the LIHTC are able to apply those credits against their federal tax liability. As

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<sup>105</sup> “CLTs may or may not be charitable...However, until we learn more about how such CLTs typically operate, each application will have to be judged on its own merits.” (Canada Revenue Agency, *Community Economic Development Programs*, RC4143(E), 1999-12-23).

a result, the LIHTC encourages a variety of companies and private investors to invest in affordable housing. The *Community Reinvestment Act* (12 U.S.C. 2901), enacted by the U.S. Congress in 1977 and revised in 1995 requires financial institutions (banks, thrifts, and other lenders) to reinvest in the communities in which they operate, including low- and moderate-income neighbourhoods, by making capital more available and accessible to those traditionally excluded from conventional credit supports. As a result, a number of financial institutions provide specialized products and services to help low- and moderate-income households obtain mortgage financing. Others provide specialized financing vehicles to help community groups obtain loans for housing development and rehabilitation. A number of U.S. CLTs and their member households have benefited from both the LIHTC and CRA.

### **6.9.3 Seed Funding**

Seed funding is another critical support that governments can provide to assist Community Land Trusts. In the 1980s, CMHC provided seed funding and technical assistance specifically designed for the development of new housing co-operatives (CMHC's 56.1 Program). As a result, hundreds of new co-ops emerged, many of which are still operating today. Seed money for CLTs to assist with start-up costs, initial operating costs, and project development could achieve the same results. CMHC currently provides a combination of consultation services, seed funding (in the form of grants and interest-free loans) and capacity-building training to organizations seeking to develop and manage affordable housing projects. This support is project-specific and may provide limited financial and technical assistance to help a CLT get started on a housing project. However, CMHC's seed funding will not cover operating costs of a CLT "for example, staff salaries and benefits, travel expenses, rental of office space, premiums for liability insurance or other insurance coverage, office supplies or equipment, or other similar expenses."<sup>106</sup>

Special seed funding to cover CLT start-up and operating costs could be a part of the P/F/T Affordable Housing Agreements and/or the Supportive Communities Partnership Initiative (SCPI). A special category of funding could be established by the Federal and Provincial governments (either in partnership or individually) for organizations ensuring the *perpetual* affordability of new housing development. Municipalities could also develop special funding supports for CLTs. Burlington Community Land Trust has benefited greatly from both types of funding support. The State of Vermont has adopted policies that will only provide subsidies for housing that is *perpetually* affordable. The City of Burlington also has a special tax (voted in by city residents) to support affordable housing in the community, much of which flows through BCLT.

### **6.9.4 CMHC Mortgage Insurance**

Amending CMHC's mortgage insurance policies to support Community Land Trusts would also strengthen CLTs' ability to provide perpetually affordable housing. CMHC is reluctant to insure properties encumbered with resale restrictions. Personal communications with CMHC employees from the Prairie, Nunavut and Northwest Territories Business Centre confirmed that CMHC's policy per the *Mortgage Loan Insurance Handbook (Initiation)* is that CMHC will not insure properties in what it terms "lifestyle communities" (i.e.,

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<sup>106</sup> [http://www.cmhc.ca/en/prfias/cacepurpa/cacepurpa\\_004.cfm](http://www.cmhc.ca/en/prfias/cacepurpa/cacepurpa_004.cfm) (December 23, 2004).

properties that are encumbered with resale restrictions). Should a bank foreclose on an individual homeowner and CMHC be required to pay out the insurance and take possession of the unit, CMHC does not want the resale of that asset limited either in terms of price or to whom the property may be sold (i.e., CMHC wishes to be able to sell the property for its highest and best value). Thus, CMHC mortgage insurance policies act as a barrier to CLT housing development and the explicit goal of ensuring a permanent stock of affordable housing to meet what CMHC recognizes as a growing need in Canada.<sup>107</sup>

### **6.9.5 Land Policies**

Policies encouraging the disposition of appropriate Crown and municipal lands for the purpose of providing perpetually affordable housing could also help promote Community Land Trusts. As mentioned above, several CLTs received their first land donations directly from government including Calgary Community Land Trust Society (Federal donation with Municipal assistance), Portland Community Land Trust (Municipal and County land), the Community Housing Land Trust Foundation (Provincial), etc. Other CLTs have benefited from municipal support brokering land deals between private landowners and the CLT (e.g., Burlington Community Land Trust, Portland Community Land Trust, and Calgary Community Land Trust Society).

Another key support from governments could be the waiving of fees for land transfers, lease back, and development. Many municipalities now either waive permit fees or provide grants in lieu of permit fees to help with affordable housing development. In British Columbia and other provinces, land transfer taxes place an additional cost burden that CLTs and other non-profits may not be able to afford.<sup>108</sup>

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<sup>107</sup> “Special Studies on 1996 Census Data: Changes in Canadian Housing Conditions, 1991-96,” CMHC *Socio-Economic Series 55-5* identified a growing *number* of seniors, non-seniors family, and non-seniors, non-family households in core housing need (that is, paying more than 30% of their before-tax income on shelter) between 1991 and 1996.

<sup>108</sup> See the Community Housing Land Trust Foundation (CHLTF) case study.

## One Final Note...

No matter how well structured, funded and administered a Community Land Trust may be; issues may arise, projects may go astray, funding programs may end or become oversubscribed, partners and donors may change their minds. It is important that CLTs remain flexible and able to adapt to changing circumstances. They must be prepared to make mistakes (even the most successful CLTs have made mistakes) and learn from those mistakes.

...Don't be afraid to pick up the phone and call someone for advice. This research has uncovered a network of CLTs in Canada and the United States who have learned a number of valuable lessons and are willing to share those lessons with other CLTs.

...And don't be reluctant to answer your phone should someone else call for advice. Identifying the many key learnings described in this report was made possible because of eleven CLTs who were willing to share their experiences and are committed to promoting perpetually affordable housing through active and sustainable CLTs. Share what you have learned with others. The more individual CLTs help each other, the stronger, more viable, and more credible the sector becomes.

# **Appendix A:**

## **Annotated Bibliography**

# **Birmingham City Council (2002) *Community Land Trusts: Report on a Feasibility Study, June 2002.***

## **Summary:**

Throughout the UK, communities, public bodies and voluntary organizations are seeking solutions to issues of poor housing and disadvantaged neighbourhoods. While funding is available to address these issues, the challenge is engaging the communities genuinely and cost effectively to improve the quality of life in these communities. As a result, the Federal Government has given priority to initiatives that engage the community in the design and implementation of local solutions.

*Community Land Trusts: Report on a Feasibility Study* was prepared with the support of Birmingham City Council to examine how a Community Land Trust model could help the community in its efforts to promote private-sector renewal. The study explores how the CLT model would work in partnership with ART Homes (a community lender) and other local organizations active in private sector renewal in Birmingham to leverage government funding.

The study first examines the CLT concept and model, the potential applications of a CLT, and the relationship it could have with existing community organizations and institutions. It then looks at the Birmingham context to determine how a CLT could be organized to meet the specific needs of the community. The study then establishes a process for establishing a CLT including the requirements of a Development Plan and Business Plan. Appendices include draft illustrative rules (Bylaws) for both a central CLT and a local CLT.

## **Comments:**

While designed specifically for the UK context, *Community Land Trusts: Report on a Feasibility Study* is useful to communities or organizations looking to explore the viability of establishing a CLT. The study outlines key considerations and provides a methodology for carrying out a feasibility study.

**CAUTION:** Legal advice should be sought when examining the draft illustrative rules (Bylaws) as these are designed to meet legislated requirements of Birmingham, England – which may or may not be appropriate for the Canadian context.

# **CMHC (2000) *Alternate Tenure Arrangements*, Research Highlights, Socio-Economic Series Issue 65.**

## **Summary:**

A variety of traditional tenure arrangements are available to Canadians when acquiring housing, including freehold ownership, condominium ownership, and rental. A number of alternative tenure arrangements are also available. While not as widely used, these arrangements may have the potential to improve not only access to affordable housing but also the range of affordable housing options available.

*Alternate Tenure Arrangements* was prepared as part of CMHC's, Socio-Economic Series. The study summarizes the range and types of alternative tenure arrangements in Canada, assesses the extent to which the various arrangements are meeting the needs, preferences and expectations of Canadians, and examines their impact on housing affordability.

Included in the study are examinations of:

- Life Leases;
- Equity Co-ops;
- Leaseholds;
- Shared Equity; and
- Cohousing

The research findings indicate that these alternative tenure arrangements do in fact have the potential to create housing that is affordable, especially over time.

## **Comments:**

*Alternate Tenure Arrangements* is useful to a wide range of audiences seeking to identify innovative solutions to local housing affordability issues. The study explains the unique characteristics of each alternative tenure arrangement and how each may be used to promote affordability.

The Research Highlights are available online (<http://www.cmhc.ca/publications/en/rh-pr/index.html>). The full document is available for purchase through CMHC.

## **CMHC (1995) *Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada.***

### **Summary:**

*Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada* examines the various aspects of Community Land Trusts and how they can be set up to meet the housing needs of local communities.

The guide examines the characteristics and policies of Community Land Trusts as well as models and options for setting up a CLT. Specific topic areas covered include:

- why establish a CLT;
- types of CLTs;
- choosing an organizational model;
- acquiring land;
- financing;
- controls;
- Federal and Provincial legislation;
- self-help housing; and
- resources available.

### **Comments:**

*Land for Our Future: A Guide to Land Trusts and Affordable Housing in Canada* is useful to communities groups and organizations interested in establishing their own CLT. It explains the purpose and objectives of a CLT, outlines the various models, and identifies key issues to be addressed.

The guide provides a good first overview of CLTs, which can then be supplemented by more recent and detailed information on the steps to take to establish a local CLT.

## **CMHC (1993) *Land Trusts & Self-Help: Report of a CMHC/CHRA Symposium, December 3-4, 1993.***

### **Summary:**

*Land Trusts & Self-Help: Report of a CMHC/CHRA Symposium, December 3-4, 1993* provides a final report on a two-day symposium sponsored by Canada Mortgage and Housing Corporation (CMHC) and the Canadian Housing and Renewal Association (CHRA). The theme of the symposium was examining ways in which Community Land Trusts and “self-help housing” could be combined to promote affordable housing.

The following papers were presented during the symposium:

- “Savings and Access to Savings Through Self Provided Housing” (Andy Rowe)
- “Community Land Trusts and Self-Help Housing in the United States” (Martin Hahn)
- “Building Urban Neighbourhoods: The Self-Help Approach” (Aleta Fowler)
- “The Co-Operative Land Trust in Practice” (Jon Harstone)
- “Observations on the Legal Framework of Land Trusts in Canada in the Context of Self-Help Housing” (Laird Hunter)

The final report includes a summary of each presentation paper as well as a summary of the key points raised during symposium discussions on CLTs and self-help housing. Also included in the final report are the full papers submitted by Jon Harstone (“The Co-Operative Land Trust in Practice”) and Laird Hunter (“Observations on the Legal Framework of Land Trusts in Canada in the Context of Self-Help Housing”).

### **Comments:**

*Land Trusts & Self-Help: Report of a CMHC/CHRA Symposium, December 3-4, 1993* is useful to those who are considering establishing a CLT. The final report and papers contained within provide an overview of some of issues and challenges organizations are likely to face as well as the opportunities.

While somewhat outdated (1993), the Harstone article provides a list of housing land trusts that existed in Canada at the time of the symposium.

# **CMHC (1985) *Land Trusts for Non-Profit Continuing Housing Co-operatives* (Prepared by Communitas Inc., May 1985).**

## **Summary:**

Recognizing the need to ensure that the non-profit continuing housing co-operatives continued to be available to Canadians beyond the 35-year term of their leases with the Federal Government, and the need to develop strategies for expanding the number of co-operative housing units, the Co-operative Housing Foundation of Canada (CHF) and Canada Mortgage and Housing Corporation (CMHC) commissioned this study. The objectives of this study were:

1. to develop a theoretical model for a Canadian land trust system for non-profit continuing housing co-operatives; and
2. to outline the legal, economic, and organizational framework required for such a system.

*Land Trusts for Non-Profit Continuing Housing Co-operatives* provides an extensive analysis of specific Community Land Trusts in Canada and around the world including their organizational structure, policies and implementation procedures, enabling legislation and programs, and their effectiveness at retaining co-operative housing projects within the sector.

The study then provides a theoretical model for a land trust system in Canada, the legal constraints and opportunities, economic implications, and tax implications. Specific topics examined within each of these four areas include land ownership-, capital/financing-, and support-based techniques. The study concludes with a framework for implementing the proposed land trust system.

## **Comments:**

*Land Trusts for Non-Profit Continuing Housing Co-operatives* is useful to organizations wishing to develop a comprehensive understanding the legal constraints and opportunities, economic implications, and tax implications of land trusts in Canada. While tailored specifically to the non-profit continuing co-operative housing sector, the information presented is transferable to CLTs.

**CAUTION:** The study was completed in 1985. New legal, economic and tax structures may have been established since that time.

**Evoy, Lance (Winter 1991-92) “Claiming What is Ours:  
The Building of a Community Land Trust,” *City  
Magazine*. Vol. 13, No. 1, Winter ‘91/92 (pp. 26-27).**

**Summary:**

*Claiming What is Ours: The Building of a Community Land Trust* provides an introduction and summary of the efforts of a group of residents in the Grand Plateau district of Montreal to respond to neighbourhood issues of impoverishment and displacement of poor and lower-middle-income earners.

The article provides a brief overview of CLTs and the first steps taken by the Third Avenue Resource Centre and the Regroupement des Organismes du Montreal-Ethnique pour le logement (ROMEL) to undertake a pilot project to create a CLT. The article looks at some of the opportunities and challenges they face and proposed next steps.

**Comments:**

*Claiming What is Ours: The Building of a Community Land Trust* will be useful to neighbourhood groups considering establishing a CLT and looking to network with other similar organizations across Canada. Contact information for the Third Avenue Resource Centre is provided.

## **Housing Assistance Council (1993) *Community Land Trusts and Rural Housing*, April 1993.**

### **Summary:**

*Community Land Trusts and Rural Housing* discusses the Community Land Trust model and its application in rural areas to promote affordable housing.

The report was funded by the Housing Assistance Council, and includes an overview of the CLT model including basic principles, organizational structure, ground lease, lease fee, and suitability for affordable housing purposes. The report also examines the opportunities and challenges to establishing a CLT as well as the financial resources required and available through various US programs. The report ends with four case studies of rural CLTs in the US:

- Central Vermont Community Land Trust
- Action Community Land Trust
- OPAL Community Land Trust
- Lopez Community Land Trust

### **Comments:**

While designed for the US context, *Community Land Trusts and Rural Housing* provides a good overview of the CLT model and the opportunities and challenges associated with establishing a CLT. In addition to the case studies (which describe the background, organizational structure and housing development of each of the four CLTs), contact information is also provided, including:

- Institute for Community Economics
- Fannie Mae
- Housing Assistance Council
- Action Community Land Trust
- Central Vermont Community Land Trust
- Lopez Community Land Trust
- OPAL Community Land Trust

*Community Land Trusts and Rural Housing* is available for downloading by non-profit community-based organizations at <http://www.ruralhome.org/pubs/clt/contents.htm>.

# **Institute for Community Economics (2002) *Community Land Trust Legal Manual.***

## **Summary:**

The *Community Land Trust Legal Manual* is the updated version of the original 1991 publication. The manual is designed to address the various political, financial, practical, and legal questions confronting Community Land Trusts. The authors note that the original 1991 publication has stood the test of time and that the 2002 version is designed to update, clarify, and provide more detailed practical guidance to CLTs.

The manual provides a comprehensive examination of CLT model including housing and land tenure issues, implementing restrictions on ownership, and the consequences of separating Titles on land and buildings. It addresses the practical issues around organizational structure including incorporation and basic organizational considerations, Bylaws, and seeking tax-exempt status. Guidelines for the initial pricing of CLT homes, designing a resale formula, designing a ground lease fee, financing, and real estate transactions are discussed. Sample ground lease articles are also provided.

## **Comments:**

While designed specifically for the US context, the *Community Land Trust Legal Manual* is useful to communities groups and organizations that are ready to establish their own CLT. The manual provides guidance to ensure that the appropriate due diligence is done to answer relevant political, financial, practical, and legal questions.

**CAUTION:** Appropriate legal advice should be sought when establishing a CLT in Canada to ensure that political, financial, practical, and legal issues and requirements are addressed at the local, Provincial, and Federal levels.

# **Institute for Community Economics (1994) *Managing the Money Side: Financial Management for Community-Based Housing Organizations.***

## **Summary:**

*Managing the Money Side: Financial Management for Community-Based Housing Organizations* is designed to address the issues of poor financial management that can jeopardize the viability of community-based housing organizations. The publication provides guidance on the practical, day-to-day issues of financial management, and is a response to the number of organizations that have struggled, and occasionally failed, due to inadequate financial management systems.

The publication provides an overview of accounting procedures as a basis for sound money management. It follows with describing the basics and guidelines for:

- operating budgets;
- budgeting cash flow;
- property development fund budgets; and
- rental management fund budgets.

A model accounting system is described along with guidance on using financial reports and a glossary of common accounting terms.

## **Comments:**

*Managing the Money Side* is equally valuable to CLTs and other community-based housing organizations. While designed for the US context, *Managing the Money Side* provides practical guidance and advice for setting up an appropriate accounting system.

**CAUTION:** CLTs should seek appropriate accounting and financial management advice and assistance when establishing an accounting system.

# **Institute for Community Economics (1991) *A Guide to Resident Selection and Education for Community Land Trusts.***

## **Summary:**

Good resident selection decisions are essential to building a strong and viable Community Land Trust. *A Guide to Resident Selection and Education for Community Land Trusts* provides the necessary tools and an overview of the resident selection process.

The guide begins with general considerations for developing resident selection guidelines. It follows with discussions and guidelines for:

- pre-selection activities;
- establishing criteria for the Selection Committee;
- the review process;
- resident selection (decision-making); and
- following up with accepted applicants.

The guide also discusses particular considerations for multi-unit buildings and ongoing education and support for CLT residents.

The Appendices include a sample agenda for a preliminary information session; sample application, authorization to release information, request for information from landlord, request for information from employer, and request for verification of deposit forms; a sample rejection letter; and a list of additional resources.

## **Comments:**

The guide is of use to CLTs and other housing organizations wishing to establish clear and objective guidelines for selecting and supporting potential residents.

**CAUTION:** When setting up guidelines, procedures, application forms, and requests for information forms, CLTs should seek legal advice to ensure that *FOIPP* and other legal requirements are being met.

## **Institute for Community Economics (1990) “Doing the Right Thing in Vermont,” *Community Economics*, No. 20, Summer 1990, (pp. 2-16).**

### **Summary:**

*Doing the Right Thing in Vermont* is the topic of the Summer 1990 newsletter of the Institute for Community Economics. As a preview to The Third National Community Land Trust Conference held in Burlington, Vermont in August 1990, the articles in the newsletter offer an overview of the initiatives that were underway in Vermont at the time to promote CLTs and affordable housing.

Articles include overviews of:

- the Vermont Housing and Conservation Trust Fund;
- the Socially Responsible Banking Fund;
- Burlington’s Northgate Apartments;
- the Vermont Community Loan Fund;
- United Hands Community Land Trust;
- Central Vermont CLT;
- Affordable Mortgages through the Vermont Housing Finance Agency; and
- Brattleboro Area CLT.

### **Comments:**

*Doing the Right Thing in Vermont* is of value to communities and organizations looking to build their understanding of the different ways CLTs can be established and the purposes they can serve.

The newsletter also provides an overview of community-based financial institutions working in partnership with CLTs to leverage capital and promote more affordable housing. While these same opportunities may not be available in Canada, they do provide innovative ideas for what could be achieved.

# **Institute for Community Economics (1982) *The Community Land Trust Handbook.***

## **Summary:**

*The Community Land Trust Handbook* provides a comprehensive overview of the Community Land Trust model in practice. The handbook is considered the seminal work for understanding the CLT model in North America.

The handbook begins with an overview of the philosophical underpinnings of CLTs and an explanation of the CLT model. Topics covered include the roots of land ownership practices in North America, the legitimate interests of individuals and communities, opportunities for balancing those interests, the CLT model 0 what it is and what it is not.

The handbook then provides a series of nine US-based CLTs to demonstrate the variety of opportunities and individual models available. These are:

- New Communities, Inc. – *Leesburg, Georgia*
- Community Land Association – *Clairfield, Tennessee*
- Covenant Community Land Trust and HOME Co-op – *Hancock County, Maine*
- Columbia Heights – *Washington, D.C.*
- Community Land Cooperative of Cincinnati – *Cincinnati, Ohio*
- Cedar Riverside Community – *Minneapolis, Minnesota*
- Ottauquechee Regional Land Trust – *Vermont*
- Marin Agricultural Land Trust – *Marin County, California*
- Monadnock Forest Land Trust Demonstration Project – *New Hampshire*

The handbook ends with a practical guide to establishing a CLT including:

- organizing, research, and outreach;
- internal organization;
- acquisition;
- financing;
- land-use planning and development; and
- leasing and leaseholders.

**Comments:**

*The Community Land Trust Handbook* presents a valuable guide to understanding the philosophy, opportunities, and practical considerations of CLTs in North America.

The handbook should be considered a must-read for anyone seeking to understand the “big picture” and philosophy behind CLTs.

**Nozick, Marcia (Winter 1991-92) “Community Land Trusts: Addressing the Urban Land Question,” *City Magazine*. Vol. 13, No. 1, Winter ‘91/92 (pp. 18-25).**

**Summary:**

*Community Land Trusts: Addressing the Urban Land Question* provides a sample overview of the Community Land Trust model and a case study of the United Hands Land Trust in Philadelphia (excerpted from the author’s 1992 book about community development: *No Place Like Home*).

The article describes what CLTs are, how they balance individual and community interests, and how they work. Specific topics included:

- community organizing;
- incorporation and setting up a board;
- land acquisition; and
- writing a ground lease.

The case study of United Hands Land Trust describes the history of the CLT, who it serves, and how it was established. It also describes how United Hands operates and how it works with its resident members.

The article concludes with some critical questions for CLTs and a possible future of CLTs in Canada.

**Comments:**

*Community Land Trusts: Addressing the Urban Land Question* is useful to anyone seeking to gain an understanding of what CLTs are and how they operate. The article is a good first read to get an overall understanding of CLTs before moving on to other, more detailed readings.

# **West Broadway Development Corporation (2000) West Broadway Community Land Trust (WBCLT): Lessons Learned, Ottawa (submitted to Homegrown Solutions).**

## **Summary:**

*West Broadway Community Land Trust (WBCLT): Lessons Learned* documents the efforts of the West Broadway Development Corporation (WBDC) to create a Community Land Trust for the purpose of inner-city rehabilitation in the West Broadway community of Winnipeg, Manitoba.

The report describes the history of the West Broadway Community Land Trust and the key considerations and processes it went through to examine charitable tax status, incorporation, outreach, education, technical supports, financing, ownership, and resale calculations. It goes on to describe the structure of its rent-to-own mechanism, resident selection, and policy issues. A number of lessons and insights were learned through this exercise, including:

- the lack of Canadian context for neighbourhood based and controlled CLTs means that increased knowledge and expertise needs to be developed;
- various scenarios need to be tested to determine if housing provided through a CLT will be financially viable and meet the needs, preferences, and expectations of residents;
- appropriate funding resources are required to develop and maintain the necessary legal, financial, housing development, management, policy and community development support;
- a viable business model is needed with the appropriate core funding and project funding clearly identified;
- CLTs are complex and difficult to understand, requiring an effective communications strategy that gets key messages across using plain language; and
- ongoing outreach and supports are required to help CLT residents maintain their housing.

## **Comments:**

*West Broadway Community Land Trust (WBCLT): Lessons Learned* is useful to community organizations seeking to establish a local CLT. The lessons learned provide insights into the challenges a CLT is likely to face in Canada and what due diligence is required when setting up a business model. The bibliography provides an extensive list of valuable resources and publications.

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