



A unique, “inside” perspective on housing and community development from the executive director of the Washington State Housing Finance Commission.

Community land trusts come of age

The focus of this issue of *My View* is on Community Land Trusts (CLTs) because there are now 10 CLTs in the state of Washington, in cities, towns and rural communities. Not surprisingly, all of our CLTs are based in areas that have seen stupendous growth, both in terms of population and in the skyrocketing of median home prices.

CLTs accomplish this by keeping the land on which these homes sit in permanent stewardship. The appreciation of the land is taken out of the price equation. And, when homeowners are ready to sell, the price is determined by the CLT according to a formula that allows the next buyer to also pay a below-market price (please see “By the book” on page 8).

What are community land trusts? One frequent misconception is that they’re involved with preserving land from development. In fact, CLTs are *affordable housing-focused* organizations. They’re set up to help homebuyers secure affordable homes and achieve an equity return on their investment, while preserving affordability for the next homebuyer. That’s one reason the CLT model is so compelling: *it offers an affordable home now and preserves that affordability for future buyers.*

I was originally skeptical about the CLT model’s ability to produce housing on a large scale. But my appreciation of CLTs as a practical model for meeting high-capacity needs for affordable housing was kindled during a tour of the **Burlington Community Land Trust (BCLT)** in Burlington, Vermont about ten years ago.

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ANSWERING BROAD HOUSING NEEDS IN BURLINGTON, VERMONT

Founded in 1984, BCLT is currently the largest CLT in the U.S. and a looked-to pioneer, with 2,500 members, more than 370 single-family shared-appreciation homes and condos, 125 coop apartments, and 380 rental apartments on land trust property. BCLT, with help from the municipality of Burlington, the Vermont Housing and Conservation Board, and many other partners, has purchased and rehabilitated houses and apartments, built new homes, created

transitional housing, secured condo affordability covenants and much more. BCLT has had extraordinary success in housing a large number of people in a city of about 40,000 and a metropolitan area of approximately 200,000.



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FOR WASHINGTON, IT STARTED IN THE SAN JUANS

The Community Land Trusts on Orcas and Lopez islands are the “grandmothers” of Washington State CLTs, and have served as an inspiration and sounding board for those that have been founded since. Interestingly, the impetus for bringing community land trusts to Washington State can be traced to a single individual, Peter Fisher.

In the late 1980s, Peter noticed that many of his friends were being forced to leave Orcas Island because they couldn’t afford to live there. Concerned, he began searching for models in other parts of the country, discovered the CLT concept and started to spread the word among like-minded people in the San Juans.

In 1989, **OPAL** (Of People and Land) formed on **Orcas** and the **Lopez Community Land Trust (LCLT)** came together on Lopez Island. What’s notable about these two organizations is how their housing projects reflect their distinct philosophies. OPAL’s **Executive Director Lisa Byers** explains, “Ours is a values-based system that recognizes land as a shared resource, which we want to steward in a way that meets community needs.” Correspondingly, on Orcas, the first project was a cluster of single-family houses built around a communal village green. Opal Commons was completed in 1994.



LISA BYERS

“Ours is a values-based system that recognizes land as a shared resource, which we want to steward in a way that meets community needs.”

ORCAS ISLAND PROPERTIES:



LAHARI RIDGE PROPERTY

Located in Deer Harbor, WA. The house is a two-bedroom 840 sq. ft.



ORCAS ISLAND PROPERTY

OPAL executive director Lisa Byers in the Bonnie Brae neighborhood of Eastsound.



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SANDY BISHOP

While Orcas is a tourist destination with a strong arts community, Lopez's economy is based in "farming, fishing and forestry," says **Sandy Bishop, executive director of LCLT**. Sandy believes that basic difference is reflected in the Lopez group's philosophy and projects. Lopez emphasizes housing cooperatives,

compared to the single-family ownership model on Orcas. Lopez projects rely on a large percentage of sweat equity, whereas Orcas was able to tap into USDA's rural housing assistance programs to make the homes affordable. Last but not least, LCLT also focuses significant resources on agricultural issues: projects include the Lopez Community Farm and the first USDA-approved mobile meat processing unit.

The San Juan experience shows the flexibility of the CLT model. It is adaptable to communities with different needs. But the question that really interests me, from a statewide affordable housing perspective, is: "Can the model work in a large town or urban context to provide a significant number of housing units?"

KULSHAN CLT RAMPS UP GROWTH

Incorporated in 1999, the **Kulshan Community Land Trust (KCLT)**, based in **Bellingham**, has shown how much can be accomplished in a relatively short space of time when communities and elected officials work together for a common cause. **Executive Director Paul Schissler**, who was one of three co-founders of KCLT, says that his organization's successes in Whatcom County come from having "almost all of the right ingredients. People here care," he asserts, "and local elected officials are looking to find a way to address a worsening problem. We can't change the global trends that are affecting wage rates, but as a community we can affect the cost of housing so that people can afford to live here." Another key ingredient: a willingness to try different approaches to securing homes to increase capacity.

LOPEZ ISLAND PROPERTIES:



LOPEZ ISLAND PROPERTY

Houses are from the Coho Association. A housing cooperative built by Lopez CLT in 1994.



THE INNISFREE PROPERTY

Completed 2 years ago. The crew is made up of volunteers, residents building their own homes and a some lead carpenters and Ameri corps.



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PAUL SCHISLER

For Paul, the growing recognition that Whatcom County is a wonderful place to live has created “a painful irony. We started with a great setting,” he says, “and people who live in this community have contributed to make it even more appealing.” In the 4th quarter of 2005, the median price for a home in Whatcom County was \$289,900—up 25.7% from same quarter of 2004. By contrast, Paul emphasizes, half the households in Bellingham are earning incomes less than the \$50,000-a-year median.

It took about two years for KCLT to enlist members and secure funding to get rolling as an organization. They opened a small office in 2001 and settled on an initial two-pronged program of homebuyer education and scattered-site home acquisition. With a scattered site approach, a qualified homebuyer can buy a home on the open market; the home must meet certain criteria, including price, and the property goes into stewardship. In 2002, KCLT acquired its first seven houses. They’re now up to 45 scattered site homes, and 10 condos with affordability covenants. In the CLT framework, condo affordability covenants basically work the same as a ground lease under a house.

The City of Bellingham has been a strong partner

“The challenge is having supply respond to demand—how can we scale up this approach? As a state and as a community we can set ambitious goals.”

with KCLT. Right now, KCLT is in the development stage of building its first new homes in Bellingham—14 of them on less than one acre. This is an innovative pilot demonstration project encouraged by the City to take advantage of increased density to house more families and increase affordability. This Enterprise development will have eight units with a zero lot line, five single-family detached homes, and one “carriage house” above a shared community space.

The challenge, says Paul, “is having supply respond to demand—how can we scale up this approach? As a state and as a community we can set ambitious goals.” He points to the comprehensive plans for both Whatcom County and Bellingham; both have adopted the goal that every neighborhood and every community will have a healthy mix of housing types in terms of ownership, size, and price. “That goal is without a definite number,” he says, “but KCLT’s strategy is to increase its affordable housing stock this year and every year.”



CARL FLOREA

PRESERVING COMMUNITY AND CULTURE

Leavenworth’s SHARE CLT is a part of a larger organization in Leavenworth, **Upper Valley MEND** (Meeting Each Need with Dignity). SHARE, like so many CLTs, grew out of a growing sense of urgency over the availability of affordable housing. In the case of SHARE, one of those willing to do something about it was **Executive Director Carl Florea**. Carl moved to Leavenworth 21 years ago to serve as pastor of a local Lutheran church. He increasingly saw homes that “could have been starter first homes” taken off the market. “That was disturbing to me,” he says. “I didn’t want to lose a sense of diversity in our community.” Carl and a friend continued to attend city planning meetings to raise housing issues. “We kept saying, ‘we should be doing this as a community.’”

In 1997, Carl attended a conference where Lisa Byers was doing a presentation on CLTs: “A light went on: I said, ‘that’s it.’” SHARE was founded the following year, and this organization has just completed its second 10-home neighborhood development in Leavenworth, in addition to two rental units, which serve as homes for families on the wait list for the homebuyer program. Carl is gratified at the level of support that SHARE has received from the local community.



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In a very real sense, Carl explains, Leavenworth is “cursed by our beauty.” Beauty can be a blessing in that it draws outside money, especially in a tourism economy like Leavenworth’s. The downside of this is that tourism economies don’t offer a high wage base, and communities like Leavenworth are seeing more and more homes go to retirees from wealthier economies or to second homes.

For Carl, SHARE’s work in securing affordable homes is “all about community preservation. If you don’t preserve affordability in housing, then people who work here will have to live elsewhere. For me, that doesn’t define what *community* is.” Affordable homeownership is an important part of the broad needs of a thriving community, Carl stresses. He points out that Leavenworth could also benefit from more affordable rental homes for families as well—and that SHARE would definitely look to partner in that effort. “We believe in what we’re doing,” he says.



LEAVENWORTH PROPERTY

Carl Florea SHARE CLT executive directive and Aldea Village resident AnaRosario.



SAM HENDRICKS

Sam Hendricks, executive director of Vashon Household, has a similar point of view, even though **Vashon Island** is not a tourist economy. “Our organization,” Sam says, “is looking at a housing market that can only be described as out of control. It is changing the character of our island. The regular folks are being driven off: working families, retail workers, craftspeople, teachers, healthcare workers, tradespeople. They can’t afford to purchase a home here with little or no equity. \$430,000 is now the price of a median home—\$300,000 for any kind of house that is habitable.

“What we’re really doing with this CLT is staking a claim,” Sam stresses. “We’re not just giving a few families a leg up: If the housing market doesn’t work, we’re going to create our own market mechanism, to create affordable housing and keep it affordable for our kids and our grandkids. We are fighting to preserve the fundamental culture of our island.”

Vashon Household got its start in 1991 and is currently Vashon Island’s biggest developer. Most of the island is zoned for one house per five acres, so the organization has been confined in large part to developing new homes near the town center, where the zoning is less restrictive. Since

Vashon Household’s founding, says Sam, they’ve completed three projects and have three in development, all within this multi-family zone. This includes a nine-unit home for residents with disabilities; 21 subsidized apartments for low-income seniors; and five homes in a co-housing community. The three developments in progress are 26 town-home rental units for low-income families; Sunflower CLT, a 14-home King County-designated green design project; and Roseballen, which will house 19 families.

Roseballen is Vashon Household’s most ambitious project to date. The homes themselves are being created barn-raising style by the families themselves; the sweat-equity component of the project is made possible through a partnership with Northwest Housing Development. The development is on 20 acres, with 11 preserved as open space with environmental covenants. Four-and-a-half acres are leased out long term to local low-income organic farmers, which gives that land a 90% agricultural land tax break. The environmental set-aside acreage gets a 70% tax break.



VASHON ISLAND HOMES

Vashon Household Executive Director Sam Hendricks shows some of the first resale-restricted homes built on Vashon Island by his organization; these homes’ resale prices are restricted by covenant.



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"We have to act absolutely as aggressively as we can. We're acting now to nail down the last remaining developable Vashon properties," says Sam. When the current three developments are completed, "118 families will be living in Vashon Household homes. That's a lot, but it's not enough." Currently, Vashon Household is negotiating on another property and looking at other options for preserving affordability, including group homes.

focused on homebuyer education to ensure that buyers understand the CLT model as well as their financial requirements. And HCLT is utilizing a buyer-driven scattered-site approach to add as many homes as it can to its stewardship.

HCLT started its scattered-site program in earnest last year, adding seven homes; two more are in the closing process. Unfortunately, says Sheldon, "it's a race against the market. There's

environment for HCLT "is not easy. Like all nonprofits, we have to knit together all the numerous sources." The City of Seattle has offered additional support to HCLT's efforts with funding out of its housing levy. Plus HCLT is receiving federal dollars. But on the operating side, there's the typical nonprofit's lament: "We're a small organization with a small staff. It's a boot-strap approach," Sheldon emphasizes. "We have to build up capacity to do larger-scale projects. Our challenge is can we grow quickly enough."



"We have to build up capacity to do larger-scale projects. Our challenge is can we grow quickly enough."

SHELDON COOPER

PARTNERSHIPS MAKE A DIFFERENCE

In a large urban area like Seattle, the very qualities that have helped CLTs in rural communities and small towns—a close-knit populace, for example, that recognizes the value of diversity and affordability and will come together to preserve that—can work against them. It can be that much harder to get the momentum needed to achieve success on a large scale in a city.

Homestead CLT (HCLT) is currently Seattle's only CLT. Incorporated in 1992, the organization has had some tough breaks, and nearly went under early on when funds couldn't be assembled quickly enough to get an initial project off the ground. Since **Sheldon Cooper** took on the role of **executive director** in 1999, however, HCLT has been turning itself around, building partnerships and gaining momentum. The organization is strongly

a lot of competition for these homes." Typically, HCLT's homebuyers can just barely break into the Seattle market; the homes with sticker prices they can afford, even with up to \$80,000 in purchase assistance from HCLT's Advantage program, frequently get lost in bidding wars. But HCLT and its homebuyers are persevering.

And late last year, HCLT began a dialogue with Habit for Humanity and the City of Seattle on a partnership to create seven new homes. "This is a very exciting piece for us," Sheldon says. The City of Seattle has several vacant parcels, which it will convey toward the goal of permanently affordable homeownership. Habitat will select the families and provide mortgages; Homestead will be the steward of the land.

Sheldon acknowledges that the funding

THE NORTHWEST CLT COALITION: THINKING STRATEGICALLY

One way in which CLTs in our region are tackling the challenge of how to grow enough to meet the needs of their communities: they're pooling resources and sharing their expertise. The members of the **Northwest Community Land Trust Coalition** encompass the 10 Washington State CLTs, plus two CLTs in Oregon and one in British Columbia. Since 2000, they've met twice a year for two-day stints to compare notes and mentor one another. Members discuss tactics for building public awareness, expanding and developing funding sources, and building more stable, sustainable organizations.

More recently, the Coalition has organized itself formally as a 501(c)3, and is increasingly thinking about long-term tactics. The group hired consultant **Melora Hiller** to help them create a strategic plan and devise a fund-raising strategy. "Right now, one of the challenges for the Coalition," Melora says, "is to think strategically about where CLTs can and should grow. Can existing CLTs expand to broader geographic areas?" Members' overarching questions are: "How can we develop dedicated funds to support our CLT



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MELORA HILLER

members—and how can we produce more affordable housing?”

Melora and the Coalition are exploring whether, for example, providing centralized back office services would create efficiencies for members. She points out that a revolving loan fund to serve members’ affordable housing efforts is on the organization’s wish list, though they’re still exploring how that would be funded and who would manage it. What is clear is that the Coalition has provided tremendous support to its members. Every CLT director I spoke with affirmed its clear value to his or her organization, from technical assistance to morale building to creative brainstorming.

Currently, the Commission is working with Melora and the Coalition in providing legal research on how CLTs can get fair tax appraisals and assessments to help keep down operating costs. Coalition members are advising groups in Chelan and Port Angeles that are looking to create CLTs in those communities. And the Coalition-founded CLT Academy inaugurated its first CLT training seminar earlier this month in Seabeck, Washington: a three-day intermediate-level workshop on how to apply the CLT model. The conference, underwritten by the Lincoln Institute of Land Policy, was sold out.



JOHN EMMEUS DAVIS

A NEW NATIONAL TREND: BLOCKBUSTER CLTs POISED TO GROW

John Emmeus Davis, who visited Washington State this month as a trainer for the Coalition’s CLT Academy, is a co-founder and partner in the consulting cooperative **Burlington Associates in Community Development** and a former housing director and Enterprise Community coordinator for the City of Burlington, Vermont. He’s also one of the nation’s leading experts on CLTs.

Not only does John have a broad historical perspective on how CLTs have developed in this country; as an advisor on many ambitious fledgling CLT projects, he’s got a great vantage point on what we can expect to see from CLTs in the coming years.

“Since the millennium, several dozen CLTs have been launched,” John says. “The rate of formation has been quite high.” Interestingly, of these new organizations, four are projected to be huge in terms of the number of affordable homes they will make available. “Burlington CLT is the largest CLT in the country,” he affirms, “but these new CLTs could go past us quite rapidly.” Here’s some of what John is seeing:

- The **City of Chicago** has just formed a citywide CLT. It will serve as an affordability steward for both owner-occupied housing on leased trust land and owner-occupied housing on which the City will place long-term affordability deed covenants. This CLT will be the affordability “bank” for both.
- **Sarasota County in Florida** is targeting the development of 3,000 units of owner-occupied housing on CLT-held land in the next five years.
- In **Delaware, Diamond State CLT**, created through an alliance between the Delaware State Housing Authority and the Delaware Housing Coalition, an advocacy group, has launched a strategic planning process similar to Chicago’s. This represents the first *statewide* CLT. Diamond State CLT will act as a steward of affordability for units that are on leased land, as well as units created through inclusionary zoning, or financed through the state housing authority with a deed covenant placed on the units.
- The **City of Irvine**, California just last month made public its goal of 9,700 units of affordable housing by 2025 representing approximately 10% of the city’s housing stock, which will be encumbered with long-term affordability covenants. This will be accomplished largely through the creation of the **Irvine Community Land Trust**.



CRITICAL MASS IS IMPORTANT

"Critical mass is important," says John. "My partners and I are working with a number of CLTs on analyzing sustainability: what are the costs of stewardship versus revenues, and where is the break-even point." What they've found is that the number depends on the market, the turnover of units, and the resale formula used by the CLT. "But no matter which way we've done these," he says, "that number usually comes out to between 200 and 300 units. Under that number, you're probably not able to collect enough fees to meet your own costs as stewards. Only a handful of CLTs in the U.S. have grown to the point where at least the stewardship part of their function is self-sustaining."

However, as John Davis points out, "CLTs are part of a family of models or mechanisms that are designed to perpetuate the affordability of owner-occupied housing." He points to limited equity coops, limited equity condos and deed-restricted owner-occupied housing as well. "If you add the CLT to that family of models of resale restricted owner-occupied housing, it's a pretty substantial portfolio: quite a large number of units."

For more information on CLTs, a good place to start is an overview and analysis of the Burlington Community Land Trust's home resales, written by John Emmeus Davis and Amy Demetrowitz: "Permanently Affordable Homeownership: Does the Community Land Trust Deliver on Its Promises?" This performance evaluation can be downloaded from Burlington Associates' website: www.burlingtonassociates.com.

By the book: A look at Kulshan Community Land Trust's first home resale

KCLT has seen just one home resold since its founding in 1999, but, says Executive Director Paul Schissler, the sale "went by the book."



KULSHAN LAND TRUST PROPERTY
Bellingham, Wa.

Here are the details:

Fall 2003. KCLT helps a qualifying purchaser buy a \$151,000 home. The purchaser contributed \$1,510 (1%) to the down payment and KCLT subsidized the remaining down payment gap of just under \$50,000.

Fall 2005. The owner moved away, which triggered a resale of the property. A family of four acquired the three-bedroom house, which was sold to them for a price of \$111,000. At that low price, the new owners were able to qualify for a mortgage without any subsidy.

RESULTS:

- The first owner netted roughly \$8,000.
- The new owners bought a home for \$111,000 that was conservatively appraised at \$185,000.
- The house's affordability continues to be protected for subsequent owners.

About Us

The Washington State Housing Finance Commission is a self-supporting agency that provides below-market financing to buy, build or preserve affordable housing and non-profit capital facilities. The Commission builds partnerships with the private sector to raise capital needed to further these social and economic objectives at no cost to the taxpayers of Washington State.