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Community Land Trusts: A Powerful Vehicle For Development without Displacement

May Louie

I was taking care of my mother and my daughter. Some people call us the sandwich generation. I call us the mammogram generation—we're squeezed. I was really scared. I knew when they took away rent control, everything would go berserk...When they took away rent control and he doubled the rent and then not that much later, raised it again, I was so afraid. I took a homebuyer class... A girl at my job...gave me a flyer. They're building ten new homes by lottery. I got a notice. I got number 10! A lot of things were falling apart in my life. But God was watching out for me...I'm paying less now in my fixed mortgage than I paid in rent before I moved here in 1998...I know I can afford to stay where I am today, and that's huge.

Diane Dujon, homeowner

Dudley Neighbors Inc.

(Author Interview, 2007)

In the Great Recession of 2007–2009, Boston's communities of color were hit hard. A 2009 map of foreclosures looked like a map of the communities of color—Roxbury, Dorchester, and Mattapan. The one island of stability was a section of Roxbury called the Dudley Triangle—home to the community land trust of the Dudley Street Neighborhood Initiative (DSNI).

Originally established to respond to the community’s vision of “development without displacement,” the land trust model was adopted to help residents gain control of land and to use that control to prevent families from being priced out as they organized to improve their neighborhood. They were successful. Today, DSNI’s community land trust—called Dudley Neighbors, Inc. (DNI)—accommodates 225 units of permanently affordable housing, commercial and nonprofit space, a park/playground, a mini-orchard and garden, a 1.5-acre urban farm, and a community greenhouse. The land trust has proven to be crucial in the community’s progress, an anchor for the continuing neighborhood investment toward its vision of an urban village and in preventing displacement in a hot real estate market.

DNI’s recent performance in the face of the collapse of housing markets was just as stunning and less anticipated. Protective features of the land trust mean that there have been no subprime mortgages, and therefore no foreclosures due to predatory loans. Other features allowed the land trust to work with homeowners to prevent foreclosure on conventional mortgages.

DSNI’s land trust benefits low- to moderate-income families and the broader neighborhood. By safeguarding families in their homes, DNI stabilizes the community as a whole.

What Is a Community Land Trust and How Does One Work?

Community Land Trusts (CLTs) come out of a tradition that is deeply rooted in movements for social justice and fairness, along with a tradition of transforming the relationship among the individual, the land, and the community. The first CLT in the United States was not urban but a rural agricultural land trust, New Communities, established in Georgia in 1968. It was formed at a time when Black farmers in the South were being forced off the land by mechanization and economic retaliation for registering to vote (Davis, 2010, 15). Charles Sherrod, director of New Communities, recalls the obstacles he met as a young SNCC (Student Nonviolent Coordinating Committee) organizer:

...the thing that prompted me to think in terms of self-sustaining capacity more than anything else was knocking on doors all over the country— whether it was in Mississippi, Alabama, Georgia, or in Virginia...I was hearing people say

the same thing time and time again. “What you going to do if I’m kicked out of my house? You young people are talking a good talk – this is a good thing you’re doing—but I live on this man’s land, and what am I going to do if they take my job, take my house?”...

...So years of that...The only solution that one could come to would be that we have to own land ourselves.” (Davis, 2010, 195)

DSNI’s land trust comes out of this same tradition – a devastated urban community of color searching for vehicles that would allow it to take control of its own destiny and safeguard its future. The trust is part of a comprehensive community-controlled strategy. DNI was created by DSNI out of the community’s mandate for “development without displacement” and its trailblazing campaign for land control.

Today, in the United States, the CLT model is primarily used to protect housing affordability. Land trust housing is one model of what the late Dr. Michael Stone, community planning and urban policy professor and housing advocate, and others call social ownership of housing and land that is not owned or operated for profit, cannot be sold for speculative gain, and provides security of tenure (Stone in Bratt, Stone, and Hartman, 2006).

Each of the CLTs in the country has developed out of the vision of its particular community and its circumstances. Each of them has followed a different path. There has been diversity in how they acquired land, generally through public and private donations or public subsidies to make purchases. What they have in common is their social commitment—as mentioned above, to preventing displacement of residents (often very low-income residents) due to gentrification.

Early proponents developed what became known as a “classic” CLT model. Today, there are many variations as communities mold this flexible tool to serve their own goals. Here are some general features common to most land trusts.

A CLT is typically a community-based, nonprofit, tax-exempt corporation set up for charitable purposes. Distinguishing characteristics are:

Dual ownership: Ownership is divided between two entities: the trust retains ownership of the land, stewarding its use on behalf of the community; the

structures are owned by families, cooperative associations, nonprofit developers, etc.

Leased land: The trust provides exclusive use of the land to the owners of the structures through a long-term ground lease.

Perpetual affordability: Through ground lease restrictions, the land trust caps the resale price of homes and requires that they be sold to income-eligible buyers; in this way, the subsidies used to make the original price of the home affordable to low- and moderate-income families are retained in the home, allowing it to be affordable to generation after generation of buyers.

Perpetual responsibility: As community place-based organizations, CLTs are committed to a community agenda and stay in the picture after purchase through successive owners. They have a stake in and work for homeowner success. (Davis and Jacobus, 2008)

These characteristics have allowed CLT communities to retain a stock of affordable homes and, in this way, serve as a hedge against gentrification. In the case of Dudley Neighbors, it signs a 99-year (renewable and inheritable) extended-period ground lease allowing the family to use the land. The lease includes an article on the “Transfer, Sale or Disposition of Improvements,” placing two restrictions on resale: the home must be sold to a low- or moderate-income person; and the home must be sold within the price limits outlined in the lease. The resale formula allows for a modest appreciation for each year of ownership, plus 100 percent of any improvements. In addition, the ground lease requires that the home serve as the owner’s primary residence (DNI, n.d.). In other words, it cannot be an investment or speculative property. These provisions protect affordability in perpetuity.

Homeowners receive many of the benefits of traditional market ownership. They are able to build equity through their initial down payment, their payments against their mortgage principal, and investments in improvements, as well as a reasonable appreciation on the value of their home. They can pass the home to their heirs.

How did DNI (and other CLTs) prove to be protective at the other end of the housing cycle—during the real estate crash?

Dudley Neighbors (and CLTs generally) provides protections that are missing in conventional market housing or in a more commonly used model of affordable housing with deed restrictions. The ground lease limits owners to taking “Permitted Mortgage(s) Only.” Mortgage and home equity loans must be approved by the CLT. This provides a layer of protection against predatory lenders. In addition, the CLT has an “early warning system.” DNI is notified by the lender if the homeowner defaults on mortgage payments. The land trust has a total of 120 days to take action. The homeowner can cure at any time before foreclosure. The land trust also has the option to cure or to assume the mortgage. If neither the homeowner nor DNI takes action, then the lender forecloses, and the home loses its affordability restrictions and can be sold at market price. (DNI, n.d.)

The Guiding Principle behind CLTs

Practitioner-scholar and community land trust expert John Emmeus Davis has promoted the use of the term “shared equity” homeownership to describe a subset of socially owned housing: community land trusts, limited-equity cooperatives, and deed-restricted homes. Why is equity shared? Equity is created by more than one party and therefore shared. The homeowner creates equity through his/her purchase and improvement of the home. The public, the community, also invests, through a subsidy of some kind (a public or foundation grant, an extraction from a for-profit developer, or a government program to reduce mortgage rates or provide a “soft second” mortgage) – in order to make the home available to a low- to moderate-income purchaser. Often, there is also public investment in infrastructure and amenities, private investment in improving other properties, and community investment to address quality-of-life issues. Also, market forces may increase the appraised value of the home.

In market rate housing, all of the socially created equity belongs to the homeowner and is realized in the appreciation of his/her home. The converse is also true. In the private market, the consequences of disinvestment and market depreciation (and market crashes) fall totally on the individual owner. All of the risk and all of the benefit fall on the individual.

In shared equity housing, this situation does not occur. The homeowner generally recoups his/her investment plus some equity at resale, with the price remaining affordable to the next (and future) buyers. “Market-rate housing tilts heavily toward the individual...Shared equity housing is designed to correct this imbalance, bringing the interests of individuals into closer alignment with the interests of community” (Davis, 2006, 3).

The community land trust model embodies a commitment to the principle that a community has an interest in the way that its land base is used and in the way that its land is allocated to individual members of the community. The CLT directly expresses and acts upon this principle when it enters into a ground lease as steward of the community’s land and guardian of the community’s interests. Through the ground lease the community’s interests are affirmatively stated and are balanced with the stated interests of the individual. (Abromowitz and White, 2006, 333)

From Devastation to Urban Village-in-Progress

How was the Dudley area, a once devastated neighborhood, able to gain control of land and protect families from the powerful market forces that, on the one hand, raise housing prices way beyond the reach of low- to moderate-income families, and, on the other, triggered a major global financial crisis?

The book *Streets of Hope* chronicles DSNI’s remarkable first ten years. From the 1950s to the 1980s, Roxbury and North Dorchester, the heart of Boston’s African American community, suffered the consequences of the discriminatory home mortgage insurance policies of the Federal Housing Administration (creating white suburbs), the redlining of urban neighborhoods by financial institutions and insurance companies, and the practices of unscrupulous real estate brokers. These all combined to create white flight, plummeting real estate values, deteriorating housing stock, and a population of color shut off from the services and opportunities of the city and region. Moreover, until 1983, an inequitable property tax system charged a significantly higher effective rate for poorer areas (Medoff and Sklar, 1994, 30).

While the Dudley neighborhood (part of Roxbury and part of North Dorchester) was not the only area in Boston to be hard hit, the impact in Dudley

was severe. As absentee owners sought to minimize their losses and recapture part of their investment in depreciating properties, arson fires raged through the neighborhood, night after night, during the 1970s and into the 1980s. Rubble-filled vacant lots soon became the regional dumping ground. Burned and trashed, Dudley became a virtual wasteland. Thirty percent of Dudley's land lay vacant. The level of destruction was compared to bombed-out Beirut.

Over the years, residents and agencies made multiple attempts to organize stakeholders, to develop studies and plans, to engage city officials, and to create partnerships and the infrastructure to halt the destruction and to revitalize the neighborhood. They made little progress.

Then, in 1984, the trustees of the Mabel Louise Riley Foundation visited a local nonprofit agency, La Alianza Hispana, in response to a funding request. They were shocked by the conditions they found less than two miles from their downtown offices. The Riley Foundation worked with local agencies to focus significant time and resources on making a difference in Dudley. Thus, the Dudley Street Neighborhood Initiative (DSNI) was formed. Early intervention by local residents resulted in a resident-led collaboration rather than the originally proposed agency-dominated structure. DSNI was established to fulfill the functions of community planners and organizers—rather than the more familiar roles of community developers or human service providers (Medoff and Sklar). In this way, it provided the Dudley neighborhood with the capacity to convene, to vision, to identify strategies and tools, to develop plans, and to engage in community building activities that would grow Dudley's collective power.

DSNI was formed during a period of political change in Boston. With the end of the sixteen-year mayoralty of Kevin White, Boston had just elected a new mayor. Ray Flynn, a son of South Boston, became mayor by defeating the Boston Rainbow Coalition's Mel King, the first African-American to appear on a mayoral general-election ballot in the city. King swept the vote in the Black community, and won Latino and Asian votes, too. The new city administration faced militant organizing against unequal conditions in the Black community. The Greater Roxbury Incorporation Project (GRIP) sought to have Greater Roxbury secede from the city and incorporate as a separate municipality named "Mandela."

Anxious to win allies in communities of color, the Flynn administration established a new relationship with the Dudley neighborhood. In 1986, as DSNI was about to launch a comprehensive community-planning process, it was able to reach an agreement with the city's Public Facilities Department to declare a moratorium on changing the disposition of city-owned vacant land in the Dudley area. This was an important step in restraining market forces and speculative land acquisitions. In 1987, two lots on Dudley Street sold for over \$20 a square foot, compared to \$2–\$3 a square foot a couple of years earlier (Medoff and Sklar, 1994).

The Dudley Street Neighborhood Initiative Revitalization Plan: A Comprehensive Community Controlled Strategy, completed in 1987, was the result of nine months of intense community engagement. The strategy envisioned an urban village. Among its major goals was “development without displacement,” with quality affordable housing and neighborhood control. DSNI was successful in getting the city to adopt this community-generated plan as its own (Medoff and Sklar, 1994).

“Take a Stand, Own the Land”

The formation of the Dudley Neighbors, Inc., CLT was the result of the convergence of conditions, community goals, and opportunities. Streets of Hope describes those conditions, the community's dilemma, and the subsequent organizing campaign. In a 64-acre area in the center of the community, the Dudley Triangle, almost half of the land—30 acres—lay vacant and filled with garbage. About 15 acres were abandoned by their private owners and taken by the city over time for tax arrears. The other 15 acres were composed of 181 parcels owned by 131 different individuals. More than 60 percent of the owners lived outside the neighborhood. The public and private land formed a checkerboard pattern, making it impossible to assemble a critical mass for redevelopment even if the city had made all its land available. Foreclosing on the delinquent private parcels one by one would be a complex and drawn-out process. As DSNI considered the use of eminent domain as a means to gain control of the private land, it assumed that it would be organizing to pressure the city to use its power on behalf of the neighborhood. DSNI's pro bono attorneys at Rackemann, Sawyer and Brewster, however, prepared a memo that concluded, “Two entities may acquire property in

Boston by eminent domain for the purpose of developing low and moderate income housing: the Boston Redevelopment Authority (BRA) and an urban redevelopment corporation authorized by the BRA to undertake a Chapter 121A project” (Medoff and Sklar, 118).

A Chapter 121A “project” is defined as “any undertaking consisting of the construction in a blighted open, decadent or substandard area of decent, safe and sanitary residential, commercial, industrial, institutional, recreational or governmental buildings and such appurtenant or incidental facilities as shall be in the public interest...” (Medoff and Sklar, 1994, 119)

Even as DSNI wrestled with the issue within the community, BRA director Stephen Coyle independently suggested that DSNI form a separate corporation and apply to the BRA for eminent domain authority under 121A!

DSNI conducted an organizing campaign in the community and at City Hall: Take a Stand, Own the Land. Step by step, DSNI engaged with neighborhood stakeholders, conducting a “road show” to elicit feedback and listen to concerns. It engaged with local landowners so that they would be part of the process to determine the disposition of their land, thus distinguishing them from absentee landowners.

Winning support from the city required DSNI to overcome many obstacles. One was the deep-rooted skepticism toward a low-income community of color’s ability to skillfully wield the power of eminent domain and to engage in the complex task of neighborhood revitalization. The large size of the acreage over which DSNI was seeking control was also unprecedented.

With Coyle’s support as head of the city’s planning agency, DSNI sought the support of Lisa Chapnick, head of the Public Facilities Department, which was the city’s development agency. DSNI made three main arguments to her: The grant of eminent domain authority (1) would help control speculation and gentrification, and prevent displacement; (2) would lead to more significant change than scattered site development on city parcels; and (3) if control of the private land was key for both of these goals, any attempt by the BRA or city to exercise eminent domain

would result in fierce community opposition because of the city’s eminent domain history.¹

DSNI’s arguments prevailed. Chapnick signed on. She explained: “DSNI was asking the city to delegate its role to a large extent—its financial role, its property role, its legal role...Because it was your neighborhood and you could not, in fact, be in charge of your own destiny? And ultimately, the answer was, yes—that government had failed.” (Medoff and Sklar, 125)

DSNI’s eminent domain application had strong supporters and staunch opponents within city government, including the opposition of the Boston Redevelopment Authority Board. Ultimately, it was Mayor Flynn’s strong-armed backing that prevailed.

It was clear to me that there was only one place the city government should be, and that’s on their side—not creating barriers for them not to be able to do something, but giving them the power so they could do something for themselves...

Eminent domain “was a risk...because...if it didn’t meet with a level of success, it would have been me as the mayor being held responsible for yet another misguided social policy...The question obviously I had to resolve on behalf of the entire city of Boston and its fiduciary interests: Were these people able to make it happen?” (Medoff and Sklar, 1994, 130)

DSNI did indeed “make it happen.” DSNI formed Dudley Neighbors, Inc. (DNI), in August of 1988 to serve as the urban redevelopment corporation required under Chapter 121A. DNI was established as a community land trust to acquire, own, and steward land on behalf of the community. A unique set of circumstances—a severely physically devastated area, the particular configuration of public and private land, the confluence of political circumstances, and city officials willing to take risks—came together in the unprecedented granting of eminent domain to a community nonprofit. DNI has that authority over vacant

¹ The city had used eminent domain to raze the working class West End neighborhood to make way for Government Center and luxury housing downtown. Similarly, “urban renewal of blighted” areas was used as the excuse to gentrify the South End and to tear down low-rent dwellings in Washington Park and many other parts of the communities of color. Eminent domain was used to make way for the proposed Southwest Corridor Expressway, destroying homes, businesses, and communities. Although significant organized protest eventually stopped the construction of the highway, it left a swath of vacant land that divided Roxbury from the rest of Boston, land that is only now being fully developed.

land in the Dudley Triangle (not over structures and not in the entire Dudley footprint).

Both of these strategies—organizing to have the city convey eminent authority to the community and the creation of a community land trust—were gutsy, innovative moves by a gutsy, innovative community organization. The conveyance of eminent domain to a community was unprecedented and remains unreplicated anywhere else in the country. At the time, the community land trust model was still relatively new and largely untested in an urban setting. The community’s desire to control land to protect against urban renewal and market speculation was clear. CLT proponents from the Institute for Community Economics were traveling around the country to introduce and advocate for the land trust model and met with DSNI staff and activists. In his essay “Origins and Evolution of the Community Land Trust in the United States,” John Emmeus Davis calls DNI “one of the most significant CLT start-ups during this period” (late 1980s to early 1990s), noting its dual commitment to community empowerment and community development (Davis, 2010, 26).

DNI acquired land in two ways. After the granting of eminent domain authority, a Joint Disposition Committee was set up with equal numbers of city and DSNI representatives to determine the use of public land and land purchased through DSNI’s eminent domain takings. The city sold its parcels to DNI for \$1. DSNI/DNI secured a \$2 million Ford Foundation loan to purchase private land. The Massachusetts economic slump in the early 1990s brought down land prices and allowed DNI to purchase the land and repay the loan on schedule (Medoff and Sklar, 1994). Today, there are 32 acres of land in the DNI land trust. All but a handful of scattered parcels have “permanent improvements”—the end uses that the community wanted for that land. As stated earlier, the land trust is home to 225 units of permanently affordable housing, a park/playground, an urban farm, commercial and nonprofit space, a community greenhouse, and a mini orchard and garden (author presentation, 2014). Systematically, over almost three decades, DSNI and DNI put together the community engagement processes, the partnerships, and resources to pursue the community’s vision —through periods of boom and bust—to achieve significant success.

DNI Addresses Housing Affordability and Community Building

Over its three decades, DSNI has forged a partnership with the City of Boston to meet shared goals. Homes (on the land trust and on city land in the larger Dudley neighborhood) have been planned in partnership with the city. DSNI and the city's Department of Neighborhood Development jointly convene community land use and housing design meetings, issue requests for proposals based on those meetings, and jointly designate developers. Through DSNI's role as community planner and convener and DNI's stewardship of land, residents are fully engaged in land use and housing design decisions in a significant portion of the neighborhood.

The city and state, as well as private donors, provide subsidies assembled from numerous sources to bring down the purchase price of homeownership units by approximately \$50,000 per unit. This partnership makes homeownership available to families who would otherwise not be able to purchase. The eligibility is capped at families with incomes of 80 percent of the area's median income. DSNI/DNI has striven for much deeper affordability, with some homes sold to families at 40 percent of the median.

Today, the 225 units of permanently affordable housing in the land trust comprise a mix of housing types: 95 fee-simple homeownership, 77 limited equity cooperative units, and 53 rental units (author presentation, 2014). Land trust homes account for almost one-fourth of the 1,019 units in the Dudley Triangle (Jennings, July 2013) but a much smaller share of the 8,367 housing units (Jennings, April 2013) in the entire Dudley neighborhood.

DSNI identifies the following community-building principles as those of the community land trust:

- community control over land use,
- development without displacement,
- permanent housing affordability,
- community and family stability, and
- community and family wealth creation. (DSNI presentation, 2007)

The land trust model is premised on balancing the risks and benefits for families and for the community, the two being in a symbiotic relationship. Each invests. Each benefits as the other does better.

As former DSNI executive director John Barros has said, “Without the land trust, the risk is not just to homeowners, but the community. Foreclosure destroys communities. With the [land trust], public funds are used more efficiently and responsibly. Society gains from the more stable market the community land trust provides.” (Sklar, 2009, 53)

DSNI and DNI’s Impact in Meeting Community Goals

In 2000, the Fannie Mae Foundation examined the double-edged sword of, on one hand, community development, and, on the other, gentrification that displaces longtime residents. The foundation warned of “the slippery slope from the presumed virtues of ‘income mixing’ to the open conflict of gentrification” (Wyly, Cooke, Hammel, Holloway, and Hudson, 2000, 2). Fannie Mae’s study “Ten Just Right’ Urban Markets for Affordable Homeownership,” identified big-city neighborhoods where capital investment in residential real estate had expanded rapidly but where the number of mortgages to low- and moderate-income (LMI) people was also rising—in other words, places that were improving yet affordable. It designated the Dudley Triangle one of these “just right” neighborhoods. The authors suggested that of the ten, three (including Dudley) are particularly worth learning from because

community activism and public policy are important forces in the neighborhood. ...Particularly in Boston’s Dudley Street, Chicago’s Edgewater, and Oakland’s Fruitvale, the recent expansion of LMI ownership grows out of years of organizing and planning...Indeed, if there is one theme common to all of these neighborhoods, it is that the emergence of affordable homeownership opportunities has defied so many collective social decisions that were once seen as natural or inevitable processes—suburbanization, the gradual decline of older communities, the flight of white and middle-class residents, and eventual abandonment. Neither disinvestment nor reinvestment is

natural—they emerge out of specific economic, social, and geographical decisions (Wyly et al., 5).

Further, they make a call for particular policies:

If policy makers agree on the need for public interventions to maintain affordability and equity in a housing market devastated by skyrocketing costs... then the current edge of gentrification activity is where immediate action holds the greatest promise for long-term change....we may be able to guide investment that encourages neighborhood revitalization while preserving affordability and equity...In these just-right neighborhoods, value-recapture mechanisms (e.g., community land trusts and mutual housing associations) might allow us to harness a wave of reinvestment to benefit urban residents instead of displacing them (Wyly et al., 2).

More recently, Lee Dwyer, a recent graduate from the master's degree program at MIT's Department of Urban Studies and Planning, conducted a rare quantitative and spatial analysis of the impact of DNI on neighborhood stability and housing affordability. He posed these questions:

How much and in what ways has DSNI's land trust brought stability to the Dudley neighborhood, specifically in regard to foreclosures, vacant lots, owner occupancy, and housing affordability? Is it possible to measure the land trust's impact and isolate it from overall changes in the surrounding neighborhood and the broader market? (Dwyer, 2015, 9)

He shares these results in his master's thesis, "Mapping Impact: An Analysis of the Dudley Street Neighborhood Initiative Land Trust":

These results offer some support to my hypothesis, based on common arguments about the benefits of community land trusts. First, the lower building levels on the land trust bolster the primary claim that this model maintains affordability... these average values are much closer to the affordability range for the average Dudley household. This, along with considerably lower frequencies of vacant lots than one would expect to see ...also seem to reflect the stated DSNI goal of development without displacement. While DSNI is clearly building homes

and other structures on the land trust, it is distinct from speculative or investor development. In fact, the higher assessed values on the land trust in 2000 and 2005 might indicate that the option value or exchange value of this land remain high in a time of overall real estate appreciation. In other words, if not for the land trust, those same parcels might sell at a premium to for-profit developers, who would be less likely to build low-income housing on it.

The results also indicate some support for my hypothesis that the land trust model promotes neighborhood stability in the form of lower vacancy and foreclosure rates and higher owner-occupancy rates. While foreclosure rates were not significantly different in 2000 and 2005 (due to very low numbers overall), during the height of the financial crisis, the land trust showed a markedly lower rate. Further analysis shows that in 2008 and 2009, the worst years for foreclosure in Boston, the control area had 44 and 41 foreclosures respectively, compared to zero and one for the land trust.

Another interesting result is that while building values in the surrounding neighborhood apparently spiked during the economic boom and dropped drastically as the recession hit, building values on the land trust show a steady, if smaller, growth trend. Owner occupancy rates on the land trust were higher as well, and grew at a generally faster rate than in the study area. These indications seem to paint a picture of a more stable and affordable community, and they generally correspond to assessments by housing experts and those familiar with DSNI (2015, 57–59).

In his conclusion, Dwyer says,

The results of spatial and quantitative analysis support certain hypotheses about the DSNI community land trust, while leaving others open to debate. They show a marked pattern of lower building values on the land trust even during a time of rising home prices, reflecting a key goal of DSNI: to maintain housing affordability. Lower rates of foreclosure during the recession also indicate that the land trust is promoting neighborhood stability and financial security for individual homeowners. The ongoing reduction in vacant lots on the land trust, while owner occupancy rates have risen, both at a

generally faster rate than the surrounding neighborhood, lends support to another crucial DSNI goal of “development without displacement.” (Dwyer, 2015, 64)

Although DSNI and DNI were established during a period of extreme disinvestment in the Dudley neighborhood, with low land values and little market attractiveness, the founders still anticipated the possibility of gentrification and displacement. This forward-looking view, steeped in an understanding of the history of urban renewal and eminent domain in Boston, led them to seek the land-use control and protections of a community land trust model. This example might serve other Boston neighborhoods that are not yet gentrifying or are only on the edge of gentrification. Fannie Mae Foundation’s study and Dwyer’s research indicate the DNI’s effectiveness toward the goals of development without displacement, permanent housing affordability, and community and family stability.

The DNI land trust works in close cooperation with its parent DSNI—the community’s planner and organizer. So land use and affordable housing are integrated into a larger comprehensive community effort. An example of using land to advance community goals (in addition to affordable housing and neighborhood stability) is the use of Dudley land for urban agriculture. In order to contribute to economic activity and access to affordable healthy food, DSNI built a 10,000-square-foot community greenhouse by reclaiming a contaminated garage site that had been abandoned. Its partner, The Food Project, a land- and food-based youth development nonprofit, manages the greenhouse and farms 1.5 acres on the land trust (as well as other land).

Although the importance of local food systems is increasingly appreciated, implementation is more difficult. An established land trust like DNI can play a role in supporting the growth of urban farming in neighboring communities:

Despite Boston’s recent legalization of commercial farming, the challenge of acquiring land remains. According to Glynn Lloyd, co-founder of City Growers, a for-profit farming venture in Boston, “There are so many competing uses for vacant land that its market value makes it unaffordable for farmers.” (Loh, 2015, 36)

In a partnership with the nonprofit Urban Farming Institute, the DNI land trust will take ownership of and lease urban agriculture land in other parts of Roxbury to give farmers long-term access to land (Loh, 2015).

The Urgent Need to Address the Housing Crisis

We are in a housing crisis in which more and more people are unable to afford decent shelter. (The U.S. Department of Housing and Urban Development guidelines define housing affordability as housing that costs 30 percent or less of a household's income.) This situation is particularly apparent in Boston, which is one of the most expensive cities in the nation, with housing demand outstripping supply and costs far outstripping incomes. The Greater Boston Housing Report Card 2014–2015 says:

Our analysis of home prices, rents, and vacancy rates reveals that housing prices continue to rise throughout much of Greater Boston, which already has the third highest metro-area-wide rents in the country (Bluestone et al., 2015, p. 7).

Yet despite Greater Boston's economic recovery, the area's high cost of living—led by housing and health care—has steadily eroded the real standard of living for nearly all but the affluent. The share of homeowners who are “cost burdened”—spending more than 30 percent of their income on housing—has skyrocketed from less than 27 percent in 2000 to more than 38 percent now. Over the same time period, the number of cost burdened renters has increased from 39 percent to more than 50 percent. And more than a quarter of renters are now spending more than half their income on rent alone—up from 18 percent in 2000 (Bluestone et al., 2015, 5).

The city's report *Housing a Changing City: Boston 2030* states that

The city of Boston is currently home to an estimated 28,400 low-income households burdened by their housing costs. These households fall into two categories. There are 23,800 households with incomes below \$50,000 in Boston who pay 50 percent or more of their income on rent. In addition, there are 4,600 families with children who are paying more than 35 percent of their household incomes in rent (Walsh, 2014, 26).

Boston's plan also reveals that only 9 percent of Boston's rental housing stock is affordable to households with incomes up to \$50,000 (Walsh, 2014, 27). The existing supply of affordable housing—58,000 subsidized units in Boston—is at risk (Walsh, 2014, 33). Affordability restrictions have expiration points. For instance, federal Low-income Tax Credit homes are required to remain affordable for only 15 years. Units built under Boston's inclusionary development policy maintain affordability for 30 years. Massachusetts' 13A Housing restrictions last 40 years, with the more than 1,000 units built in Boston already at the expiration point or reaching it within six years (Walsh, 2014, 40). The Community Economic Development Assistance Corporation has identified more than 3,000 units at elevated risk of conversion to market-rate housing within the next ten years (Walsh, 2014, 39).

Time to Act in Roxbury and Other Communities of Color

The city's housing plan lists Roxbury as an area that is “not gentrifying significantly,” based on whether higher-income households are occupying an increasing share of the housing stock, while the share occupied by lower-income households declines (Walsh, 2014, 89). Dwyer, community nonprofits, housing advocates, local weekly newspapers, and others, however, argue that there is a significant danger of gentrification in Roxbury and Dorchester. Among other things, they point to major development projects in Dudley Square, new stops along the Fairmont commuter rail line, and Mayor Martin Walsh's commitment to neighborhood development.

A Bay State Banner article reports:

There are few hard statistics to flesh out the existence of gentrification in Roxbury. Median sales prices in the neighborhood have been driven down by the high number of foreclosure sales, and nobody's tracking displacement of renters. Perhaps the clearest indication of change in Roxbury is in the 2010 Census, which counted the white population in the historically black neighborhood nearly double the population in the 2000 count, growing from 5.5 percent to 9.6 percent. While the population in Roxbury grew from 49,795 to 56,827, the

black percentage of the population declined from 62 percent to 52 percent.

And that was before the neighborhood's housing market recovered from the 2008 real estate market crash. Now, with single family homes selling for more than \$500,000 and a red-hot rental market, there's a general consensus among civic leaders, real estate professionals and affordable housing activists that Roxbury is at the very least in the early stages of gentrification.

That conclusion was bolstered by a study released earlier this year by the First National Bank of Cleveland that identified Boston as the fastest-gentrifying city in the country and identified three census tract areas in Roxbury as at risk for gentrification.

While the average African American family with a family income between \$60,000 and \$90,000 can afford a home in the \$300,000 range, single-family homes throughout Roxbury are now selling for \$500,000 (Miller, 2015).

Similarly, in a research brief prepared for DSNI, James Jennings, then a Tufts University professor, found a concentration of variables associated with gentrification in three Roxbury census tracts, one of which is in the Dudley neighborhood (Jennings, 2014) but outside of the land trust area. This, plus Dwyer's study, argues for the expansion of DNI within the larger Dudley neighborhood and for the adoption of the land trust model in greater Roxbury and other Boston neighborhoods.

The Need for Nonmarket Solutions

We clearly need to do something other than let the market take care of things. As Michael Stone argued in *A Right to Housing*, "Persistent and pervasive shelter poverty challenges us to acknowledge the structural flaws in our institutions of housing provision and income distribution" (Stone in Bratt et al., 2006, 38).

Housing expert Allan Mallach argues that "these risks...have brought out clearly the need for alternatives to conventional homeownership strategies. The most important alternatives can be found in what some have called third sector

housing” (Mallach in Davis, 2006, Preface), i.e., housing that is neither public nor private.

Stone echoes this approach:

It is important to recognize that adequate and secure income is the necessary foundation for the dream of homeownership not to become a nightmare. On the housing side, complementary strategies should promote models of community and resident-controlled non-speculative ownership—such as limited equity cooperatives, community land trusts and mutual housing associations—which can provide greater security of tenure and affordability than conventional homeownership...” (Stone, 2006, 8)

The crisis in housing affordability, as well as the flexibility and opportunities in this approach, call for significant attention to and acceptance of third-sector (nonmarket, nonpublic) housing. To have the needed impact, i.e., to truly address the housing crisis, third-sector housing needs to go to scale, with significant acceptance and adoption by all levels and sectors—government agencies, lenders, philanthropies, nonprofit housing providers, communities, and community organizations. It requires policy and planning as well as financial and political support.

Absent this comprehensive multi-sectoral approach, communities themselves can and must continue to do what they have been doing: take action that uses these tools to help stabilize their communities and provide some protection from gentrification. Roxbury is at that moment in time highlighted in the Fannie Mae Foundation study: when proactive measures must be taken before market forces tip the community into gentrification and displacement. Boston’s Chinatown neighborhood, whose identity as an immigrant working-class community is threatened by luxury development, institutional expansion, and highway construction, is pursuing a land trust as one vehicle to preserve some affordability.

CLTs' Extraordinary Characteristics

Even among third-sector, nonspeculative housing alternatives, CLTs are a particularly attractive and effective vehicle. They embed scarce affordable housing resources in the house itself to create permanent affordability. By preserving the affordability of existing units, they reduce the need for new construction and new subsidies. They provide protection at both ends of the housing cycle. Through their stewardship functions, they partner with homeowners to keep them in their homes.

What the CLT does better than any other organization—its specialized niche in a densely populated nonprofit environment—is to preserve affordability when economic times are good and protect its homes and homeowners when times are bad. In the scorched landscape of the national mortgage crisis, CLTs were almost alone in reporting few defaults and even fewer foreclosures. Such stunning performance in a time of crisis attracted wider notice and greater governmental support for this unconventional model of homeownership. (Davis, 2010, pp. 28–29)

In a policy environment in which there are very scarce public resources for affordable housing construction, preservation of existing units is crucial.

Institutionally, CLTs are generally focused in their purpose of preservation of long-term, affordable housing. This focus distinguishes CLTs from the many other participants—government agencies, for-profit and nonprofit developers, lenders—who tend to be more intent on the initial production of the low income housing supply (Abromowitz, 2000, 222).

Goulston and Storrs real estate attorney David Abromowitz (who coauthored the CLT Legal Manual and serves as DNI's pro bono attorney) concluded that the land trust is also a superior legal instrument in preserving housing affordability.

Compared to deed-restricted homeownership, ground-lease restricted homeownership may require more effort by the CLT as sponsoring agency and is generally less familiar (and in some cases less acceptable) to homebuyers. However, it can also provide a stronger basis for the enforcement of restrictions, a better basis for the support of economically vulnerable homeowners, and a more complete set of tools for preserving the public's investment in the home even in

situations where a mortgage is foreclosed (Abromowitz and White, 2006, 331–332).

The effectiveness of CLTs nationwide has been demonstrated post-recession. In her 2011 study, *Stable Home Ownership in a Turbulent Economy: Delinquencies and Foreclosures Remain Low in Community Land Trusts*, Emily Thaden found that CLT mortgages outperformed every other type of mortgage. She examined mortgage delinquency and foreclosure rates among the owner-occupants of resale-restricted houses and condominiums in community land trusts across the United States and compared CLT results to rates of delinquency and foreclosure among the owner-occupants of conventional market-rate housing reported by the National Delinquency Survey of the Mortgage Bankers Association (MBA).

Here are some of the key findings:

- 1.30 percent of the mortgage loans held by CLT homeowners were seriously delinquent (defined as loans at least 90 days delinquent or in foreclosure proceedings) at the end of 2010, compared to a delinquency rate of 8.57 percent of mortgage loans in the conventional market reported by the MBA.
- 0.46 percent of the mortgage loans held by CLT homeowners were in foreclosure proceedings at the end of 2010, compared to a foreclosure rate of 4.63 percent reported by the MBA among the owners of market-rate homes.

These dramatic results are even more impressive given that CLT loans are held by low- to moderate-income households while the MBA sample spans all income groups.

Here are some more results:

- While the rate of seriously delinquent mortgages reported by the MBA increased from the end of 2008 to 2009, with a slight decrease from the end of 2009 to 2010, serious delinquency rates steadily declined every year between 2008 and 2010 in mortgages held by CLT homeowners.

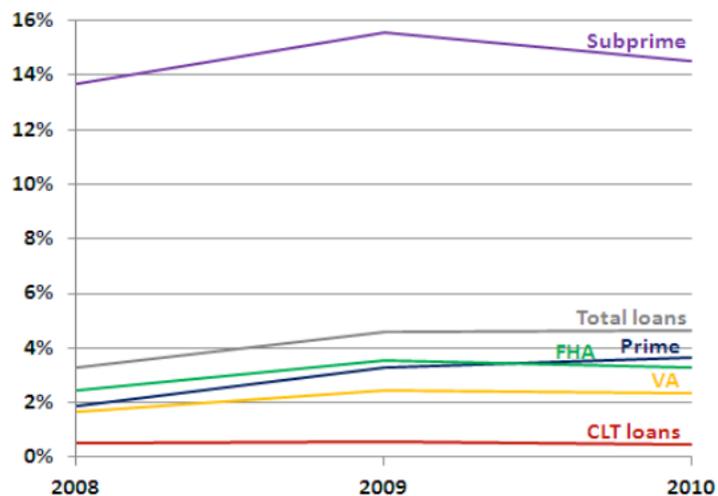
- While the rate of foreclosure proceedings reported by the MBA climbed every year from 2008 to the end of 2010, the foreclosure proceedings rate among CLT homeowners declined every year.

- The annual rate of completed foreclosures during 2010 among CLT homeowners was 0.42 percent, far below the foreclosure rate in the conventional market.

The study also explored practices and policies of CLTs that may help to explain their better performance. The report concludes:

While the affordability offered by the CLT model to low- to moderate-income households who enter home ownership helps to explain the low rates of delinquency and foreclosure in CLTs, the stewardship activities and policies of CLTs also contribute to these superior outcomes. Many CLTs oversee loan acquisition, educate and support their homeowners during both the pre-purchase and post-purchase periods, interact and intervene with mortgage lenders, and intervene with homeowners at risk of foreclosure (Thaden, 2011, Abstract).

Figure 5. End of 2008-2010 rates of foreclosure proceedings in CLT loans and MBA loans by type.



Source: Stable Home Ownership in a Turbulent Economy, Thaden, p. 12

To summarize, the CLT model occupies a special place among community-building and affordable housing strategies. Through land acquisition and control, it allows a community to plan proactively a healthy sustainable neighborhood with a good mix of uses. It can help the community reach a broad range of goals—including recreation and open space, urban agriculture and healthy food, affordable housing and commercial space. As for housing, it preserves scarce resources so that generation after generation of owners can benefit from the initial investment that made the home affordable. It protects at both ends of the housing cycle—against gentrification in hot real estate climates and against foreclosure during a decline. The CLT, as a community-created, community-based entity, works for homeowner and community success. CLTs benefit from a national community of practitioners, consultants, advocates, and families. And, as Abromowitz says, the CLT is a superior legal instrument.

Boston and the Future of CLTs

The City of Boston’s housing plan suggests exploring the use of CLTs as part of its “Strong Healthy Neighborhoods” goal to mitigate the impacts of gentrification.

In gentrifying neighborhoods, the city will work with non-profit and quasi-governmental funding entities to help community-based organizations acquire land. This land will then be held for future affordable and mixed-income housing development. Community land trusts have been used in Boston with proven success. For example, for the past thirty years, the Dudley Street Neighborhood Initiative (DSNI) land trust has ensured that new development in the community serves a broad range of income levels and needs (Walsh, 2014, 94).

This nod to CLTs can and should be developed into a robust proactive use of the model’s benefits. In fact, land trusts can be combined with many of the city’s other strategies to achieve a broader range of its housing goals, such as providing neighborhood stability through nonprofit acquisitions, partnering with lenders to reduce the number of foreclosed units they own, and reducing the number of problem properties. There are several hundred tax-delinquent properties where the city has filed a taking (Walsh, 2014, 96). If the properties remain delinquent and the city forecloses, all or a portion of these could be placed in a CLT and thus

protected into the future. The city can also take units created through its Inclusionary Development Program and protect their affordability in perpetuity through a land trust mechanism.

In 2013, the board of DNI made a strategic decision to support Boston-area community organizations considering creating CLTs. Given the success of DSNI/DNI and its prominence in the community-building field, this entry into the citywide and regional arena has great potential for CLT growth and the preservation of local urban neighborhoods. This move builds on strong grassroots organizing in Boston, including the 2006 creation of the Right to the City Alliance.

In 2014, a number of organizations sent a letter to Mayor Martin Walsh, asking that the city “establish a pilot initiative to encourage and support neighborhoods that are interested in pursuing the community land trust model. They suggest that elements of this pilot initiative should include municipal support for organizational development, technical assistance, community engagement, land acquisition, and the development and stewardship of affordable housing.” In the spring of 2015, a number of these groups formed the Greater Boston Community Land Trust Network. Among its goals is to “advocate for policy that supports the creation, expansion and stewardship efforts of CLTs and community-controlled development.”

In Boston’s current booming development scene, the city can boldly take advantage of this moment to protect Boston’s future as a multi-class, multi-racial, and multi-ethnic innovative and equitable city by aggressively pursuing CLTs among its strategies. It has the evidence and the local demand and capacities to support such a move. Data and practice have demonstrated the protective features that land trusts provide for neighborhood stability, housing affordability, and community building. Grassroots community activism and advocacy are calling for their wider use. Boston has local CLT practitioners with experience and expertise, including a highly regarded local trust with the capacity to support other emerging ones. The idea of a central server—an administrative apparatus that allows many community-based CLT efforts to achieve efficiencies of scale while retaining their grounding in their own communities—has been implemented in various localities.

While Boston has a unique and urgent opportunity to embrace this powerful model now, it also has some significant national experience and examples to draw from. Since 2000, a growing number of cities and counties have turned to CLTs as a way to preserve housing affordability. Many jurisdictions are initiating CLTs or become involved as neighborhoods take the lead. Once adversarial relationships between municipalities and housing advocates have in many cases become collaborative (Davis and Jacobus, 2008).

For instance, the city of Irvine, California, convened a housing task force to help develop a strategy for affordable housing. To address both production and preservation, the task force recommended the creation of the Irvine Community Land Trust (ICLT). Any new units created with public subsidy or as a result of the city's inclusionary housing ordinance could remain permanently affordable for future generations. The city created the Irvine CLT as an independent nonprofit organization in 2006. Its goal is to build 5,000 CLT units by 2025 (ICLT website).

Municipal governments have supported CLTs in many ways. In both Chicago and Delray Beach, Florida, municipal governments created CLTs with city employees providing staffing. In many cases, local governments have provided outside consultants and technical assistance to land trusts. Numerous municipalities have given grants to CLTs, including start-up grants, annual operating grants, and grants for housing production. Sources of such funding have included the federal HOME Investment Partnerships program and community-development block grants, private foundations, and local housing trust funds. In addition to grants, some cities have provided interest-free loans. As was true in the case of Dudley, cities have donated land. In some cases, municipalities have waived fees and changed regulations to support land trusts. Many have incorporated CLTs into their inclusionary development policies, which reserve as affordable housing a certain percentage of new, multi-unit construction. Crucial for CLT homeowners, many municipalities have recognized the resale restrictions placed on land trust homes in calculating the assessments and property taxes on them.

While still a small and relatively unknown model, the community land trust is gaining traction as it demonstrates its flexibility and its protectiveness through housing market cycles and affordability challenges. Just as governments have

discovered and incorporated CLTs, so have grassroots organizers, community residents, and advocates. For instance, a recent email blast from Right to the City announced:

Facing the largest tax foreclosure in US history, the [*Detroit People's Platform*](#) (a Right to the City member) and their allies launched a crowd source fundraising campaign, in ONE week, to not only buy people's homes back, but also to invest in a community land trust, ensuring more permanent affordability for all.

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