

# Equity and Empowerment

## The Case for **Community Land Trusts**



# Why Community Land Trusts?

(Why are we talking about this?)

Promote **sustainable** housing policies;

Restore **equity** in housing;

**Share** the social benefits of homeownership;

**Empower** families and communities;

Aid cities' social and economic **health**.

# What are **Community Land Trusts**?

A brief overview

## How they work

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

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

Own the home, lease the land



# Shared equity homeownership

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

Limited profit—return of equity and small returns on investment

Balancing individual and community needs

Long-term, sustainable affordability



Promote **sustainable** housing policies

Restore **equity** in housing

# A history of discrimination

# Homeownership, the American Dream: 1940s

Post-World War II housing boom

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

Racially-discriminatory  
underwriting, de facto segregation

The beginning of a long legacy of  
exclusion



## Fast-forward: 2008

Predatory lending practices targeting low-income and minority families

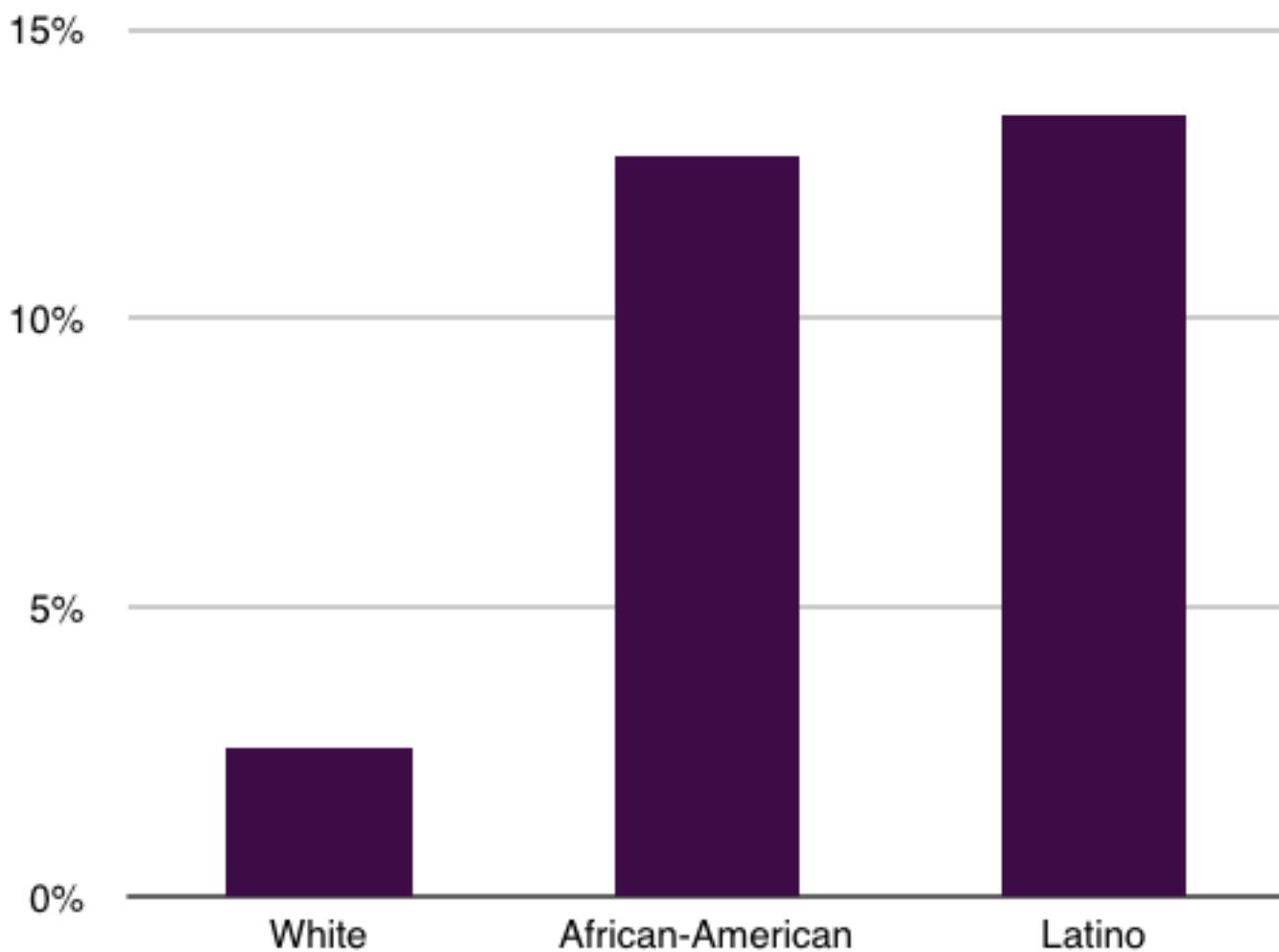
1 in 5 subprimes ended in foreclosure

The concentrated effects of foreclosure

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

Economic: decrease in property values, loss of local economy

■ Percentage of 720+ FICO scores given high-cost loans leading up to 2008



# The wealth gap

# Assets and homeownership

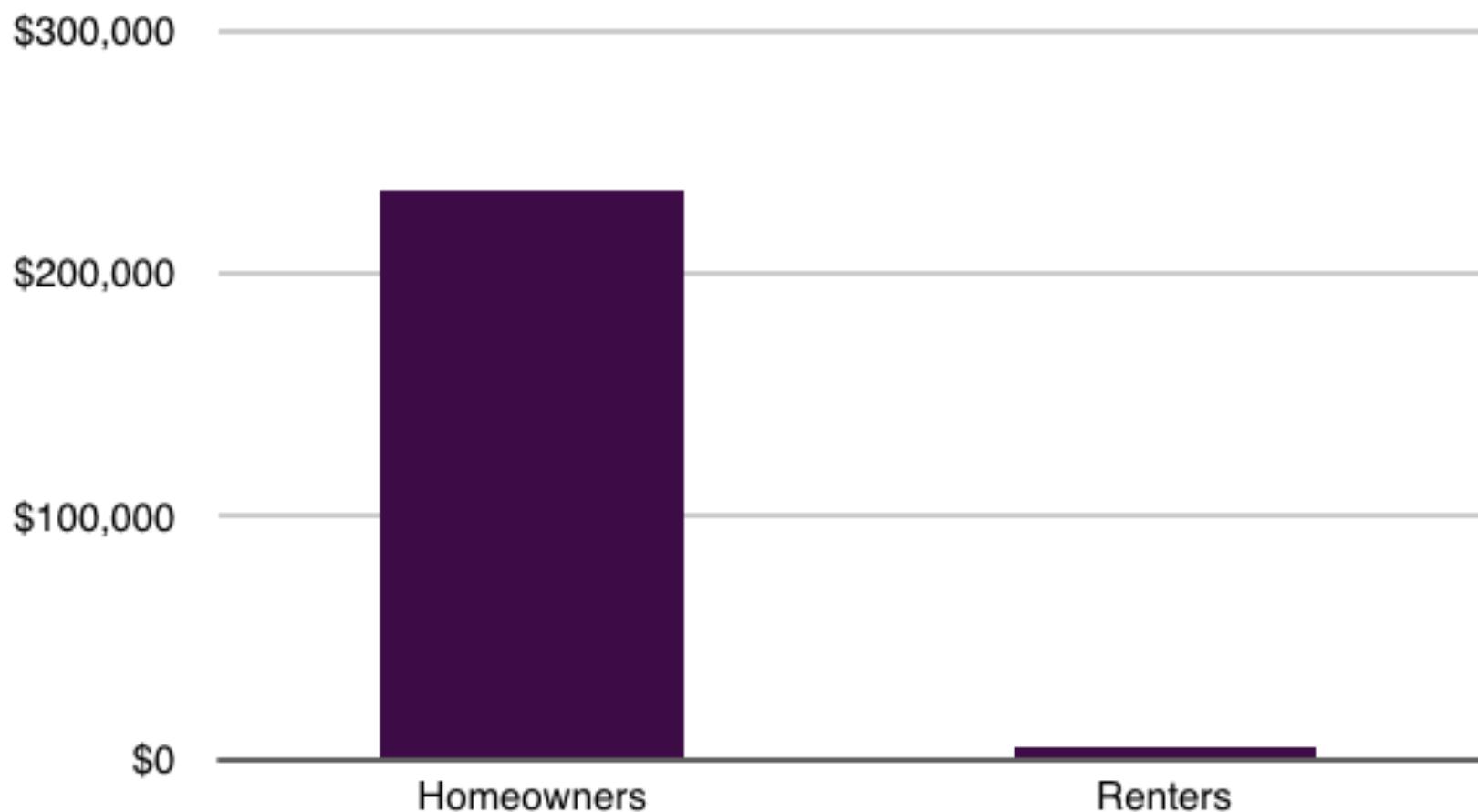
Homeownership as chief vehicle of asset creation

Past generations' experiences contribute to today's gaps for many minority and low-income families

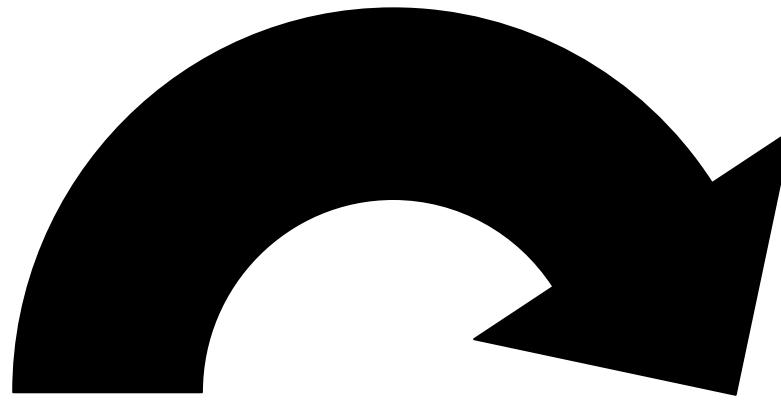
Renting versus ownership

Wealth, not income, is the single biggest barrier to homeownership

■ Median net worth in 2007

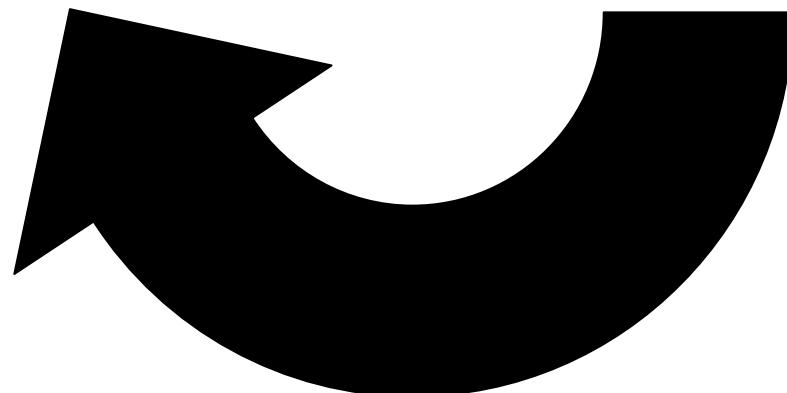






Build assets

Buy a home



But why **homeownership**?

**Sharing social benefits with everyone**



Far more likely to:

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

Empowering families and communities

# Empowering families

Shareholders in the corporation

Tripartite governance

Unique power structure, rare in  
affordable housing models

“Policy done *to* you versus policy  
done *with* you”



Aiding cities' social and economic **health**

# Community land trusts in the city

Development of community facilities and open space

Promotion of local economic opportunities

Developing and administrating affordable housing efforts

Avoiding economic and social costs of foreclosure

Helping the housing market readjust more quickly





affordability  
empowerment  
social capital  
justice  
revitalization  
sustainability  
economics  
sharing  
community