Equity and Empowerment

The Case for Community Land Trusts
Why Community Land Trusts?
(Why are we talking about this?)

Promote **sustainable** housing policies;

Restore **equity** in housing;

**Share** the social benefits of homeownership;

**Empower** families and communities;

Aid cities’ social and economic **health**.
What are **Community Land Trusts**?

A brief overview
How they work

Locally-operated nonprofit corporation partners with public and private actors to develop land and homes.

Targets low-income families, who purchase at below-market rate.

Own the home, lease the land.
Shared equity homeownership

One caveat—restricted resale clause; can only sell to other low-income families or back to the trust

Limited profit—return of equity and small returns on investment

Balancing individual and community needs

Long-term, sustainable affordability
Promote sustainable housing policies
Restore equity in housing
A history of discrimination
Homeownership, the American Dream: 1940s

Post-World War II housing boom

Reformation of mortgage industry—lower down payments, longer repayment terms

Racially-discriminatory underwriting, de facto segregation

The beginning of a long legacy of exclusion
Fast-forward: 2008

Predatory lending practices targeting low-income and minority families

1 in 5 subprimes ended in foreclosure

The concentrated effects of foreclosure

Social: “broken windows theory,” crime, and social disorder

Economic: decrease in property values, loss of local economy
Percentage of 720+ FICO scores given high-cost loans leading up to 2008

- White
- African-American
- Latino
The wealth gap
Assets and homeownership

Homeownership as chief vehicle of asset creation
Past generations’ experiences contribute to today’s gaps for many minority and low-income families
Renting versus ownership
Wealth, not income, is the single biggest barrier to homeownership
Build assets   Buy a home
But why *homeownership*?
Sharing social benefits with everyone
Far more likely to:

- Volunteer in local organizations;
- Vote;
- Know the names of their representatives;
- Have their children graduate;
- Contribute to solving community problems;
- Invest in local infrastructure and the neighborhood;
- Stay in the same community long-term.
Empowering families and communities
Empowering families

Shareholders in the corporation

Tripartite governance

Unique power structure, rare in affordable housing models

“Policy done to you versus policy done with you”
Aiding cities’ social and economic health
Community land trusts in the city

Development of community facilities and open space
Promotion of local economic opportunities
Developing and administrating affordable housing efforts
Avoiding economic and social costs of foreclosure
Helping the housing market readjust more quickly