Sponsorship

Summary: Community land trusts have been started by grassroots activists, public officials, other nonprofit organizations, or private employers. Sponsorship, in this context, refers to the entity that provides the impetus for a new CLT and plays the leading role in getting it organized.[10]

Nearly every CLT that has built a record of longevity and success has found support among (1) individuals and institutions at the grassroots level, (2) governmental officials at the local, regional, or state level, (3) other non-profit organizations operating within the CLT's service area, and (4) local businesses and banks. It is rare, however, for all of these constituencies to be involved in actually *starting* a CLT. The inspiration and impetus for a new CLT usually comes from one of them, with the others recruited over time.

Any of these supporters may play the leading role in seeding and nurturing a new community land trust. CLTs in Cincinnati, Los Angeles, Durham, and Washington, DC, for example, were started by grassroots activists. The impetus and early staffing for CLTs in Burlington, Vermont, Portland, Oregon, and Chicago, Illinois came from municipal government. The principal sponsors for CLT programs in Albuquerque, Boston, and Boulder were pre-existing nonprofit community development organizations. In Rochester, Minnesota and in Jackson, Wyoming, private employers played a leading role in promoting local CLTs. The start-up of a new CLT may be entrusted to any one of these sponsors – or to any combination thereof. Each has its advantages. Each has its disadvantages. The pros and cons of these four sponsors are weighed below.

Grassroots Sponsorship

In the early years of the CLT movement, nearly every CLT was a product of grassroots activism by neighborhood residents, local clergy, or community organizers. Even today, the impetus for many new CLTs comes from individuals and faith-based organizations at the neighborhood level who see in the CLT a powerful tool for resident empowerment, neighborhood improvement, and community control. A few examples:

- ***New Columbia Community Land Trust***, located in a northwest neighborhood of Washington, DC was created in response to gentrification pressures. Local activists feared not only that low-income tenants might soon be displaced, but that the limited-equity cooperatives being developed to preserve the area's affordable housing might succumb to speculation. The impetus and leadership of the CLT came from local churches and from a nonprofit organization that does tenant organizing and assists tenants in converting their buildings to cooperatives.

- ***Durham Land Trustees*** in Durham, NC was founded in a low-income neighborhood adjoining Duke University by community activists who had grown increasingly concerned about the university's expansion and the continuing deterioration and abandonment of neighborhood housing owned predominantly by absentee landlords.

[10] "Sponsorship" is Chapter Three of an introductory manual prepared by John Emmeus Davis in 2001 and revised by him in 2006. The revised manual, *Development without Displacement: Organizational and Operational Choices in Starting a Community Land Trust*, is available on-line at the CLT Resource Center (www.burlingtonassociates.com) and may be downloaded in its entirety free of charge.

- The ***Community Land Cooperative of Cincinnati*** was founded by clergy from several churches and by women religious from several orders who worried that their inner-city neighborhood's designation as an historic district might fuel gentrification and the displacement of low-income residents.

- The ***Woodlands Community Land Trust*** in the Appalachian region of East Tennessee emerged out of years of community organizing in a rural area where most of the land is owned by out-of-state coal companies and land companies.

- The ***Figueroa Corridor Community Land Trust*** in Los Angeles was created in 2005 by a coalition of 26 churches, unions, social service providers, and social justice organizations that banded together to fight displacement and promote equitable economic development in the neighborhoods surrounding the University of Southern California.[11]

Advantages of Grassroots Sponsorship:

- **ACCEPTANCE & ACCOUNTABILITY**. CLTs that emerge out of grassroots organizing may have an easier time winning acceptance from the community from whom the CLT hopes to draw its members and to whom the CLT hopes to market its units. CLTs that are *of* the grassroots are more likely to be sensitive, responsive and accountable to local residents, especially those of lower income.

- **LEGITMACY**. In the eyes of many funders, public and private, the CLT's connection to a grassroots constituency is the *sine qua non* for financial support. The best way to ensure such legitimacy – and future funding – may be for a CLT to connect with the grassroots from the very beginning.

- **MARKET INSIGHT**. CLTs with grassroots sponsorship, to the extent that they actually remain connected and accountable to their roots, understand their markets. They know intimately the people they are trying to serve and the neighborhoods they are trying to improve.

- **CLEAN SLATE**. A newly incorporated CLT, emerging from a grassroots campaign, carries none of the baggage that may burden other housing and community development organizations operating within the CLT's targeted community.

Disadvantages of Grassroots Sponsorship:

- **CAPACITY**. Building a housing development organization from scratch and planning for its first projects can be a slow and difficult undertaking, especially for a grassroots group that may know a great deal about community organizing but next-to-nothing about housing development.

- **CREDIBILITY**. Many grassroots CLTs start up without any guarantee of either government funding or private financing. When a lack of start-up funding is combined with a lack of staff capacity, it can take a start-up CLT several years to build housing and achieve the kinds of successes that demonstrate to community residents and major funders alike that a new CLT is worth supporting.

- **SOLIDARITY vs. SELECTIVITY**. It can be difficult for a grassroots group with a history of successful organizing and successful advocacy of behalf of *everyone* who resides in a particular locale to create

[11] The formal name of this coalition is the Figueroa Corridor Coalition for Economic Justice.

a housing development organization that can survive only if it carefully chooses the persons to whom a CLT home is sold (or rented). Although a CLT is broadly inclusive in its membership, it must be highly selective in its leaseholders, serving by necessity only those households who have the wherewithal to meet their financial obligations.

- **COMPETITION**. In their newfound enthusiasm for the CLT and their head-long rush to create one, grassroots groups often ignore nonprofit development organizations that already exist. Established in direct competition with these older nonprofits, vying with them for funds, sites, and constituents, the CLT may earn the enmity of potential partners and the skepticism of outside funders (who may begin grumbling louder than they already do about "too many nonprofit mouths to feed").

Government Sponsorship

Some of the greatest interest in the CLT model in recent years has come from governmental agencies, especially at the municipal level. Although most towns, cities, or counties that embrace the model prefer to leave the initiative and leadership of the CLT to local activists or a local nonprofit, there are a growing number of cases where municipalities play the leading role in introducing the concept of a CLT and in making one happen. A few examples[12]:

- In Syracuse, New York, the city's plans to redevelop an inner-city, African-American neighborhood met resistance from local clergy who feared that long-time, lower-income residents might be displaced as the neighborhood improved. The ***Time of Jubilee Land Trust*** was created, with governance based in the neighborhood, but with initial staffing provided by the city

- The ***Champlain Housing Trust*** (formerly the ***Burlington Community Land Trust***) was initiated by the administration of an activist mayor, Bernie Sanders, who was looking for a way to protect the city's most vulnerable populations, to preserve the existing stock of affordable housing, and to produce additional affordable housing. The scarcity of public funds available to achieve these goals prompted city support for a model that could ensure the perpetual affordability of any units produced and the perpetual "recycling" of any subsidies invested.

- City officials in Highland Park, Illinois took the lead in creating the ***Highland Park Community Land Trust*** as a recipient of public funds from the city's housing trust fund and as a steward for affordable units being created through the city's inclusionary zoning ordinance.

- The ***Portland Community Land Trust*** was promoted by the city's Bureau of Housing and Community Development out of a concern that Portland's successful efforts to combat sprawl were contributing to the growing *un*affordability of housing in Portland's inner-city neighborhoods.

- The ***Irvine Community Land Trust*** in Irvine, California, the ***Chicago Community Land Trust*** in Chicago, Illinois, and the ***Community Housing Trust of Sarasota County*** in Sarasota, Florida were initiated, funded, and originally staffed by municipal officials. In all three cases, the CLT will be used to monitor and to enforce affordability, occupancy, and eligibility controls for housing located on leased land and, on occasion, for deed-restricted condominiums that are not located on leased land.

[12] It should be noted that the municipality, in most of these examples, may have played the leading role in starting the CLT, but none of them played a solitary role. Early on, city officials brought nonprofit partners and community activists into the process of organizing the CLT and, in every case, the CLT was set up as a separate, nonprofit corporation, not as a program or agency of the city.

Advantages of Government Sponsorship:

- **FINANCIAL COMMITMENTS**. Government sponsorship often comes with a commitment of favored access to the kinds of housing and community development funds (federal and local) that a CLT will need if it is to develop its projects and sustain its operations.

- **STAFF SUPPORT**. Municipal staff, in cases where city government has played the leading role in starting a CLT, have often served as the de facto staff for the new CLT, speeding the process of developing both the organization and its first projects.

- **REGULATORY PERKS**. In many cases of government sponsorship, the CLT is made the beneficiary of municipal ordinances like inclusionary zoning, density bonuses, or other regulatory measures that extract affordable units from private developers. In exchange, the CLT serves as the long-term steward for affordability, eligibility, and occupancy controls required by the municipality.

- **ORGANIZATIONAL NICHE**. Because a municipal sponsor is probably providing support for all of a city's or county's nonprofit housing organizations, it is not going to create a CLT that competes with this existing network. The new CLT will be assigned a niche that complements the efforts of other components of the municipality's affordable housing infrastructure, programs, and plans.

Disadvantages of Government Sponsorship:

- **IF GOVERNMENT SAYS IT'S GOOD, IT MUST BE BAD**. Endorsement by an agency of municipal government is going to make the CLT instantly unpopular among everyone with a suspicion of government in general, everyone with a grievance against the sponsoring agency in particular, and everyone with an inability to distinguish between CLT housing and public housing. Especially in neighborhoods with a legacy of urban renewal or municipal neglect, government sponsorship of a CLT may lead a twice-burned population to focus less on what the model gives (e.g., homeownership for low-income families) than on what the model takes away (e.g., restrictions on use and resale).

- **PARTISAN TAINT**. A CLT that is started with the sponsorship of one municipal administration can fall quickly out of favor when another administration comes into office, leaving the CLT high and dry.

- **TOP-DOWN DEVELOPMENT**. Municipal officials may be too far removed from the realities of residential neighborhoods to know how best to tailor the projects and programs of the new CLT to fit the needs and priorities of local communities.

- **MEMBERS NEED NOT APPLY**. Although most municipalities sponsoring the development of a CLT have embraced the model's tripartite board and other elements of the "classic" model, many have resisted including a community membership that elects a majority of the CLT's governing board. They are more concerned about the CLT remaining accountable to the municipality that created it than to a particular community-based constituency. CLTs that lack an open membership, however, often have a harder time winning popular support for this unfamiliar model of housing tenure. They may also have a harder time selling homes on land that is leased from an organization over which leaseholders and their neighbors have little sway.

Nonprofit Sponsorship

CLTs are being initiated with increasing frequency by pre-existing nonprofit organizations, especially in places with highly developed networks of community development corporations. Nonprofit sponsorship of CLTs has taken four different forms: a separately incorporated CLT is spun off from another nonprofit, within which it was initially incubated and temporarily housed; or a CLT is created by converting an existing nonprofit into a CLT; or a CLT is set up by an existing nonprofit as a separate corporate entity, but it remains affiliated with and controlled by that sponsoring nonprofit; or the CLT is created and maintained as an internal program of an existing nonprofit.

- **SPIN-OFF**. In some cases, a long-established nonprofit housing developer has incorporated and staffed a separate community land trust, which becomes autonomous over time. The CLT gradually builds its own constituency and its own capacity, until it can eventually stand on its own (although, the CLT may continue to purchase services from its sponsor). The ***Clackemas County Community Land Trust***, located to the south of Portland, Oregon, was created in this way by the region's most successful nonprofit developer of tax credit rental housing, Northwest Housing Alternatives. In Cleveland, Ohio, the ***Cuyahoga Community Land Trust*** was established as an independent corporation by Ohio City Near West, a nonprofit CDC engaged in residential and commercial development. In Youngstown, Ohio, ***CHOICE*** (Community Housing Options Involving Cooperative Efforts) was created through the efforts of Common Wealth, a nonprofit technical assistance organization.

- **CONVERSION**. On a couple of occasions, a community development corporation, upon embracing the CLT model, has amended its bylaws and transformed itself into a "classic" CLT. The ***Sawmill Community Land Trust*** in Albuquerque, New Mexico is a prime example, where a community-based nonprofit housing developer was later restructured as a CLT. Other conversions have occurred as a result of the merger of a CDC and a CLT. In Orange County, North Carolina, for example, a county-wide CLT was originally established as a partnership of the county government, the town governments of Chapel Hill, Carrboro, and Hillsborough, and a local community development corporation, Orange Community Housing Corporation (OCHC). The CLT was established as a separate corporation, but it was staffed and administered by OCHC. After a few years, OCHC and the CLT decided to merge. OCHC amended its bylaws to take on the organizational structure of a "classic" CLT. The name of the combined corporation is the ***Orange Community Housing and Land Trust.***

- **AFFILIATE**. In some cases, a CLT has been established as a separate corporation by a nonprofit sponsor that retains continuing control over the CLT's governance. ***Dudley Neighbors Inc.***, for example, in Boston, Massachusetts, is a CLT created by the Dudley Street Neighborhood Initiative (DSNI) to be the steward of lands acquired as a result of DSNI's comprehensive program of community organizing, community planning, and community development. DSNI appoints a majority of the seats on the CLT's board of directors.

- **PROGRAM**. In some cases, a successful developer of nonprofit rental housing, wishing to diversify its activities and portfolio by adding a homeownership component, has grafted selected elements of the CLT model onto its operations. The CLT does not exist as a separate corporation with its own board of directors, but as an internal program of a sponsoring nonprofit which may lack both a membership and the tripartite board of the "classic" CLT. ***Thistle Community Housing*** in Boulder, Colorado, for example, is a nonprofit housing developer that has made CLT-style ground leasing a permanent part of its programs. Similarly, in Levenworth, Washington, a CLT homeownership program known as SHARE has been integrated into the other activities of a church-sponsored nonprofit social services organization, ***Upper Valley M.E.N.D.***

Advantages of Nonprofit Sponsorship:

- **CAPACITY**. A CLT created under the wing of an existing nonprofit corporation has staff from the very start for both organizational development and housing development.

- **PRODUCTIVITY**. The new CLT may not have to wait too long to launch its first project. If the nonprofit sponsor is already an accomplished developer, the nonprofit's expertise can be used in developing and marketing new units for the CLT.

- **CREDIBILITY**. The CLT can "borrow" whatever credibility and bankability the nonprofit sponsor may have in soliciting funding and financing from public agencies and private lenders.

- **COMPATIBILITY**. A CLT that is sponsored by a nonprofit that has been around for many years – a CLT that may even be housed within that nonprofit – is less likely to threaten whatever network of nonprofit housing development organizations that already exists.

- **DIVERSIFICATION & RENEWAL**. Sponsorship of a CLT, regardless of whether it is retained permanently in-house or eventually spun off as a separate corporation, can strengthen an existing nonprofit by diversifying its portfolio, its constituency, and its funding base. A CLT initiative can introduce new energy and excitement into an older nonprofit in need of renewal.

Disadvantages of Nonprofit Sponsorship:

- **POLITICAL BAGGAGE**. Whatever mistakes the nonprofit sponsor may have made in the past, whatever baggage it may carry in the present, and whatever operational weaknesses may haunt its future will burden any product of the nonprofit's labors – including the effort to establish a new CLT.

- **ACCOUNTABILITY TO LEASEHOLDERS**. Allowing the occupants of housing developed by a nonprofit to serve on the nonprofit's board of directors is not only foreign to the experience of many CDCs but one that is strongly resisted. While proponents of the "classic" CLT see leaseholder representation as essential to the stability, responsiveness, and effectiveness of a CLT, organizations that have never included tenants or homeowners on their boards may see only a headache they would prefer to avoid.

- **ACCOUNTABILITY TO COMMUNITY**. Many CDCs that do have community representatives on their boards have never cultivated the kind of open, engaged membership that is contemplated by the CLT; nor have they allowed that membership to elect a majority of the nonprofit's board of directors. Opening up a self-perpetuating board to more involvement and control by the community can be a daunting prospect.

- **DIVIDED LOYALITIES**. Most nonprofit sponsors of a CLT continue to develop non-CLT housing and to operate non-CLT programs. At best, this can dilute the amount of attention and resources that the nonprofit can devote to CLT development. At worst, this can result in direct competition between types and tenures of housing that have long been developed and marketed by the nonprofit sponsor and the new kind of housing being made available through the CLT – i.e., limited-equity, owner-occupied units on leased land.

- **LINGERING CONTROL**. It is often hard for a parent to let go. Nonprofit sponsors, even those with the intention of someday allowing their fledgling CLT to fly away, tend to relinquish control slowly and reluctantly. This can leave the CLT in limbo, neither integrated enough into the structure, staffing and funding of its sponsor nor independent enough to attract funding, constituents, and staff of its own.

Employer Sponsorship

Private employers have occasionally provided part of the impetus for a new CLT. For example, much the initiative and early financial support for the ***Jackson Hole Community Land Trust*** in Wyoming came from business leaders who had grown increasingly concerned about the shortage of affordable housing. This was beginning to have an impact on the ability of hotels and stores to retain employees and on the ability of public agencies to attract school teachers, nurses, police officers, and other key workers. Similar concerns – and similar support from the business community –fueled development of the ***Mackinac Island Community Land Trust*** (Michigan), the ***Middle Keys Community Land Trust*** (Florida), and the ***Two Rivers Community Land Trust*** (Washington County, Minnesota).

Although, in each of these cases, business leaders stepped forward to support the Community Land Trust, it would be an exaggeration to say that they played the principal role in actually initiating and organizing the CLT. To date, such hands-on employer sponsorship has occurred only in the case of ***First Homes***, a CLT in Rochester, Minnesota. The Mayo Clinic, Rochester's largest employer, decided a number of years ago to get involved in helping to address the region's worsening housing problem. Lower-wage employees at Mayo (and elsewhere) were being priced out of Rochester's housing market, partially due to the pressure being placed on that market by Mayo's continuing expansion. Mayo pledged $7 million to the Rochester Area Community Foundation and challenged other private employers to provide a match. The response was enthusiastic, resulting in a $13-million-dollar program to subsidize the construction of hundreds of affordably-priced "starter homes." Introduced to the CLT model soon after making this pledge, senior officials at the Mayo Clinic were attracted to the idea that their contribution could have a larger and lasting effect if subsidies were retained and "recycled" in the housing itself. The CLT's ability to lock these subsidies in place, perpetually controlling the future price at which the assisted homes could be resold, led the Mayo Clinic to insist that a majority of the homes constructed with its money should be developed through a CLT. The Community Foundation, the Mayo Clinic, and various leaders from business, banking, and government proceeded to establish a region-wide CLT, ***First Homes***.

Advantages of Employer Sponsorship:

- **EARLY CAPACITY & CREDIBILITY**. Employer-sponsored housing, when pursued though a CLT, can provide a start-up organization with valuable resources and instant credibility, enabling the CLT to build its own capacity and its first project(s) within a relatively short period of time.

- **STARTER HOMES FOR WORKING FAMILIES**. The association of CLT housing with a major employer –and with persons who work for that employer – helps to remove the stigma that is too often attached to "affordable housing."

- **LEVERAGING**. The private donations made available to a CLT by local employers can be used to leverage many more dollars of public funding and private financing for the CLT's projects.

Disadvantages of Employer Sponsorship:

- **CAUTIOUS DEMOCRACY**; **LINGERING CONTROL**. Although most employers who donate to a housing development organization like a CLT prefer an arms-length arrangement, avoiding any hint that what they are sponsoring is a "company town," they may be reluctant to relinquish control altogether. The democratic elements of the CLT model can prove especially hard for them to swallow. The CLT in Rochester, MN, for example, has the tripartite board of the "classic" CLT. But the Rochester Area Community Foundation, the intermediary through whom the Mayo Clinic is contributing to the new CLT, gets to appoint six out of nine of the seats on the CLT's board of directors (with the rest reserved for leaseholder representatives). This was done to reassure the CLT's major investor, the Mayo Clinic, that ***First Homes*** would never find itself in the tempest of too much democracy.

- **A DIFFERENT KIND OF BUSINESS**. Private employers often believe that what they already know about producing, managing, and marketing goods and services in the for-profit sector can easily be applied to the "business" of affordable housing. When this proves to be wrong, their tendency is not to learn a new set of precepts and practices but to lop off the edges of messy models like the CLT, trimming them to fit their own preconceptions of how housing should "properly" be done.

- **TARGETING HIGHER ON THE INCOME SCALE**. While targeting a CLT's program to "working families" has the advantage of avoiding the stigma frequently associated with affordable housing, there is a risk that families who cannot work, who are looking for work, or who have lost work will not be served. Employer-assisted housing has a tendency to focus higher on the income ladder, avoiding populations that are perched on lower rungs.