



Recommendations Report:  
How the City of Somerville  
Can Best Support the Establishment of a  
Somerville Community Land Trust

Transmitted by:  
Somerville Community Land Trust Working Group

Prepared for:  
The Mayor's Office and the Board of Aldermen  
January 2019

***“We will establish a community-based, independent Housing Land Trust that can buy property and declare it permanently affordable. This will give us a vital tool to fight back against runaway market forces.” - Mayor Joseph A. Curtatone, 2018 Inaugural Address***

### **Executive Summary**

In May, 2018 a Working Group was formed to examine the Community Land Trust (CLT) model and determine how, if at all, one could be utilized in Somerville to create and preserve affordable housing that remains affordable in perpetuity. In both Mayor Curtatone’s 2018 Inaugural Address and the Sustainable Neighborhoods Working Group 2016 Recommendations Report, it was recommended that steps be taken to explore CLTs as a possible tool to secure and maintain affordable housing. The CLT Working Group (WG) quickly saw the value in the CLT model and began discussing how one might be integrated into the existing Somerville housing landscape. This report serves to summarize the information gathered over the course of 11 meetings, and presents specific recommendations the WG has for the Mayor’s Office and the Board of Aldermen.

Those recommendations include:

- 1) That the CLT be incorporated as soon as possible and that the City assist financially in that process
- 2) That the Mayor’s Office assist with community engagement efforts as needed
- 3) That the Board of Aldermen provide funding for necessary Technical Assistance, and
- 4) That the City provide a preference for community-based organizations like CLTs in the RFP process for the disposition of City-owned properties that might well-suit the needs of the CLT.

### **Background**

Somerville is in the midst of a housing emergency. With each passing year rents and home prices increase at substantial rates, resulting in continued displacement of low-/moderate- income people across the city. According to the most recently completed Housing Needs Assessment<sup>1</sup>, 73.8% of Somerville’s existing households could not afford the \$2,384 average monthly rent of apartments rented in 2015 (a consultant has been selected by the City for preparation of an updated Housing Needs Assessment to be completed in 2019). More recently, the 2017 Greater Boston Housing Report Card found that since 2005, home prices for single-family homes in the region rose 62%<sup>2</sup>. Home prices and rents continue to rise at the same time that condo conversions continue to remove rental units from the Somerville market at alarming rates, with 222 rental units lost to condo conversion in Fiscal Year 2018 alone.<sup>3</sup> Of those units, 92%<sup>4</sup> of applications for condo conversion were submitted for vacant properties, meaning previous renters had to relocate without being afforded the protections and rights explicitly provided by the current Somerville Condominium Conversion Ordinance. With continuously increasing prices and competition for scarce rental units, every method of unit creation and preservation should be examined closely for its relevance in Somerville and viability in a local context.

CLTs offer more to their communities than just secure affordable housing that is protected from speculators and investors. CLTs are community-run organizations that acquire property through a variety of methods and then either rent or sell the acquired units at affordable rates, *in perpetuity*, by maintaining

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<sup>1</sup> <http://3pb8cv933tuz26rfz3u13x17-wpengine.netdna-ssl.com/wp-content/uploads/sites/2/2017/02/Somerville-HNA-2015-FINAL.-Transmitted-12-3-15.pdf>

<sup>2</sup> <https://www.tbf.org/-/media/tbf/reports-and-covers/2017/2017-housingreportcard.pdf>

<sup>3</sup> <https://www.somervillema.gov/sites/default/files/crb-annual-report-fy18.pdf>

<sup>4</sup> Figure does not include units at Millbrook Lofts, which was a unique case that was not completed until FY 2019

ownership of the land beneath the structure. In many cases, CLTs acquire property just as other developers would. Instead of selling the property to maximize profit however, the CLT maintains the affordability of that property. In addition to property acquisition, CLTs also provide and/or refer clients to educational resources that help to ensure long-term financial stability. CLTs are instrumental in assisting low-/moderate-income individuals and families not only obtain housing, but also remain in that housing and to share in its value increase alongside the community.

Community engagement is an essential part of any community land trust. These organizations are directed by residents and members of a given service area, both of whom are directly impacted by the choices made by the organization. CLTs work to empower the communities they serve, providing additional housing choices in addition to workshops, events and information sessions on various topics. The importance of bringing people together and providing support cannot be understated, and CLTs have that fostering of community at the center of their missions.

i. Working Group Information

The Somerville Community Land Trust Working Group (WG) was first convened in May, 2018 in order to explore best practices for establishing a Community Land Trust in Somerville. The WG consists of 12 individuals with a range of expertise (see Appendix A), and has held 11 meetings and has participated in five community engagement events to date, with the expectation that community engagement will remain a central focus of any CLT that results from this process. During these meetings, the group spent significant time discussing the “Classic” CLT model<sup>5</sup> and variations on it. The CLT concept allows for significant flexibility so that a community can adopt a CLT structure that best addresses its specific local needs.

One of the first discussions WG members had was regarding who would qualify initially for CLT housing. At the outset, the main focus of the CLT will be on low-/moderate income residents, but it is the intention of the WG that as any resulting CLT grows, it will also expand its services as long as doing so would not take any potential affordable housing away from someone in need. There is an understanding that it will likely take many years to grow the organization to that point, but as CLTs grow they are able to expand revenue sources which allows them to diversify their acquisition methods -- something the WG would like to see happen in Somerville.

After extensive discussion, the WG drafted a mission statement that is specific enough to guide the CLT forward, yet broad enough to encompass a range of possible directions the CLT may take in the future, including e.g. both home-ownership and rental opportunities, and serving a range of socioeconomic demographics, from very low- to moderate-income individuals. The mission statement is as follows:

*The Somerville Community Land Trust promotes neighborhood stability and engagement through the creation and preservation of permanently affordable housing. We empower low- and moderate-income people along with those who share our vision of community control of land by fostering stewardship of perpetually affordable homeownership and rental housing and providing supportive services. The Somerville CLT provides opportunities to all residents regardless of immigration status and works to develop innovative methods to increase homeownership and address our housing crisis.*

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<sup>5</sup> <https://docs.google.com/viewerng/viewer?url=https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/tool-burlington-startingCLT.pdf>

ii. Selected CLT Examples

To better understand the possibilities of the CLT model, WG members reached out to existing CLT's, both nationally and locally. CLTs across the country implement a wide variety of approaches; for example, the Community Homes Trust (CHT-SC) in South Carolina (see Appendix B) administers an Inclusionary Housing Program, while the City of Lakes CLT in Minneapolis, Minnesota (see Appendix C) operates a successful Homeowner Initiated Purchase program. Whereas CHT-SC acquires properties when new construction triggers Inclusionary requirements, the City of Lakes CLT provides gap grants to low and moderate income households who locate homes they would like to purchase, which will then become part of the CLT. While these two organizations take very different approaches, both generate and maintain affordable housing in perpetuity. Both also serve their respective communities by conducting ongoing outreach and working to expand their ability to acquire property as they grow.

**CLT Structure – Independent, Democratic and Community-based**

A feature central to nearly all successful CLTs examined by the WG is the principle of community-based ownership and decision-making. Typically, CLTs are independent nonprofit organizations which actively partner with local community development organizations, grassroots groups, housing authorities, major employers, municipalities and other interested parties to ensure the CLT's goals and priorities align with the needs of residents. While some decisions regarding how a CLT could be established in Somerville are yet to be determined, the WG strongly believes that any future Somerville Community Land Trust should be an independent organization. The group believes the autonomy that comes with incorporation is essential to fostering an environment of genuine community control, not only in word but also in practice. The resulting autonomy also plays an important role in establishing the legitimacy of the organization, even if the CLT is partnering with an established CDC, such as the Somerville Community Corporation (SCC) or seeded with City resources.

The WG is conscientious of the need to be open and communicative with SCC and other existing non-profits to avoid competition for scarce funds or properties and/or duplication of efforts (e.g., development of redundant property management capacity). The WG was able to meet with SCC President and CEO Danny LeBlanc and Real Estate Director Scott Hayman<sup>6</sup> for an initial conversation about this initiative and the role SCC might play going forward. Both Danny LeBlanc and Scott Hayman expressed support for the effort and agreed that there is compelling reason to collaborate, as SCC is an experienced affordable housing developer with established community connections. While there is still a significant amount of research and work to be done before a partnership is put into action, SCC will remain part of the conversation as this progresses in order to avoid any potential conflict or competition. The desire on everyone's part is to create a collaborative and supportive relationship that helps address the needs of Somerville residents effectively and fosters a strong sense of community among Somerville residents.

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<sup>6</sup> Scott Hayman is also a member of the CLT WG

i. Governance

Under the “Classic” CLT model, the principle of community-based decision-making is embodied in a Board of Directors comprised of 1/3 residents of CLT land, 1/3 residents of the service area as a whole (Somerville residents in this case) and 1/3 representatives of the broader public interest (such as elected officials, housing experts and community organization leaders). Adoption of this model would put the decision-making in the hands of Somerville residents who would have a majority (2/3) of votes on the CLT Board. The WG supports this model of governance, and recommends it be utilized in any established Somerville Community Land Trust.

The group spent time reviewing a Model Classic Community Land Trust Bylaws template<sup>7</sup>, and prepared a set of draft bylaws that represent the values and structure the group believes would be optimal for a Somerville CLT. This draft set of bylaws now needs to be reviewed by an attorney to ensure it is sound and will lead the CLT in the intended direction from the outset. Regarding Board structure, the bylaws outline how governance will work during the interim period when there are not yet enough residents of CLT units to fill the designated Board seats. Those seats will remain empty, with quorum requirements adjusted, until such time that the organization can fill them with residents of CLT units.

ii. Community Engagement

The WG understands that this model is built on extensive community participation, which necessitates community members holding leadership positions within the organization. Without the support of the community at large, this model will not work. For this reason, the WG decided that a community engagement plan was one of the most important items to address in the early stages of CLT development. Towards that end, the WG has created a Frequently Asked Questions document to answer basic questions on what a CLT is and how it works, and a flyer (see Appendix D for FAQ and Flyer) and banner designed to generate community discussion about this concept.

Thus far, the WG has been present at five community events<sup>8</sup>, and is in the process of scheduling others, such as tabling at the Winter Farmers Market. The WG plans to continue community engagement and outreach efforts to both educate the public on the CLT model and hear what other community stakeholders want and need.

Other initiatives to date include setting up a Gmail account to create a way for interested members of the community to directly contact the WG to share insights, find out about volunteer opportunities and ask questions. Currently, there are 72 people on the listserv who have expressed interest in receiving updates from the WG, with several people reaching out directly to indicate that they would like to volunteer. One email has been sent to the listserv thus far, and more will be sent as concrete progress is made and as events and volunteer opportunities arise. On the next page you will find specific recommendations regarding CLT structure.

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<sup>7</sup> <http://cltnetwork.org/wp-content/uploads/2014/07/5-A-Model-Classic-Bylaws-.pdf>

<sup>8</sup> The group made brief presentations and/or tabled at HONK! (10/6/18), SomerStreets (10/14/18), Our Revolution Somerville (10/29/18), Somerville Affordable Housing Trust Fund (1/10/19) and the City’s Three Kings Day event (1/13/19).

## RECOMMENDATIONS

- 1) *That the CLT established in the future adopt the classic tripartite model for board structure.*
- 2) *That the CLT WG and resulting Somerville CLT continue to focus on community engagement efforts, and work towards holding information sessions and other events that are specifically regarding the Somerville CLT effort. The group recommends engaging with existing community groups and tenant associations in order to begin to collaborate with others who are actively working on the issue of equitable housing.*
- 3) *That the City assist with this engagement when possible, including, but not limited to, assisting with getting all necessary documents translated into Spanish, Portuguese and Haitian Creole, at a minimum.*

### **Municipal Support**

While the WG believes it is important that the future Somerville CLT be community-based and not City-administered, there is strong precedent for local municipalities to assist CLTs in the early stages of development, and to establish partnerships with them in order to more effectively serve the area.<sup>9</sup> The City of Burlington was heavily involved in the creation of what is now the Champlain Housing Trust (CHT), providing both seed funding and staff. Municipal support and assistance has been common among the majority of the CLTs that have been contacted for research purposes, with that assistance coming in the form of staff, funding for operations and Technical Assistance (TA), land donations and general public support for the effort.

#### i. Incorporation

The process of incorporation and then obtaining 501(c) (3) status is something the WG hopes the City will assist with, as there are legal and financial implications that the group is not in a position to handle on its own at this stage of development. The WG recommends that the CLT is incorporated as soon possible in order to start being able to take donations and to begin to build the foundation of the organization. The cost to file nonprofit incorporation documents is \$35 and the cost to apply for 501(c) (3) status is either \$600 or \$275 if filing the 1023 EZ<sup>10</sup>. Legal advice will be important to ensuring the incorporation and tax process is done correctly, and is another area that may require financial assistance from the City. While the Boston Lawyers Clearinghouse and the Community Enterprise Clinic at Boston College are potential resources for legal assistance, these services can come with a small fee that would be in addition to the cost of filing fees and other expenses associated with incorporation.

#### ii. Technical Assistance (TA)

Progress made by the WG to date has been accomplished without funding, aside from the in-kind assistance in the form of staff time contributed by the City and a donation made by WG member Kevin Gatlin to pay for the creation of a banner. Research on variations of the CLT model and the operations of existing CLTs has clearly shown that TA is critical for the success of any newly developing CLT given the complexities of the CLT enterprise. TA would help determine the most

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<sup>9</sup> <https://www.lincolnst.edu/sites/default/files/pubfiles/the-city-clt-partnership-full.pdf>

<sup>10</sup> At a nonprofit incorporation workshop attended by Housing Division staff hosted by Boston Lawyer's Clearinghouse, it was recommended not to file the 1023 EZ as many major foundations do not give to organizations that did not complete the more comprehensive 1023.

effective and efficient way to establish a CLT in Somerville. TA was recommended by experts in the field such as Michael Monte, Chief Operating and Financial Officer with the Champlain Housing Trust (see Appendix F) and Jason Webb, Community and Capacity Building Specialist at Grounded Solutions Network (GSN). Both of these organizations are authorities in the CLT realm, with CHT being the preeminent example for CLTs as one of the first and the largest in the country and GSN providing varying levels of TA and training to affordable housing administrators across the country.

TA would include, but not be limited to, the following forms of analysis:

1. Providing guidance in several development areas by surveying possible partnership structures the CLT might take within the existing network of housing services. While the Somerville CLT will be an independent nonprofit organization, that organization could also potentially be linked to the Somerville Community Corporation (SCC), for example, as a program or subsidiary of SCC.
2. Assisting with projecting costs of acquiring and maintaining rental and homeownership housing;
3. Identifying potential funding sources to cover acquisition and maintenance costs;
4. Developing a realistic timeline and set of goals for property acquisition; and
5. Testing assumptions and running models to see how a particular initial price or resale formula might impact long term viability of a project.

Jason Webb of GSN offered an example of a comprehensive business plan that was completed for the municipality of Pittsburgh, Georgia which provided valuable figures and data and lent early credibility to the CLT approach in a community unfamiliar with the model. The business plan is not only a planning tool, but also a community engagement tool, as it can illustrate what a CLT might actually look like, what different approaches might cost, and how a CLT would contribute to addressing our affordable housing crisis. Mr. Webb estimated the cost of developing a similar business plan as being somewhere between \$30,000-\$45,000.

### iii. Acquisition of Land

In the context of Somerville's extremely high land prices, one of the greatest challenges for a new CLT will be the acquisition of property. It is the hope of the WG that the City of Somerville will create a preference for CLTs in the RFP process when disposing of certain City-owned parcels. This will allow the organization a chance to acquire a city-owned parcel under reasonable terms. Pursuant to conversations with staff in the Planning and Zoning Division and Mayor's Office, the WG identified four parcels for consideration for potential acquisition by the CLT. Those parcels include: Cummings School (93 School St), Recreation Commission Building (19 Walnut St), Homans Building (358 Medford St) and City Hall Annex (50 Evergreen Ave.) following the implementation of a plan to relocate City employees. While the WG understands that there are many factors that will need to be considered prior to the purchase of any property, the WG hopes that the City will assist in finding a suitable parcel for an initial CLT acquisition.

CLTs must utilize acquisition methods that are adaptable to the current situation they find themselves operating in. For example, CHT-SC as an organization shifted its practices to align with and administer the newly established Inclusionary Housing program at the request of the municipality. Since that time however, CHT-SC has been able to amass the capital needed to purchase a rental housing complex, the first of its kind for the organization. The CHT-SC model

was set up to allow for continual growth because it adaptable to what was being built in the area, and accommodated the city by providing administrative services the city did not have the capacity to manage. This was the result of an extensive and well-thought out process that involved collaboration and TA.

In Atlanta, the Atlanta Land Trust (see Appendix F) which is still in its early years of existence has already utilized two methods to acquire property: the purchase of foreclosed upon homes and a land donation by the Home Depot Foundation. While the methods are different, what is common is the collaboration necessary to make any initial acquisition. The WG has discussed a variety of avenues a Somerville CLT might use to acquire property, such as becoming the administrator of existing affordable housing programs like Inclusionary Zoning or the 100 Homes program currently operated by SCC. However, TA is necessary in order to comprehensively analyze the viability of those and other like approaches. Below are specific recommendations regarding municipal support.

### *RECOMMENDATIONS*

- 1) That the CLT is incorporated as soon as possible and that the City assists with incorporation-related costs.*
- 2) That the City provides funding for the necessary TA to be completed.*
- 3) That the City creates a preference for CLTs in the RFP process when disposing of certain City-owned parcels.*

### **Additional Areas of Consideration**

Other initiatives introduced alongside the formation of a CLT in January, 2018 - such as passing a real estate transfer fee at the state level, passing an updated condominium conversion ordinance and passing right of first refusal legislation - are important endeavors in their own right that have the potential to greatly enhance the work of a CLT in Somerville. The WG strongly encourages appropriate City staff, affiliates and elected officials to continue working for these measures. Continued movement on housing equity will require all of the above, as no one policy or program can remedy this crisis alone.

For a CLT to be successful in a high cost area like Somerville, funds that can provide an array of assistance for subsidies, programming and operations will be necessary, as will viable pathways to acquisition. Both of these areas could be greatly bolstered by the policies noted above.

### **Conclusion**

The Somerville Community Land Trust Working Group respectfully requests assistance in the areas of incorporation and securing tax-exempt status, technical assistance, community engagement and an initial acquisition. In each of these areas, concrete steps can be taken to move this process forward, but these steps all require funding - the most immediately critical of them being TA. The WG also requests that the City be prepared to assist in other ways that might be identified through the provision of technical assistance, such as staff support and/or seed funding.

# Appendix

## Appendix A

### COMMUNITY LAND TRUST WORKING GROUP – MEMBER LIST

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UPDATED 1-16-19

#### Members and Selected Affiliations

	Name	Affiliation, Position
1	Ben Ewen-Campen	Co-chair, Ward 3 Alderman
2	Teresa Vazquez- Dodero	Co-chair
3	JT Scott	Ward 2 Alderman
4	Alex Bob	Graduate Student, MIT Department of Urban Studies and Planning
5	Liz Haney	Graduate Student, MIT Department of Urban Studies and Planning
6	Kevin Gatlin	Sr. Vice President / Commercial Lending, Winter Hill Bank
7	Fred Berman	Somerville Community Corporation, Board Member
8	David Gibbs	Executive Director, Community Action Agency Somerville
9	Ben Baldwin	Project Manager, Madison Park Development Corporation
10	Ellen Shachter	Director, Office of Housing Stability, City of Somerville
11	Scott Hayman	Director of Real Estate, Somerville Community Corporation
12	Alexandre Galimberti	Senior Advocacy & Collaborations Advisor, Oxfam America

## Appendix B

Community Home Trust (Chapel Hill, NC) - Notes From Calls on August 8, 2018 & August 28, 2018

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Camille Berry- Communications and Development Manager

Robert Dowling- Executive Director

### *Initial Development*

- Community Home Trust (CHT) began as a nonprofit that provided loan forgiveness in exchange for deed-restrictions on purchased properties. Fines were imposed if an owner sold their home/unit at market-rate, but it was found that fines were not enough to discourage selling at market rate and many homes/units were losing their affordability restriction.
- In 1998, a major transition in both leadership and model took place. During this time there was heavy involvement from the City Council which was in strong support of the organization becoming CLT.
- A Task Force which consisted of officials from local government, nonprofits, elected officials and community members was formed in December, 1997 and made its report to the local municipalities in October, 1998. The Task Force made most of its progress after John E. Davis joined the group as a consultant in the early spring of 1998.

### *Establishment and Sources of Acquisition*

- CHT was incorporated in 1999, and the first Community Home Trust home was sold in 2000. Soon after, the Inclusionary Housing program was launched in Chapel Hill, which selected CHT to provide the administration and management of the program. The current board is 1/3 owners/renters, 1/3 community members and 1/3 is appointments from each municipality (Chapel Hill, Carrboro, Hillsboro and Orange County) and the University of North Carolina Chapel Hill.
- Ownership units resulting from new construction large enough to trigger the inclusionary housing requirements are sold to the CHT, which then sells the units/homes to income eligible buyers. Currently, CHT has 257 ownership units in its inventory, having developing roughly 70 independently. In addition, payments in lieu of affordable housing units under inclusionary housing program go to the town and are disbursed among several affordable housing partners. The inclusionary program is the main source of acquisitions for CHT, but CHT capacity has increased over the years allowing it to broaden its approach to acquiring property.

### *Population Served and Community Partners*

- CHT serves only low-/mod- income families. CHT utilizes HUD income guidelines and provides those at or below 80% Area Median Income (AMI) with subsidized ownership opportunities and those between 80%-115% AMI with unsubsidized ownership opportunities. Those making above 115% AMI do not qualify to purchase CHT homes or rent CHT units. 75% of the current CHT homeowners are low-income at or below 80% AMI and 25% of current owners are moderate-income between 80%-115% AMI.

- CHT also operates a Stewardship Program, which allows tenants to pay into a fund each month that can be used for commonly needed repairs that can be costly. CHT often matches or covers the remaining amount of repair costs in an effort to maintain all CLT homes in good condition. If a homeowner moves prior to using the funds in this account, the funds remain with the home.
- CHT recently acquired its first rental complex which includes 50 units over 3 buildings and a row of townhomes. This complex will serve extremely-low-income families at or below 30% AMI and CHT will also provide financial counseling services to these families. CHT was able to exercise Right of First Refusal to make this purchase.
- Currently, CHT is working with University of North Carolina Chapel Hill students to increase awareness regarding displacement and to better work together as a community. Additionally, CHT is partnering with the University, local municipalities and local nonprofits to bid against developers to purchase more homes for CHT in a historically black neighborhood near the University which is currently being developed at a high rate causing displacement.

#### *Funding Sources*

- Funding for CHT's first acquisition and staffing came from HUD and local municipal funds. These initial funds were enough to fund one part-time staff member. As CHT grew, funding from both HUD and local municipalities expanded as well. CHT is fully funded by the four local municipalities that span the service area which include Chapel Hill, Orange County, Carrboro and Hillsborough. This has been the case for the vast majority of CHT's lifetime, but in 2015 a formula was adopted by the local municipalities to formalize how funding is allocated, making funds more reliable. Private funds are also regularly acquired.
- The University serves as a CHT partner at times, but not in a formal manner like the municipalities. Generally, support from the university comes through in-kind donations such as free use of venues.

#### *Flexibility & Autonomy*

- According to CHT staff, the organization has more flexibility than the local municipalities regarding both the ability to pursue various opportunities for acquisition and how to spend independently generated revenue. CHT utilizes an intra-governmental approach which allows for more funding and variety in land acquisition as they are not restricted to one relatively small region. Additionally, now that they have the capacity to be their own developer with three lines of credit they are able to utilize for acquisitions, they can move faster to make purchases than the local municipalities and actually compete with developers for land.
- Not all four municipalities in the CHT service area have inclusionary zoning, creating a need for flexibility regarding the methods used to acquire property and maintain affordability. For example, there is a co-op in Carrboro and Habitat for Humanity has built homes for CHT that the Trust then sells to eligible buyers. The aforementioned rental property was both acquired and made affordable through methods that deviated from the inclusionary program as well.
- This approach of municipal partnership and support from the beginning allowed for a high volume of acquisition that has fostered strong and steady organizational growth. This reliable

municipal support coupled with stable revenue sources appear to lend itself to a degree of flexibility and autonomy local municipalities would not have if they were working independently.

### *Community Engagement*

- Little community engagement was done prior to the establishment of CHT. The Task Force operated independently and did not request any community participation in developing their approach to establishing a land trust. Once CHT was established however, community engagement shifted as it became necessary to inform the public of this new opportunity and what it might mean for them. Current community engagement efforts are very active, with much of the focus involving an ongoing effort to educate the public on services and opportunities provided by CHT. These services include financial literacy and first time homebuyer's classes. CHT is generally supported by the community, but it still faces many of the same issues other local organizations and municipalities face when it comes to garnering and mobilizing support from the public.

### *Rental vs. Ownership Housing*

- When asked about the choice to provide only ownership housing until recently, it was explained that new development during the early years of CHT was all ownership housing, making the CHT inventory homeownership housing by nature of the inclusionary program. With that however, CHT emphasized the value of ownership and building equity with its clients, so the fact that almost all of the new development being built was ownership housing played well with the CHT message.
- In addition, acquiring and managing rental housing is a more complex process compared to administering the inclusionary program, and requires more administration and ongoing management CHT did not have existing systems for. CHT chose to wait for a rental project until they had the capacity to provide all necessary services and funding. CHT does utilize a management company for its rental properties, but also provides a low level of support to tenants now that the staff has grown to the necessary size.

### *CHT Staff-*

- Total staff of 10 plus part-time employee
- Marketing Specialist- part time staff, markets new opportunities
- Program Manager- sees applicants through process
- Sales Specialist- assists with closing on homes
- Property Managers- two staff manages list of vendors and refers tenants for variety of maintenance. CHT does not act as a landlord, but will troubleshoot problems and make referrals as needed
- Construction Manager- oversees new construction and is liaison between CHT and construction. This person also oversees any rehab work being done on CHT homes

- Operations Specialist- works with homeowners directly regarding selling, taxes, other issues
- Director of Operations and Finance- serves as certified on-site Broker
- Communications and Development Manager- handles outward presence of CHT
- Bookkeeper/Administrative Assistant- handles administrative duties and bookkeeping
- Financial counseling is provided by Homeownership Program Manager, Marketing Specialist and Operations Specialist. This is an area of recent growth, as CHT used to refer people to other organizations for these services.

## Appendix C

City of Lakes Community Land Trust- Call with Staci Horwitz, Operations Director

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August 14<sup>th</sup>, 2018

### Initial Establishment of City of Lakes Community Land Trust (CLCLT)

- CLCLT was launched by a group of local community stakeholders in 2000 and was initially housed within a local nonprofit development organization. After a few months, the CLCLT broke off and became an independent nonprofit organization. The incubation period allowed CLCLT to gain credibility in the community and save on initial costs of operation. In addition, the nonprofit developer continued to provide initial administrative support and support services after CLCLT broke off until CLCLT was able to grow to a size that allowed it to take over those aspects as well.
- Initially, the CLCLT partnered with local nonprofit developers to bring affordability to their projects and did not serve as a developer. In 2013 the City requested CLCLT to step in and redevelop a long-vacant building the community wanted to see repurposed, and not demolished. This was CLCLT's first development project.

### Funding Sources

- Philanthropic support from local foundations was a main source of funding for the initial development of the CLCLT. In addition, Minnesota Housing (similar to MassHousing) and Hennepin County provided substantial funding. Funding also came from [the Neighborhood Revitalization Program](#), which allocates City funds at the neighborhood level. As of late, funding from Minnesota Housing and Hennepin County have decreased, and the use of the funds has been increasingly restricted. In addition, philanthropic support is less active than it initially was, leaving CLCLT to rely more heavily on its own sources of revenue and other State/City funding.
- Funding for gap grants which are used to provide subsidy for the Homebuyer Initiated Program detailed below are generally provided through public funding, but this funding is not always reliable. Funding from the County has not been provided in three of the last 15 years. General federal funds are often covering costs that were once covered by the state or county as a result.
- At this point about 50% of operating costs are covered by philanthropic support and 50% earned revenue. CLCLT also runs monthly workshops and events that are sponsored by local organizations.

### Main Methods of Land Acquisition

#### *Homebuyer Initiated Purchase (HIP) program-*

CLCLT found that their clients were looking for single family homes far more than for apartment units, so the CLCLT adapted and developed the Homebuyer Initiated Purchase (HIP) program to allow clients more choice regarding what they purchased. The HIP program was launched in 2006 and serves as the most common route for new property acquisition in CLCLT. Acquisitions through this program currently make up about 50% of the CLCLT inventory.

Participation in the HIP process requires the following steps:

- Potential buyers go through orientation process held by CLCLT
- Potential buyers get pre-approval from local lender
  - Buyers generally go to lenders with established relationship with CLCLT
- Eligible buyers find a home of their choosing within CLCLT service area
- CLCLT provides gap grant to cover what financing cannot upon closing
- CLCLT maintains title to land following purchase, while buyer now owns home on CLT land

*Properties acquired through City of Minneapolis-*

- CLCLT will at times acquire properties through the city that are in need of rehabilitation and can be repurposed as affordable housing. This is not a hugely common occurrence, but it does happen from time to time and CLCLT has the capacity to develop these properties themselves.

*Purchase of properties from owners facing tax problems-*

- The CLCLT also runs a program where they purchase homes from folks with tax debt in an effort to avoid foreclosure. CLCLT will assist in paying off debt and getting the family back on financial track. As a result, the home becomes a CLCLT home and owner gets to stay in-place. This is also not a frequent occurrence, but does happen from time to time.

## Appendix D

### FREQUENTLY ASKED QUESTIONS ABOUT A COMMUNITY LAND TRUST IN SOMERVILLE

- 1. What is a community land trust (CLT) and why does a CLT make sense for Somerville?*

During this housing crisis, Somerville needs to take advantage of as many affordable housing strategies as possible. In a market as hot as Somerville's, it is crucial that affordable rental and ownership units are protected from speculation, which a CLT can help to do. CLTs are a widely used tool with proven success that Somerville can utilize to take housing out of the regular speculative market (so that they are not developed for profit or 'flipped') and establish affordable housing or maintain affordability. Community land trusts are generally nonprofit, community-based organizations designed to ensure community control of land. CLTs acquire land and maintain ownership of it permanently, while the home on that land is sold or rented to an income eligible buyer. If the housing is sold, the result is the CLT maintaining ownership of the land, while the income eligible buyer maintains ownership of the structure on that land. CLTs can also be used for things other than housing such as open space, recreational space and commercial business. The Somerville CLT hopes to provide both ownership and rental units across Somerville.
- 2. What will be the mission of the Somerville CLT?*

The current mission is as follows: The Somerville Community Land Trust promotes neighborhood stability and engagement through the creation and preservation of permanently affordable housing. We empower low- and moderate-income people along with those who share our vision of community control of land by fostering stewardship of perpetually affordable homeownership and rental housing and providing supportive services. The Somerville CLT provides opportunities to all residents regardless of immigration status and works to develop innovative methods to increase homeownership and address our housing crisis.
- 3. How is this different than other affordable housing, and how will decisions be made?*

The Somerville CLT is different because the community has control in the decision-making process. This CLT will have a Board of Directors that will be 1/3 people who live in CLT units and 1/3 people who live in the CLT service area (which is all of Somerville) and 1/3 housing professionals and/or community leaders. This means regular folks in the community will have a majority vote regarding the decisions of the CLT as they will make up 2/3 of the Board.
- 4. How will the CLT get property? When might this happen?*

Some ways CLTs acquire land include: acquisition of public land through a process permitted by state law, through the administration of affordable housing programs such as inclusionary housing, collective or individual purchases of buildings/homes using CLT subsidy, private donations of buildings/homes and by purchasing property on the regular market. Property acquisition can take many years and many different forms as the CLT capacity grows over time.
- 5. Who will be eligible for CLT homes and what kinds of funding sources might be available to keep CLT homes affordable in the future?*

The immediate focus of the CLT will be on low-/moderate- income residents. As the CLT grows, it will amass a greater capacity to serve all residents of Somerville. Eligibility for CLT units will depend in part on the sources of funding, as many sources of funding come with specific income

restrictions. Funding might come from the City, State or Federal government in addition to donations from community members, philanthropic and private donors and local nonprofit affordable housing developers.

6. *What happens if I buy a home within the CLT and then need to sell it?*

A CLT home must be sold to an income eligible buyer. Upon the sale of a CLT home, the owner earns a portion of the increased property value, and the remainder of the value is kept by the Trust to preserve the affordability for future low-/moderate- income people. This method allows for the affordability of the home to be maintained permanently.

7. *Other questions?*

Want to get involved? Have more questions? Contact the staff to the Community Land Trust Working Group, Hannah Carrillo, at 617-625-6600 ext. 2575 or email at [somervilleclt@gmail.com](mailto:somervilleclt@gmail.com) with any questions, concerns or if you'd like to get involved!



What if Somerville  
**OWNED ITSELF?**

*Community-owned Land*

*Permanently Affordable  
Housing*

# COMMUNITY LAND TRUST

**Have you wondered if there's a way to take back  
your neighborhood from the developers?**

**Do you want to expand affordable  
home-ownership opportunities in Somerville?**

**Are you interested in being involved  
in the decision making?**

To learn more about what a Community Land Trust  
is and what the Somerville CLT might mean for you  
as a resident, call 617-625-6600 ext 2575 or email  
[somervilleCLT@gmail.com](mailto:somervilleCLT@gmail.com) for more information

## Appendix E

Champlain Housing Trust meeting- Thursday, October 11<sup>th</sup>, 2018

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Michael Monte- Chief Operations & Financial Officer, Champlain Housing Trust

Jessie Baker- City Manager, City of Winooski and CHT Board member

George Proakis- Director of Planning, City of Somerville

Ellen Shachter- Director of Office of Housing Stability, City of Somerville

Hannah Carrillo- Sustainable Neighborhood Coordinator, City of Somerville

### *Establishment of the Champlain Housing Trust- 1984*

- The initial funding received for the startup of the Burlington Community Land Trust in the form of a loan from the Retirement Board (\$200,000) and a line of credit was enough to cover the cost of a consultant (in addition to John E. Davis) and acquire their first property. Staffing was provided by the City and those staff are now the CEO (Michael Monte) and Executive Director (Brenda Torpe) of the CHT
  - City of Burlington played a major role in the establishment and continued growth of this organization
    - Michael Monte stressed the importance of a good relationship with local municipalities as crucial for success
  - CHT receives funding from many sources outside of local/federal government including private donors, fundraising, foundations and an endowment
- The CLT began with a target neighborhood that had been underserved and purchased as much property as possible, soon expanding beyond that area
  - In early years of the life of the organization the vast majority of funding was coming from local, state and federal funding sources
- CHT engages the public frequently to educate and support, but community engagement was not a major part of the establishment of the Trust initially

### *Current Operations*

- The Champlain Housing Trust covers 3 counties, and is the result of a 2006 merger between the Burlington CLT and the Lake Champlain Housing Development Corporation(LCHDC)
  - Both organizations were started by the City in 1984, with the Burlington CLT focusing on neighborhood improvement and expanding homeownership opportunities and the LCHDC focusing on expanding rental housing
  - When asked about both the expansion to neighboring counties and merging with existing organizations, these moves were seen as organic next steps that allowed the organization to better serve a broader population of Vermonters
  - As the CLT gained strength as an organization, it was contacted by other municipalities that wanted to be involved, so the CLT (before becoming CHT) did not have to do much outreach to expand, as the model spoke for itself
    - Municipalities were also looking for a way to increase/protect affordable housing without going through or working with their local housing authorities
  - The Board is made up of residents, members and municipal officials from all three counties

- CHT operates the gamut of housing types, from redeveloped motels to ownership units
  - About 611 units in the CHT inventory are ownership units
  - Only 5 of roughly 100 staff are dedicated solely to working with ownership units, as rental is the majority of the CHT inventory and is more time consuming to administer and monitor
- CHT is currently in a position where it can fund its own programs and generates about 180K in income each year, after all necessary expenses are paid. This is generated with the revenue from:
  - Lease fees
  - Gains on sale
  - Development fees
  - Rental fees
- CHT works with Habitat for Humanity, as many other CLTs do, so all Habitat homes built in the service area are owned by the CHT
- CHT does have a stewardship fund to help homeowners pay for costly/unexpected repairs, but does not bail folks out if they reach the point of foreclosure
  - CHT does have a staff member to assist in relocating people if the owners cannot cure their debt

#### *Methods of Acquisition*

- Currently, conversion from rental to ownership units are the most common way the CHT is acquiring new ownership properties – owners convert the properties and sell the condos to CHT, who then either rents them or sells them at rates affordable to someone earning between 75-100% AMI
  - There are condo conversion requirements in the City of Burlington, so the CHT and property owners work within those parameters
  - There is a staff member at CHT dedicated to helping to relocate tenants living in converted units
- The Inclusionary Zoning in Burlington requires 25% affordability, with those affordable homeownership units being bought by the CHT who will also fill them
  - Administration of the Inclusionary program does seem to be done by both the CHT and the City depending on the project and type of housing
- Resales are generally sold back to the CHT which then sells the affordable unit to someone on an existing waitlist

#### *Tidbit of Advice*

- Technical assistance was very important to the initial success the CLT experienced
  - Targets, projections, assumptions and a timeline are all items that TA can help to determine
    - Determining a resale formula and initial sales prices are also critical and challenging

## Appendix F

### Atlanta BeltLine/ Atlanta Land Trust Call- September 6, 2018 Notes

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Amanda Rhein, Executive Director – Atlanta Land Trust

Christopher Norman, Executive Director

Cecilia Leal – Housing Policy and Development Manager

Dwayne Vaughn – Vice President of Housing Policy and Development

#### *Formation of Trust*

- Roughly 10 years ago 40 local partners convened to discuss how to mitigate expected displacement due to the Atlanta BeltLine project, which runs through 45 neighborhoods of all income levels. The Atlanta Land Trust (ALT) was a result of this collaboration and was created initially to only serve those populations directly in path of BeltLine. However, the recession in 2008 increased the need for affordable housing across Atlanta, so the Trust expanded their model to include all of Atlanta. The Trust was designed to be an independent nonprofit organization that would act in tandem with Atlanta BeltLine Inc. and other organizations.
  - Atlanta BeltLine Inc. is a separate organization for the implementation of the project as a whole.
- Initial funds for both acquisition and staffing came entirely from philanthropy. The Home Depot Foundation has been a major donor for example. No State, HUD or Municipal funds were made available for the launch of the Trust.

#### *Initial Acquisitions and Eligible Population*

- The first ALT acquisition was the result of a foreclosure, which resulted in the creation of 3 deed-restricted condominium units. ALT was also donated a parcel by Enterprise Community Partners, in partnership with Wells Fargo which provided \$100,000 for the development of the parcel. ALT is still in its early stages as the BeltLine is still very much under construction, but as the BeltLine project continues to make progress so has ALT.
- Currently, the Trust is serving those between 50-80% AMI, and intends to expand services for those up to 120% AMI. When asked about serving extremely-low-income residents at 30% AMI and below, it was stated that in order to reach such a population they would need to work with the housing authority, as they are the provider of the vast majority of housing for that income level.
- While the Trust would like to offer both rental and ownership housing, right now the focus is on ownership housing both in an effort to increase low/moderate income ownership and due to the high subsidy cost, high administrative and operation burden and increased complexity of acquisitions with rental property.

#### *Community Engagement*

- Community engagement has evolved and expanded over time. Regarding the parcel donated by Enterprise Community Partners, several community meetings were held in order to decide how

it would be best utilized. ALT is currently working to expand the role of the community on the Board, but as there is very little property at this time, it is an ongoing process. Currently the Trust does have a tripartite Board, but not all community member seats are filled.

- Staff has the sense that the community feels strongly about the ALT not being run by the local government, and instead acting independently based on will of community. Regarding community feedback on the potential supply of housing, staff has seen different levels of interest for rental and ownership depending on neighborhood. Overall, the most excitement has been seen around the prospect of moderate income ownership units. ALT is also working to change the perception of affordable housing and reduce stigma that many associate with public housing.

#### *Suggestions for Forward Progress*

- It is important to set community expectations from the beginning. It was suggested that it is okay to put rental housing in the mission statement if it is made clear to the community that it may take years to acquire a rental property. It was suggested that the working group shares with the community a breakdown by year of what Trust would like to be able to accomplish.
- It was stressed that proof of concept is critical for any type of sustainable success. Starting with a small success is better than being overly ambitious and not having any success, which will cause the loss of community buy-in.
- Thinking about scale was also stressed. There is a need to be careful about overestimating capacity, while at the same time setting concrete goals to measure and demonstrate success is important in being able to proof the concept to be successful.
- If the CLT is created around GLX, collaboration with the MBTA as Atlanta and the ALT have worked with MARTA will be critical to our success. The BeltLine projects has many moving parts and many partnerships that have all been critical to the success ALT has experienced thus far and intends to continue.