Overview: Community Land Trust Policy

The Community Land Trust (CLT) movement is expanding rapidly: dozens of CLTs are formed every year, and the Texas legislature has recently passed enabling legislation for CLTs in Texas. Throughout the United States, government investment and involvement in CLTs has proven essential to effective affordable housing development. A growing number of municipalities in the United States have adopted Community Land Trusts, and many are currently taking an active role in establishing new CLTs.

A Community Land Trust is an entity, typically a non-profit organization, that acquires and retains ownership of land and leases that land through a 99-year ground lease to a low to moderate-income homeowner who purchases the home on top of the land. The resale price restrictions contained in the ground lease stipulate a resale price formula that provides for a fair return on the homeowner’s investment but also ensures that the home remain affordable for future homeowners. This arrangement between the homeowner and CLT protects housing affordability perpetually by ensuring that the housing is made affordable to low-to-moderate income persons upon sale.

Three basic policy needs are served by Community Land Trusts, which are of particular interest to Austin, a city that puts a priority on promoting affordable homeownership for lower-income families and a fiscal priority on protecting the public’s investment in affordable housing:

* **Protecting Public Investment**. The City of Austin now assumes significant responsibility for creating affordable housing; policy makers need to ensure that these investments have a sustained impact. CLT ownership of the land, along with long-term affordability controls over the resale of any housing built on the land, ensures that municipally-subsidized homes remain affordable for low to moderate-income homebuyers for generations to come.
* **Long-Term Stewardship of Housing**. Preserving affordability requires long-term monitoring and enforcement, which is an administrative burden on the City of Austin. CLTs are well-positioned to administer the City’s eligibility, affordability, and occupancy controls, while also protecting subsidized homes against loss or decline through deferred maintenance or mortgage foreclosure. The CLT model stabilizes neighborhoods buffeted by cycles of disinvestment and reinvestment.
* **Expanding Private-Public Partnership**. Local, neighborhood-based community housing development organizations are committed to produce permanent, affordable housing opportunities. The CLT program creates a partnership to unite the private sector, the public sector, and the low-income community to attract both public and private investment. The resulting partnership is nimble and flexible in its ability to operate in the private market.

The City of Austin is a national leader in supporting affordable housing development. The City has offered financial support to local, affordable housing projects and has also encouraged local projects to be more innovative and efficient with the use of government funds. By utilizing the new Community Land Trust enabling legislation, the City can greatly increase the cost efficiency and long-term impact of its affordable housing program.

Further information about how CLTs achieve these goals can be found in two reports, *The Community Land Trust Report*, by the City of Austin (see tab 4), and *The City-CLT Partnership*, by the Lincoln Institute of Land Policy (see tab 5). A summary of the S.B.402 enabling legislation follows.