

COMMUNITY LAND TRUSTS: BUILDING AFFORDABLE
HOUSING AND COMMUNITY

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Abstract

Community Land Trusts are a unique affordable housing model predicated on radical community participation and the separation land ownership from housing ownership. This thesis explores the model's applicability in a dense urban context through a case study of the Cooper Square Community Land Trust in New York City. Affordability and community participation are the two fundamental purposes of the model. Through a series of indicators and qualitative interviews, the results found that Cooper Square succeeded in maintaining affordability and including community in the governance structure, but did not succeed in creating a larger sense of community purpose.

Key words: community land trust, affordable housing, community engagement, governance

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List of Abbreviations and Definitions

Affordable Housing Housing is considered affordable if an individual or family spends 30% or less of their gross income on housing costs

AMI Area Median Income

CLT Community Land Trust

CSMHA Cooper Square Mutual Housing Association

CSCLT Cooper Square Community Land Trust

CSC Cooper Square Committee

Community Land Trust Affordable housing model that separates land ownership from housing ownership

HPD New York City's Department of Housing Preservation and Development

MHA Mutual Housing Association

NYCCLI New York City Community Land Initiative

Mutual Housing Association Long-term affordable housing developed, owned, and managed by a nonprofit.

RFEI Request for Expression of Interest

Introduction

The affordable housing crisis in New York City has necessitated the consideration of alternative models of affordable housing provision. Housing costs have risen steadily while wages have seen little to no growth (Sanchez et al, 2017). Between 2010 and 2017, asking rents increased 3.9% annually while median wages increased only 1.8% (Long, 2017). As of 2015, 49% of New York City households were spending more than 30% of their gross income on housing, categorizing them as rent burdened (Sanchez et al, 2017). When considering affordable housing in the New York City context, it is most important to look at rental units because they comprise 64.2% of the city's housing stock as of 2014. Mayor Bill de Blasio launched an ambitious plan in 2014 to build and preserve 200,000 affordable units across the five boroughs by 2024 (NYC Housing, nd). After achieving a faster than expected pace, the plan was revised in 2017 with a goal of building or preserving 300,000 affordable units by 2026 (HPD, nd). Despite this success, the plan has generated controversy over how affordable the units produced truly are for low- and very low-income residents. Critics, including Real Affordability for All, an advocacy coalition, argue that an insufficient amount of housing is being created for low- and very low-income residents (Walker, 2017). The plan also relies upon controversial neighborhood re-zonings that have been opposed by residents in neighborhoods like East New York and East Harlem who fear displacement resulting from an influx of market rate apartments (Plitt and Warekar, 2017) (Savitch-Lew, 2017). Community land trusts provide an alternative model of affordable housing that should be considered in New York City.

A community land trust is a unique model of affordable housing that is based off of an alternative understanding of ownership and the purpose of a home. The goals of this model can be broken down into two categories: affordability and community participation. Both the

structure of land tenure and the organizational makeup support these goals. By separating land tenure from housing tenure, the non-profit that owns the land is able keep that land in trust and prevent significant price increases that would impact the affordability of housing. The governing structure of a CLT necessitates the inclusion of all residents of CLT housing and residents of the surrounding neighborhood. They not only create the bylaws that govern the CLT, but also determine what usage of the land is most beneficial to the community. Instead of being subject to market fluctuations, housing on CLT land is preserved as affordable long-term. The two goals, affordability and community participation, reinforce each other. The question of this thesis is whether the community land trust model successfully provides affordable, community-driven housing in a dense urban setting.

One of the aspects that makes the CLT model attractive is its adaptability to different contexts and housing markets. Rather than being rigid, elements of the model can be chosen and implemented in a way that is tailored to local context. The majority of successful CLTs are located in areas of low to medium density. However, in New York City there is a case study for this model in a dense urban setting. The Cooper Square Community Land Trust, created in 1994, continues to provide affordable units within the heart of Manhattan. This thesis will explore this case study as a way to analyze the strengths and weaknesses of the community land trust model and its viability in a dense urban setting such as New York City.

Methodology

The methodology for this thesis is a combination of several qualitative methodologies. These include a review and inclusion of previously available data, a case study, and a series of qualitative semi-structured interviews. Each aspect has helped to build a comprehensive thesis.

The case study is the primary research methodology of this thesis. Case studies are useful in illustrating complex models within context (Baxter and Jack, 2008). Through the example of the case study, different elements and relationships can be analyzed in multiple arrangements, in order to offer a more complex view of a subject. The Cooper Squares Community Land Trust in some ways typifies the model and in other ways diverges. By using it as a case study it is possible to both interrogate the CLT model in general and in the specific context of the dense urban environment of New York City. A crucial element of the case study was a series of qualitative interviews.

Two central tenets of CLTs guided this research: affordability and community. In order to measure these two aspects, I developed multiple indicators for each. The indicators for affordability are split between measurements of the financial sustainability of the entire development and measurements of affordability on a per unit basis. The indicators for the development include: the total cost of development, purchase price of the land, development cost per square foot, operation and maintenance costs, and mortgage or loan costs. The indicators for individual units include the average price per unit, the average AMI served, savings based on market rate, and number of units lost to foreclosure.

Measuring the community aspect of a CLT is more difficult. Based on the foundational tenets of a CLT and previous case studies, I developed indicators in two categories: governance structure and other elements. The indicators for the governance structure include: presence of a

tripartite government, formal membership for residents, election of board members by residents, and the presence of bylaws dictating affordability, income, and resale limits. The governance structure and bylaws of a CLT are a major part of formally enshrining community as an organizational goal. Other indicators include: resident educational programs, non-resident community input into the decision-making process, political organizing, and the sense of a shared goal. The interviews conducted with residents and board members were crucial in analyzing these more qualitative elements.

Table 1 Research Indicators

| | Indicators |
|-------------------|---|
| Affordability | <p>Development</p> <ul style="list-style-type: none"> -total cost of development -purchase price of land -development cost per square foot -operation and maintenance costs -mortgage cost <p>Per Unit</p> <ul style="list-style-type: none"> -average price per unit -average AMI served -savings based on market rate -units lost to foreclosure |
| Community-Focused | <p>Governance</p> <ul style="list-style-type: none"> -tripartite governance -presence of formal membership |

| | |
|--|--|
| | <ul style="list-style-type: none"> -election process -bylaws on affordability, income, and resale Other -resident education programs -inclusion of non-resident community members -political organizing -shared goal |
|--|--|

Interviews

As part of my case study, and to gather the knowledge of professionals working in the field of affordable housing, I conducted a series of semi-structured qualitative interviews. The interviewees were classified into one of four categories: CLT residents, members of the CLT staff, neighborhood residents that participated in the CLT board, and government representatives or affordable housing advocates. Each category of interviewee was chosen for their unique perspective on the Cooper Square case study; together their knowledge and opinions shaped a comprehensive picture. At least one person from each category was interviewed. These interviews provided information that was not available in the form of previous academic papers, previous case studies, or other publicly available information. Overall six interviews were conducted, two of which were with the CLT director. Three took the form of in-person interviews and three took place over the phone. They ranged in length from 30 to 60 minutes. Below are the five interviewees and a description of the information they provided.

CLT Director

The interview with the director of the CSCLT covered historical details of the CLT's formation, financial data on the renovation process and current operation, the technical workings of the CLT charter and mission, and future expansion plans. I chose to interview them because they have the most up-to-date knowledge of the daily workings of the CLT. They are also a part of the wider CLT movement in New York City.

Resident and CLT Board Member

The interview with this resident covered both their experience as a resident and as a member of the CLT board. As a resident, they provided qualitative information on the quality and affordability of Cooper Square's housing units. As a CLT board member, they provided information on both the technical functions of the board, including its relationship with the MHA (mutual housing association) board, and some of the current concerns and questions facing the board.

Neighborhood Resident and CLT Board Member

The interview with a neighborhood resident covered their experience of neighborhood change over the last several decades, the impact of the Cooper Square CLT on the broader neighborhood, and their role as a member of the CLT board. I chose to interview a neighborhood resident who is not a resident of the CLT because they are considered a crucial element of the tripartite governance structure.

Government Representative or Affordable Housing Advocate

I chose to also interview representatives of government housing agencies and affordable housing advocates in order to incorporate different practitioner perspectives. The interview with a representative of NYCCLI, which is an affordable housing and

community land trust advocacy non-profit, covered the previous successes of the model and the current efforts in New York City to expand the model. The interview with a representative of New York City's Department of Housing Preservation and Development covered their recent disbursement of funding to several CLT groups and the role of government agencies in supporting the CLT model.

The qualitative nature of these interviews allowed for a deep exploration of the experience, opinion, and knowledge of each interviewee. The interviews were semi-structured, meaning that there were predetermined questions guiding the process, but follow-up questions provided more details. The responses of the interviewees will not be quantified, rather my summary and analysis of the interviews will be incorporated throughout the case study.

Qualitative interviews are well-suited to detailed description of processes, the integration of multiple perspectives, and holistic case studies (Weiss, 1994). It is for this reason that I chose to incorporate this method into my case study.

There are limitations to this methodology that may influence the results. I was able to interview a limited number of people who are involved in the Cooper Square CLT. No residents who were not members of the board were willing to speak with me, meaning that their view point was represented only by residents who are on the board. The quantitative data I collected is self-reported by the CLT and I was not able to see the original documents to verify them independently. Additionally, only one CLT was included in this case study, which potentially limits the applicability of the results in other contexts.

Community Land Trust Fundamentals

CLTs can be used for a wide variety of purposes including managing community assets, preserving greenspace, developing commercial space, creating cooperative farms, and developing affordable housing. For the purpose of this thesis, I will be focusing on the affordable housing aspect, for which the CLT model has become well-known.

The community land trust model is an alternative form of affordable housing. It separates ownership of the land from ownership of the building or asset on that land (including multiple forms of housing). The land is cooperatively owned by a non-profit, typically one that is created by the community in partnership with affordable housing experts or organizations. Long-term leases (typically 99 years) are then available for those looking to own or rent properties on CLT land. The ultimate goal of this unique model is to provide affordable housing for low-income owners and renters while also ensuring benefits to the wider community and a commitment to broader social good. The fundamental theory justifying this model is the reality that land prices are often a significant portion of the cost of a home or apartment. By removing the land from the market and holding it in a perpetual trust, the nonprofit is able to offer housing that is more affordable, because it is removed from the speculative nature of land prices. Stewardship is a foundational aspect of the model. The non-profit, in removing the land from the open market, acts as a steward to ensure that the land is used to support the dual purposes of affordable homeownership and community benefit.

In an analysis of the Champlain Housing Trust in Vermont, prominent CLT advocate John Emmeus Davis divides the goals of a community land trust into two categories: those that benefit the individual and those that benefit the community (Davis and Stokes, 2009). The benefits for an individual include the expansion of homeownership to those who would

otherwise be unable to afford it, the creation of individual wealth based on homeownership, and residential mobility. For communities, CLTs can preserve the affordability of the housing stock, retain community wealth and public subsidies, and enhance residential stability (Davis and Stokes, 2009). Due to the flexibility of the model, it should not be assumed that every CLT aims to fulfill all six of those goals. However, delineating between individual benefits and community benefits is useful when assessing the success of a community land trust. The focus on community is another distinctive element of the CLT model. Residents of the surrounding neighborhood are seen as integral to the success of the neighborhood.

Whether it is a single-family home or a co-op, the residence is legally owned by the leaseholder. In the majority of CLTs, particularly those focused on single family homes, the resident is able to receive some economic gains from the resale of the property. These economic gains are limited by a resale price that can only increase a certain percentage set by the Board, which is agreed upon when purchasing the home. Residents can also recoup a percentage of the equity put into the unit, if the upgrades were approved by the Board. In this way the CLT is able to keep the prices of units on their land below market price and affordable for lower-income residents. This underscores another fundamental theory underlying the CLT model; that homes are not valuable solely on their own, but because of the community they reside in and the equity that that community invests in the neighborhood. Economist John Stuart Mill theorized that the majority of the appreciating value of land comes not from the labor and investment of individuals, but from “the growth and development of society” (White, 2011). Advocates for community land trusts argue that because of this, equity from homeownership should not go solely to the individual homeowner but also to the community that helped create that value.

There are ten elements that comprise the CLT model. While not every CLT will contain every element, these describe the most standard iteration.

Dual Ownership: the CLT nonprofit entity owns the land. Existing buildings or new buildings can be leased long-term to private individuals. In the case of rental housing, it is more typical that the CLT owns both the land and the building, renting the units to private individuals.

Leased Land: the land owned by the CLT is not sold, but individual members can have exclusive use of it through a long-term lease. These leases are typically 99 years, but vary by organization. In this way the CLT can protect the long-term interests of the community land, rather than focusing on short term speculation.

Nonprofit, tax-exempt corporation: CLTs are recognized by the government as a non-profit entity that has 501(c)(3) tax exempt status.

Open, place-based membership: CLTs define in the bylaws of their charter the geographic area that they serve. This often extends beyond just the land that they own to a wider community or neighborhood. Anyone who lives in that geographic area can become a member of the CLT.

Tripartite Governance: The CLT has a board that is composed of three different groups, equally represented. One-third of the board represent the leaseholders living on CLT land, one-third represent community members within the CLT service area, and one-third represent government officials, non-profit specialists, or housing specialists.

Community Control: The aim of this model is to ensure that community members have control over development in their neighborhood. The board members representing the leaseholders are elected by the leaseholders and the board members representing the broader community are elected by the broader community.

Expansionist Acquisition: It is the goal of most CLTs to continue to expand the amount of land under their control, so that more affordable units can be provided. In theory, the CLT model can scale up within cities.

Flexible Development: Although many CLTs chose to focus on affordable housing, the overall aim is to provide for whatever the community needs. This can include single family households, multi-family households, duplexes, condos, SROs, commercial units, or parks.

Perpetual Affordability: The goal of housing provided is long-term affordability. Residents who purchase CLT houses agree to a resale formula that limits the appreciation they can see from the property. This keeps housing prices in growing neighborhoods manageable.

Perpetual Responsibility: The CLT works to support leaseholders and residents. Some organizations will offer financial training or aid with home repairs.

There are four types of ownership restrictions that can be used by a CLT to further the mission of long-term affordability: resale price restrictions, buyer-eligibility restrictions, occupancy and use restrictions, and mortgage finance restrictions (White, 2011). Resale price restrictions limit the amount for which a housing unit can be sold. This amount can be either a

fixed rate or based upon a resale formula. If it is based on a resale formula, that formula is developed during the creation of the CLT and enshrined in the by-laws. Buyer-eligibility restrictions limit who can purchase a housing unit. This is most commonly used to create income restrictions so that resale units go to families with the incomes being targeted by the CLT. Occupancy and use restrictions determine who can occupy the unit and for what purpose. This can be used in the cases of non-residential CLT property. Finally, restrictions on mortgage financing determine what type of financing can be used to purchase the housing units. This is intended to prevent the use of predatory loans in buying a CLT unit, which could cause the CLT to lose the unit to foreclosure. These restrictions are most typically enforced either by a deed restriction or long-term lease restriction (White, 2011). The deed restriction is attached to the deed to the property, which is signed by leaseholders. The long-term lease restriction is placed on the land being leased by the CLT, but applies to the property on the land if written correctly. These are the legal mechanisms that the non-profit uses to maintain control of its housing stock.

Community Land Trust History

There is a long history of theory that has shaped the CLT model, its guiding principles, and its goals. Theory around land ownership in particular was crucial in shaping today's model. In the early 1800s economist John Stuart Mill wrote about the value of land, creating the "social increment theory" which held that most of the appreciating value of land is not created through the individual labor of its owners, but through the growth and inputs of the community around it (Davis, 2010). In the mid-1800s, struck by this theory, Henry George theorized that poverty was the result of small-groups of property owners who were able to capture most of the value increase of land. Following Mill's theory, these gains were illegitimate because it was actually the development of the society surrounding the land that gave it its value. George proposed a

single tax to replace all other taxes. This tax would remove incremental gains in property value and transfer that money to the government for use in social services. In this way, society would be able to capture the value that it was creating, not individual landowners. George wrote on this subject in a book called *Progress and Poverty* which became very popular in America and influenced future CLT theorists (Davis 2010).

Furthering George's work was Borsodi who first coined the use of land trusts to describe communally owned, leased lands. He proposed that land should never be privately owned, only held in trust for the benefit of society. From this he developed the "possessional problem." This theory stated that human labor was the dividing point between what could be privately owned and what could not be. Things that came into being through human labor, like a house, could be privately owned. Things that did not come into being through human labor, like land, could not be owned by individuals and benefit them financially (Davis 2010). During the Great Depression Borsodi created a new community in Suffren, New York. The land was communally held and individuals paid an annual fee to lease a plot. Labor and tools were shared to develop the area. After this point, several experimental cities formed throughout the country, inspired by the idea of a land trust and by the Garden Cities movement in England. These cities often lacked outside community engagement, dealing only with a group of like-minded people who formed an enclave-like settlement (Davis, 2010). Two of these experiments were prompted by Arthur Morgan, who briefly headed the Tennessee Valley Authority. He was inspired by small housing communities set up by TVA workers. This land was owned by the TVA and leased to workers, ensuring that they paid no more than 25% of their income for housing. Morgan, with the help of a wealthy patron, later started a community he called Celo in North Carolina which followed the

land lease model. He also wrote a book called *The Small Community* which would later influence Bob Swann (Davis, 2010).

Bob Swann is responsible for the modern iteration of CLTs. He worked with Morgan at Community Service, Inc. which promoted community development initiatives throughout the country. Swann then became heavily involved in the Civil Rights movement. He met Borsodi, who had recently traveled to India and witnessed the Gramdan Movement in which donated land was gathered and given to poor farming communities for economic development. Borsodi and Swann started the International Independence Institute in the US, which later became the Institute for Community Economics, a national supporter of CLTs (Davis 2010).

In 1969, Swann, along with an activist named Slater King, started what is considered the first CLT. Called New Communities, Inc., this rural CLT provided land for black farmers in the Jim Crow South. The organization was eventually overcome by debt, but its founders continued to spread the mode (Davis, 2010). In 1972 Swann published *The Community Land Trust* to guide other communities looking to use this model. Swann was responsible for incorporating the larger community, not just leaseholders, into the board leadership structure. This provided more community buy-in and broader support. An organization directly inspired by Swann's book, the Woodland Community Land Trust, was the first to impose resale restrictions on homes, in order to recoup some of the organization's investment in the home (White, 2011).

Chuck Matthei was responsible for spreading the CLT model throughout the US. In 1979 he became the director of the Institute for Community Economics, which began publishing a periodical and offered practical advice to CLT upstarts. The first CLT funded by the Institute for Community Economics under Matthei was the Community Land Cooperative of Cincinnati, in

1980. This was the first CLT created in an urban setting and the first chance to test the model's ability to offer neighborhood residents control over neighborhood development. Using resale price controls developed by the Woodland Community Land Trust, CLCC maintained long-term affordability of the units under their control specifically to benefit low-income residents (White, 2011).

In the mid-1980s, Boston created a development plan for an underserved neighborhood. The community responded by forming a CLT and proposing their own neighborhood development plan. The Dudley Square Neighborhood Initiative became the first (and only) CLT to be granted the power of eminent domain. It remains an example of community organizing and integration. Burlington, Vermont became the first municipality to actively fund a CLT. This CLT, originally known as the Burlington Community Land Trust and now known as the Champlain Housing Trust, is one of the nation's largest and most successful (Davis and Stokes, 2009). By 1992 the federal government recognized the need for a federal definition of CLTs. This federal recognition allowed the organizations to access money allocated by National Affordable Housing Act (Davis, 2010). In the mid-2000s ICE began a revolving fund available nationally to provide funds for CLT start-ups. This provided a crucial source of funding, as government agencies in many states were still reluctant to provide resources. The National Community Land Trust Network, founded in 2006, brought practitioners from around the country together to share best practices and advocacy strategies (White, 2011). Community land trusts began as small collective living communes and places of collective agriculture, but grew into a new model for affordable housing in urban areas. The Cooper Square Community Land Trust, founded in 1994, was a crucial case study of this transition.

Cooper Square Case Study

The Cooper Square Community Land Trust is an important case study for those looking to apply the CLT model in a dense urban setting. Unlike CLTs that target single-family homeownership, Cooper Square provides affordable apartment rentals and co-op ownership in the heart of United States' densest city. Located on the Lower East Side of Manhattan, the CLT encompasses 21 buildings.

The Cooper Square CLT is also an important case study because of the ways it does and does not fit within the CLT model. These differences and similarities allow for a better assessment of the model as a whole and its potential for growth. It is one of the oldest CLTs in the country, along with the Champlain Housing Trust (created in 1984) and the Dudley Street Neighborhood Initiative (also created in 1984). This case study will analyze three aspects of the Cooper Square Community Land Trust: affordability, community-participation, and applicability in a dense urban context.

Location.

The neighborhood itself is home to a variety of amenities, including excellent access to public transportation, a wide variety of local shops and restaurants, and employment opportunities. Once an immigrant enclave full of tenement housing, the neighborhood has become one of the most expensive in New York. The rapid growth in rental prices has made it unaffordable for low- and middle- income families. Many residents who were born and raised in the neighborhood can no longer afford to live there (Orselli, 2018).

Cooper Square History

As with so many other planning conflicts, the fight for Cooper Square began with Robert Moses, who in 1959 proposed a plan to demolish and redevelop 11 city blocks (Mironova, 2014). This portion of the Lower East Side, like the rest of the neighborhood, was historically a neighborhood for immigrants who had just arrived to America (Angotti, 2007). The plan would have eliminated a substantial amount of affordable housing upon which these immigrants relied. In response, the Cooper Square Committee was formed. Although just a handful of people in the beginning, it blossomed into a substantial, decades-long movement for affordable housing, headed by Francis Goldin. Goldin was also a founder of the Metropolitan Council on Housing, which was one of the city's largest tenant organizations (Angotti, 2007). The Cooper Square Committee and its fight against Moses' plan for the neighborhood became a part of the wider tenant's-rights movement in New York.

In 1961 the Cooper Square Committee released the Alternative Plan for Cooper Square, a comprehensive, community-created plan that was the result of over 100 community meetings (Angotti, 2005). The process was led by Walter Thabit who, with Goldin, was crucial to the ongoing fight for affordable housing. The Plan called for the redevelopment of several residential units within the designated Urban Renewal area that were substandard or abandoned (CSMHA, nd). It took another nine years of community organizing and mobilization to persuade the City to adopt the plan, which it did in 1970. However, the Plan then almost immediately stalled due to a lack of funding and political will and a revised Alternative Plan was submitted to the City in 1986 (CSMHA, nd). By then, the Cooper Square Committee was focused on convincing the City to rehabilitate buildings that had come to be owned by the City due to abandonment by the landlords and unpaid taxes. The CSC proposed that the City fund the refurbishment of these

buildings and make them into tenant-run co-ops through the TIL (Tenant Interim Lease) program (Agnotti, 2007). However, the affordability protections on TIL apartments could and would expire. The CSC wanted to find a solution that created affordable housing in perpetuity.

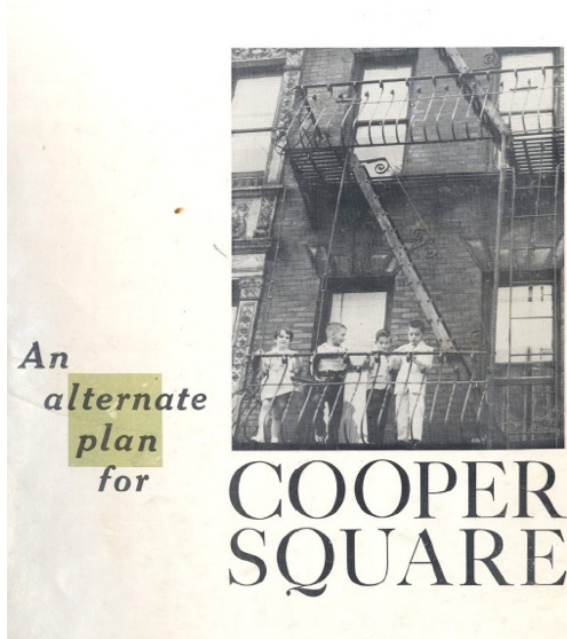
The CSC decided to create a Mutual Housing Association. In 1990, after decades of extensive community mobilization, the CSC convinced the Dinkins administration to sign a Memorandum of Understanding creating a legal arrangement. The city, through the Department of Housing Preservation and Development (HPD), used NYC Capital Funds and HUD Hope II funds to renovate several city-owned buildings (CSMHA, nd). In 1991, the Mutual Housing Association was created to legally receive the properties. The result was to be an eviction co-op that required residents to become shareholders within three years. Members of the CSC became concerned that this solution did not adequately protect affordability in the long term, for multiple reasons, and that the eviction co-op model put low-income people at risk. Additionally, MHA co-op model would not allow surplus funds to be shared between buildings. Even though the buildings were newly redeveloped, they would eventually require expensive repairs such as a new boiler or a new roof that would force the MHA to raise rents. There was also a concern, amongst both CSC members and officials at HPD, that the MHA would not be able to enforce the restrictions on resale prices. The MHA board was made up of tenants who had a financial incentive to disregard these resale restrictions and allow market-rate resale prices. Resale restrictions are not self-enforcing and if the organization in charge of that enforcement chose not to do so, it would imperil the affordability of these units. Thus in 1994 the Cooper Square Community Land Trust was created as an oversight entity.

The land beneath the buildings was deeded to the CLT, which in turn leases the land to the MHA. As part of this deed, the CLT entered into an agreement with the City to enforce several

provisions that would guarantee the organization's dedication to the mission of long-term affordability. The most important of these was a restriction on income eligibility, which prevents anyone making more than 80% AMI (area median income) from being a tenant of the CLT (Angotti, 2007) This was tied to affordability restrictions that set rents at a price affordable to those income levels. The MHA was charged with the buildings themselves and day-to-day maintenance. In 1995 HPD completed the ULURP (Uniform Land Use Review Procedure) process for all 19 buildings marked for the MHA. From a period of 1996 to 2008, these buildings were renovated by HPD and transferred to the Cooper Square CLT (Cooper Square MHA, 1). The CLT is now comprised of 21 buildings and 328 units.

In the late 1990s the attorney for the MHA, Martin Berger, drafted a plan to convert the rental units into co-op units. The plan guaranteed that residents who did not become shareholders would not be evicted. The conversion was held up by the City's Attorney General for several years. In 2011, the MHA filed a modified version of the plan with the Attorney General's office and in 2012 the MHA buildings became limited-equity co-ops (CSMHA, nd). This was done because a majority of the residents voted for this plan. It is still the role of the CLT to oversee the MHA and its decisions to ensure they comply with the fundamental goal of long-term affordable housing.

Figure 1 Cover of the Alternate Plan for Cooper Square



Cooper Square CLT Today

The 21 buildings overseen by the CLT are located on 3rd and 4th street, between Bowery and First Avenue. The area, known as Cooper Square, is named after the prominent philanthropist Peter Cooper. Fifteen of the buildings are mixed-use and contain 24 businesses that lease their space from the CLT.

Table 2 CSCLT Properties

| | | |
|----------------------------|----------------------------|----------------------------|
| 9 East 3 rd St | 56 East 4 th St | 69 East 4 th St |
| 13 East 3 rd St | 57 East 4 th St | 71 East 4 th St |
| 21 East 3 rd St | 58 East 4 th St | 73 East 4 th St |
| 23 East 3 rd St | 60 East 4 th St | 75 East 4 th St |
| 25 East 3 rd St | 63 East 4 th St | 77 East 4 th St |
| 27 East 3 rd St | 64 East 4 th St | 13 Stanton St |
| 89 East 3 rd St | 67 East 4 th St | 83 Second Avenue |

Figure 2 The Cooper Square Committee and Cooper Square CLT Office



Affordability.

When asked what the core mission of the CSCLT was, the current director replied that it was to provide permanently affordable, tenant-controlled housing. The CLT does this in several ways that encompass the original development process, the ongoing enforcement of income and resale limits, and maintenance of both the physical and financial integrity of the buildings. There are two elements that must be considered when determining the affordability of housing- the percentage of gross income that goes toward housing costs and the Area Median Income. The standard for affordability is that an individual or family should pay no more than 30% of their gross yearly income towards housing costs (HUD, nd). Renters whose yearly rent is more than 30% of their gross yearly income are considered rent burdened. The Area Median Income measurement indicates to what income level a unit is affordable. Individuals or families making less than 100% AMI make less than the median income for a predetermined geographic area (HUD, nd). AMI is used to determine the price of a rental unit designed to be affordable for

individuals or families in a particular income range. One of the primary benefits of the community land trust model is that it can provide affordable housing for residents in lower income ranges which is challenging, particularly in a hot housing market like New York. By eliminating the value of the land, which makes up a substantial percentage of the cost of housing, a CLT is able to charge a more affordable rent.

As described in the history of the CSCLT, the project's development was precipitated by a long period of community activism and organization. The success of the development relied both upon this activism and the support from the City that it eventually produced. In the 1970s the City had taken over control of several buildings in the Cooper Square area due to the owner's failure to pay taxes on the property. These buildings had been largely abandoned by their owners and fallen into a state of disrepair (Angotti, 2007). It is because this land was publicly owned that the City was able to sell it to the CSCLT for a dollar per lot. However, it was not only the price of the land that needed to be considered. The buildings that the City agreed to transfer to the CLT were in need of repairs. The 21 buildings cost \$21 million in public money to rehabilitate. The process of repairing the buildings began in 1991 with 13 E 3rd St and 71 E 4th St and lasted until 2006, when the final building at 89 E 3rd St was completed (CSMHA, nd). The financing was split between City Capital Fund and Hope II funding from the Department of Housing and Urban Development (CSMHA, nd). Without this public funding, the CSCLT would have had to take out private loans in order to rehabilitate the buildings, which may have hindered its long-term financial health. The current CSCLT director explained that the organization chose renovation over new construction because it would be less expensive and because the buildings that were *in rem* were offered by the City. The \$21 million used to refurbish the buildings is considered an

enforcement mortgage, meaning that no payment is due as long as both the CLT and the MHA maintain the affordability and eligibility restrictions set by the City (Orselli, 2017).

The formation of the CSCLT was crucial in convincing the City to provide funding and that funding was what kept the cost of the development project to the CSCLT low. It is also important to note that New York's real estate market was very different in the 1990s than it is today and the buildings were worth substantially less. The CLT director could not provide a breakdown of the rehabilitation costs. However, it is possible to estimate the per square foot cost of the City-financed rehabilitation using the overall price, \$21 million, and data on total square feet that make up the CSCLT buildings. Data on the total square footage was gathered from ZoLa, an online database created by the City that provides information on every building and lot in the City. In total the CLT encompasses 231,939 square feet of developed area. This puts the price of rehabilitation at roughly \$905 dollars per square foot, which is high. This is due to the degraded nature of the original buildings, which were largely abandoned and had not received proper upkeep. However, because the City financed this one-time rehabilitation, the CSCLT does not have a burdensome mortgage threatening the financial health of the organization. The mortgage will only need to be repaid should the organization substantially violate the income and affordability limits set by the City in the original agreement. The 21 lots are 50,393 square feet in total. The price, which was a dollar per lot, makes the price per square foot negligible.

Aside from the initial public subsidy of \$21 million, Cooper Square is able to fund operation and maintenance costs solely through rents, including rents from commercial units. This is yet another element of securing long-term affordability of the units. It is typically very difficult for rental buildings that are affordable to low- and very low-income people to be able to support operation and maintenance costs through rents alone. This forces them to rely on outside

subsidies or face the gradual degradation of the building quality due to lack of adequate funding (Angotti, 2007). The CLT does not rely on ongoing public subsidies that are subject to politically-motivated elimination. The rents are set at a price that is affordable for residents while also supporting operation and maintenance fees and a reserve fund that is used for larger maintenance projects or emergencies. This is possible in part because of the economy of scale provided by linking the management and maintenance of the buildings. Material goods needed for the buildings can be negotiated at wholesale prices, as can contracts with handymen. The buildings cross-subsidize each other. If one building needs a new boiler, rents from all of the buildings are used to fund that need. This prevents sudden rent spikes that can result from a major cost like a new boiler or a new roof. The combination of the economy of scale provided by the multiple buildings and the collective fund keeps down operation and maintenance costs, which in turn keeps down rents.

What does the affordability of the individual units look like? After the buildings were rehabilitated and the CLT was created, one of the initial tasks was to set a base rent. The monthly rent was essentially a maintenance fee, intended to cover all operational and maintenance costs. Although the legal agreement with the City required the CLT to set rents at a price affordable to an individual or family making a maximum of 80% AMI, CSCLT internally aimed to set rents at a price that was affordable to an individual or family making a maximum of 50% AMI. Rather than determine the rent based on the number of rooms, it was determined using a formula that accounted for the expected maintenance costs. Areas that were expected to cost more to keep up, the bathroom and the kitchen, cost 95 cents per square foot. This core cost was allowed for up to 350 square feet. Whatever additional square footage remained would cost the renter 35 cents per square foot. This was the original formula for the post-rehab rental prices. Although the Cooper

Square MHA was not a considered a co-op until 2012, the original payment structure was similar to that of a co-op. For a one-time fee of \$250 residents could purchase a share of the MHA (Orselli, 2017).

After the initial rent was set, it was not raised for several years. The CLT and MHA boards meet annually to determine the operation and maintenance budget and determine rents based on that budget projection. The 24 storefronts currently generate about 27% of the operational income (Orselli, 2017). The reserve fund contains roughly \$1 million to cover major repairs or emergencies. When the MHA was converted to a cooperative model in 2012, the one-time fee to become a shareholder was increased from \$250 to \$1,800. The CSCLT director estimates that approximately 85% of residents became shareholders after the conversion process. While shareholders are subject to yearly rent increases, the CLT board strives to ensure that the rents remain affordable for individuals or families making less than 50% AMI. The CLT board is still legally required by the City to set rents at a price affordable to individuals or families making less than 80% AMI. There is no set formula for rental increase. It has ranged in the past from a 2% increase to a 6% increase, the 6% increase being a one-time anomaly. Due to the nonprofit status of the CLT and MHA, there is no profit to motivate excessive increases. Rental increases are based solely on the need to fund operation and maintenance costs. The remaining 15% of residents who are not shareholders are also subject to yearly increases. Their apartments are not considered rent stabilized, but there is a rental increase formula that was agreed upon with the New York Attorney General when the co-op conversion took place (Orselli, 2017). Each year apartments that are rent stabilized are subject to a rent increase percentage determined by the Rent Guidelines Board of New York. The CSCLT can increase the rental price for non-shareholders by a maximum 5% above the increase set by the Rent Guidelines Board. That

means that if the Rent Guidelines Board allows an increase of 1% for rent stabilized apartments, the CSCLT can increase the rental price for non-shareholders by a maximum of percent.

However, these apartments are also still subject to the original affordability limit of 80% AMI.

The Cooper Square CLT does not keep data on the average rental price for all 328 units or the average AMI served. This is because that data changes frequently as both the rental prices and the income of resident's changes. However, the director estimated that the affordability levels range from 26% AMI to 37% AMI. CSCLT provided data on four apartments, ranging from a studio to a three-bedroom, as examples of the levels of affordability achieved. The calculations provide the minimum AMI an individual or family would need to make in order for the apartment to be affordable. A 300 square foot studio apartment at 23 E 3rd Street rents for \$415 a month, making it affordable for an individual earning as little as 26.1% AMI. A 484 square foot one-bedroom apartment at 13 Stanton Street rents for \$562 per month, making it affordable to an individual or family earning as little 33.1% of AMI. A 631 square foot two-bedroom apartment at 71 E 4th Street rents for \$621 per month, making it affordable to a family earning as 30.4% of AMI. Finally, a 1,104 square foot three-bedroom apartment at 83 Second Avenue rents for \$830 per month, making it affordable to a family earning 36.7% AMI.

Enshrined in the bylaws of the CLT are income restrictions that prevent vacant units from being rented to individuals or families with an income above 80% AMI. Vacancies in CSCLT properties are fairly rare. The long-term affordability of units is designed to promote stability for low-income tenants. The CLT director estimated that anywhere from 30% to 40% of the current tenants are part of the original group of tenants. When a vacancy occurs, the admissions committee, comprised of CLT and MHA representatives, selects the new tenants. The new tenants must not have an income greater than that of 80% AMI and must also be able to prove

that they have some steady source of income with which to pay rent. Family composition is also considered. The apartment size and number of rooms affects the unit's suitability for different family sizes and compositions. This is considered when matching new residents to a unit. There is also priority given to low- and middle-income residents of the surrounding community.

According to a member of the CLT board, the committee tries to prevent residents from being priced out of their neighborhood. If tenant of a unit wishes to pass the unit on to a family member, that family member must meet the income requirements. The admissions committee has oversight to ensure that all new residents meet the requirements specified in the CLT's bylaws.

Shareholders make a significantly lower return on their apartment shares than they would if they were selling a market rate unit. The CLT bylaws provide a formula for the maximum allowable resale value of a unit. The MHA has the first right to repurchase the resident's shares. Those shares are worth the original purchase price, either \$250 or \$1,800 depending upon the year purchased, plus an increase based on the Consumer Price Index and the value of any Board approved improvements to the unit. Instead of building financial equity, shareholders are building what the CSCLT director calls "social equity." For an affordable price, these residents are able to live in a highly desirable neighborhood with great access to employment, public transportation, and entertainment. They have access to opportunities that they would not have access to if they lived outside of New York City. The money they save by not paying market rate can go towards investments like an education or towards whatever use the resident prefers. In this way, the resident is still benefiting financially. However, they are unable receive as significant a financial return as they would when selling a unit for market price. This reflects Mill's theory that it is communities, not individuals, that generate the value of housing and that communities should receive the greatest return on that value.

Community Focused.

The governance structure of a CLT, including the composition of the board and the bylaws that specify its operations, is a crucial element that formalizes the process of community input. In the case of Cooper Square, there is a unique relationship between the governance of the CLT and the MHA. Both are guided by the same bylaws that impose income and resale restrictions to the housing units as well as those furthering the overarching goal of providing long-term affordability. The CLT acts as a monitor of the MHA, ensuring that they adhere to these bylaws. However, it is not a strict hierarchy and there is cooperation between both boards. Two members of the CLT board described the structure of both boards and their operations. One is a current resident of an MHA unit. The other is a resident of the wider Cooper Square neighborhood. Both were born and grew up on the Lower East Side, watched the neighborhood change throughout the decades, and are deeply committed to the community there.

The CLT board consists of nine members, six of which are not residents of any of the CLT/MHA buildings. These six members are selected from affordable housing advocates and technical assistance providers and are chosen for their knowledge and expertise. Most are also residents of the neighborhood who have a stake in the work that the CLT does to benefit the neighborhood's community. The CSCLT does not have the classic tripartite governance structure, because multiple board members represent both the neighborhood community and are affordable housing advocates. These members do not have a financial stake, which allows them to govern the CLT impartially with the primary goals of enforcing the affordability restrictions and planning long term to preserve the health and viability of the CLT. Residents who are appointed by the CLT board make up the final three members. This arrangement balances the need to provide residents with a voice on the CLT board while also ensuring that the board's

primary objective of maintaining affordability is not corrupted by residents with a profit motive.

A non-resident member of the board, who has served on it for over ten years, stressed in an interview the necessity of keeping the CLT board independent from the MHA board. Each board meets individually monthly and with each other on an as-needed basis.

The MHA board is comprised primarily of residents who are elected every two years. Of the 15 board members, 10 are residents of the CLT/MHA. The remaining five spots are reserved for members of the CLT board who are appointed to also serve on the MHA board. These members are not subject to election by residents. As the MHA is responsible for the day-to-day maintenance of the buildings, meetings generally consist of practical management details. The CLT board has the power, granted by the ground lease bylaws, to remove members of the MHA board and appoint temporary ones, should the MHA board commit major violations of the terms of the ground lease. However, in an interview with a resident and CLT board member, he explained that the MHA does have autonomy to make its own decisions within the restrictions of the bylaws and that the CLT board does not micromanage the MHA. The CLT's primary duty is to enforce the affordability restrictions laid out by the bylaws in the ground lease. If the boards come in conflict over a major issue, the decision is made via a democratic vote amongst residents. It was because the majority of residents voted for the MHA to become a cooperative that the change was made. The presence of the CLT as an overseer and monitor was a crucial factor in persuading the New York State Attorney General's office to allow this change.

Electing MHA board members is not the only way for residents to make their voices heard and participate in the decision-making process. Each of the 21 buildings has a "building captain" who is responsible for the oversight of the building. This includes both ensuring that any maintenance issues are dealt with promptly, but also involves engaging with residents on a

frequent basis to hear their thoughts and concerns. The captains meet monthly with the residents of their building to check in and encourage feedback. The building captains then act as a representative for each building, meeting with the CLT board to present any resident comments or concerns and negotiate a resolution. Providing multiple points of contact with the governance structure, the CLT can balance the immediate needs of residents with long term goals and planning.

Including community members who are not CLT residents was an innovation of Bob Swann and one of the elements that puts the “community” in community land trusts (White, 2011). Swann realized that the actions of the CLT would have an impact on the wider neighborhood and that in order to prevent the CLT from simply becoming an exclusive enclave, outside community members needed to be included. This inclusion is manifested in the board composition which gives seats to non-resident community members (White, 2011). This ensures that the actions taken by the CLT align with the wider goals of the community. It also helps to build a wider coalition of political support. The Cooper Square Committee, whose activism brought the CSCLT and CSMHA into being, continues to work with community members from all around the Lower East Side. The CLT does not exist in a bubble, but is part of a larger network of organizations fighting for affordable housing and tenant’s rights.

The bylaws that set income and affordability restrictions that are foundational to the provision of long-term affordable housing are not self-enforcing. Although there are other forms of low-income housing with resale restrictions, such as limited-equity co-ops, these models have historically had difficulty enforcing the resale restrictions, particularly if those in charge of enforcing of restrictions have a financial motive not to do so (Angotti, 2007). The City does not have the resources to monitor all of the units in the city that are subject to resale restrictions.

That is one reason why a CLT can play an important role in a hot housing market where there is significant financial incentive to sell what should be low-income housing at a market rate. In the past, there have been instances of residents selling their units illicitly for prices that do not meet the resale requirements or to families that do not meet the income requirements. In an interview with a CLT board member he emphasized that all of the board members are on “the same page,” that their primary goal is to preserve the affordability of the CSCLT. Another board member was emphatic that the board could not be complacent and that he sees their role as an active one.

The Cooper Square Committee, which facilitated the creation of the CSCLT and the CSMHA, offers various supportive services to both residents of the CLT and residents of the neighborhood. They offer both housing and social services. Housing services include general information on tenant rights, counseling for tenants facing eviction, and guidance for tenants seeking to create a tenant association. While renters in New York have an established set of rights, many people are unaware of these rights and can be taken advantage of by savvy landlords. Residents of the CSCLT obviously face a significantly lower threat of eviction. The services are available to them should they want to move out of their CLT unit and into a market rate unit that they rent or buy. Residents can also receive technical support in applying for income support services such as food stamps, Medicaid, public assistance, or Senior Citizen Rent Income Exemption. The applications for these programs are often arduous and confusing, which deters people who are eligible from applying. Part of the work the Cooper Square Committee does to aid low-income tenants in the East Village is to help them determine what programs they are eligible for and how to apply. The organization is also in communication with a variety of other organizations that serve low- and middle-income people and can direct residents to where they can receive services that the CSC does not provide.

Whether there is a feeling of community amongst CSCLT residents is difficult to quantify. A resident who is also a member of the CLT board and a building captain explained the complicated dynamics of community. He has been a resident of Cooper Square for 12 years. When asked if the CLT provided a unique feeling of community, he explained that the results are mixed. Some residents have lived in their units for more than 20 years, since the CLT was created and their building was renovated. Many of those residents have formed a strong sense of community, born out of the shared organizing experience. Other residents are less eager to participate in the CLT. They do not attend board meetings or meetings with the building captain. In this sense, the residential buildings have a mix of people similar to any other apartment complex. Some are friendlier and more engaged than others. Some do not find a sense of community with their neighbors. However, the resident emphasized that he felt the general atmosphere between neighbors was friendly. He said that as a building captain he tried to host events like potlucks or cookouts to provide new residents with the chance to socialize. There does not seem to be a unique bond of community that comes from living in a CLT.

A similar dichotomy exists between residents who are active in furthering the cause of affordable housing in New York City and those “who could not care less,” according to an interview with the same resident. Three of the people associated with the CLT who were interviewed were all long-time advocates and organizers for affordable housing and other anti-displacement policies. Not all residents of the CLT are actively advocating for affordable housing. This has caused some tension, particularly after the conversion to a cooperative. Shareholders now have a financial incentive to do away with the resale and income restrictions in order to make a significantly larger profit. According the New York Times, a one-bedroom apartment in the East Village (which encompasses Cooper Square) could be sold for upwards of

\$1 million. There are residents that are a part of the CSCLT who believe in its mission of providing long-term affordable housing. There are others from whom the primary motive is profit and would prefer to eliminate the resale restrictions. As long as the CLT remains, however, it will have the power to enforce the affordability and resale restrictions that are written into the ground lease. The community land trust model demonstrates that the power lies not control of the buildings but with control of the land.

Challenges for Cooper Square.

This tension between shareholders and the CLT is a current challenge. In an interview with a member of the CLT board who is not an MHA resident, he expressed regret that the switch was made to a housing cooperative. When residents became shareholders, they became owners instead of renters. The board member explained that many of these shareholders are now pushing to increase the financial return they can receive from selling their unit. Some shareholders are trying to alter the governance structure of the CLT in order to make that happen. They want the ability to vote for the members of the CLT board, which they cannot currently do. The CLT board is adamantly opposed to this change, arguing that it would damage the organization's ability to preserve long-term affordability. Any affordable unit that is sold at market rate is an affordable unit lost. This challenge is not unique to Cooper Square. Particularly in strong housing markets, there will always be a financial incentive to convert low-income housing to market rate housing. The shareholders of the CSMHA, however, do not have the authority to do this. They are bound by the ground lease and the bylaws that govern both the CLT and the MHA. The combination of a properly structured set of bylaws and ground lease and oversight and enforcement from dedicated affordable housing advocates can protect CLT housing from commercialization.

The Future of Cooper Square.

The Cooper Square Community Land Trust is not satisfied to simply keep managing 21 buildings. Expanding the CLT allows it to provide more affordable units and increases the economy of scale benefits. The organization has been actively negotiating with the City and with private landowners to obtain new land. The CLT is preparing to receive two new buildings that were previously part of the People's Mutual Housing Association. These buildings failed to pay their taxes and the Department of Housing Preservation and Development has agreed to a transaction that will transfer these properties to HPD and then to Cooper Square. The two buildings will be merged into a Housing Development Fund Corporation, but the land will be owned by the CLT. This will require going through the UDAAP (Urban Development Action Area Program) process, which will make the buildings eligible for a 20-year exemption from real estate taxes (NYC HPD, nd). An article XI application is also being submitted to the City Council, which will make the buildings eligible for a 40-year exemption from real estate taxes subject to renewal if the affordability requirements are maintained (NYC HPD, nd). The CLT director expects this process to be completed sometime in May.

The CSCLT and the Cooper Square Committee, as well as neighborhood residents, are also attempting to persuade the Archdiocese of New York to give the land beneath the vacant Church of Nativity to the land trust. The Church of Nativity, located at 44 East Second Avenue, has been closed for five years and is on the market to be sold to luxury developers. The community, including local Councilmember Margaret Chin, are negotiating to receive the land either for free or for a small fee (Fiore, 2017). The Cooper Square Committee argues that it is in the moral interest of the Church to serve low-income residents of the East Village. The Church building could be used as is for a community center or it could be redeveloped as affordable

housing. The Archdiocese has yet to respond with their decision. The CSCLT is actively looking for other land in the Cooper Square and East Village neighborhoods that could be added to the CLT. This is made difficult by the extremely high land prices in the area and the lack of necessary resources.

Figure 3 The Cooper Square Committee Community Building



The Future of CLTs in New York City

What is the future of community land trusts in New York City? The model was originally developed as a method of collective ownership of farmland in rural areas. It has since successfully been implemented in mid-density urban neighborhoods that were experiencing disinvestment, such as the cases of the Dudley Street Neighborhood Initiative in Boston and the Champlain Housing Trust in Burlington, Vermont. These CLTs represent a different type of housing stock, primarily single-family houses and duplexes, in locations with much lower land prices. The Cooper Square CLT, as noted above, came about under a unique set of political and economic circumstances. It took several decades of sustained community engagement and activism to obtain material support from New York City's government. Does Cooper Square provide a feasible model for CLTs in New York? To answer that, recent events need to be considered.

After the Cooper Square CLT was established, there was minimal momentum around the use of the CLT model to create affordable housing in New York until 2013. In 2013 two organizations, the New Economy Project and Picture the Homeless, came together to create the New York City Community Land Initiative (NYCCLI) a non-profit that advocates for the political support of CLTs and offers technical support for communities exploring the model. Both the New Economy Project and Picture the Homeless were already engaged in work around affordable housing. The New Economy Project was focused on preventing foreclosures and supporting homeownership as a source of equity. Picture the Homeless was focused on long-term solutions to homelessness, as opposed to short-term temporary housing. Each organization identified the community land trust model as an innovative solution to the long-standing challenge of affordability. NYCCLI is comprised of three divisions- the education and outreach

group, the policy working group, and the research group. The overall aim of the organization is to support and advocate for CLTs in New York City.

On January of 2017, the Department of Housing Preservation and Development announced a Request for Expression of Interest (RFEI) which would award \$1.65 million to the successful bidders. The RFEI was both a way to distribute funds and to measure the current capacity of the City's CLT organizations. Under the RFEI guidelines, applicants were meant to serve primarily the Bronx, Brooklyn, and Queens. Single family homes would serve households making less than 120% Area Median Income (AMI) and rental units would serve households making less than 80% of AMI (Savitch-Lew, 2017). The funding for this project came the Enterprise Community Partners' Community Land Trust Capacity Building Initiative, a grant program funded by bank settlements after the 2008 financial crisis (HPD, nd). Throughout the regional area, \$3.5 million was awarded to New York City, Albany, and Suffolk and Nassau County for the creation and support of CLTs.

As with the case of Cooper Square, this renewed governmental support for CLTs in New York was driven by community organizing and political advocacy. NYCCLI used educational materials and workshops to connect with affordable housing organizations searching for a new housing solution. The CLT movement also intersected with the Right to the City movement in New York, which connects housing and issues of social justice. Despite the uncertainty about the viability of a large scale CLT in New York, the up swell of public support for new forms of affordable housing prompted HPD to put together a task force to analyze the CLT model. The task force is focused on assessing whether this model adds additional value when compared to more traditional affordable housing models. Specifically, the task force found value in leveraging the tripartite board to build community buy-in and act as a regulating entity, taking the place of a

governmental agency. The agency is also assessing how the model can support three forms of housing: single family homeownership, housing cooperatives, and rental units. The challenge that they perceive is that the CLT model adds an additional layer of complexity to the already challenging process of developing large scale affordable housing. The RFEI was a way for HPD to gain a comprehensive understanding of the capacity of CLT organizations in the city and how they intended to benefit both residents and the city.

Four New York City organizations were chosen to receive grant money: the Interboro CLT, Cooper Square CLT, East Harlem/El Barrio CLT, and NYCCLI (HPD, 2017). The East Harlem/El Barrio CLT emerged from the community planning process that took place during the East Harlem rezoning and is supported by Manhattan Community Board 11, the Community Board that oversees East Harlem. The rezoning, approved through the Uniform Land Use Review Process (ULURP), upzoned the neighborhood to allow for a higher density of residential development and the implementation of the Mandatory Inclusionary Housing program. Many low-income, long-time residents of the neighborhood fear that the rezoning, which is a key part of implementing Mayor de Blasio's affordable housing plan, will trigger rent increases and displacement. They view a CLT as a critical tool for providing deeply affordable housing and preventing displacement for long-time residents. The organization is currently working to acquire properties and has partnered with the housing experts and activists at Cooper Square who have the technical expertise and experience navigating the political process.

Figure 4 Educational material produced by NYCCLI

Worried about Gentrification? Want to be part of a Community Land Trust?

COMMUNITY LAND TRUSTS (CLTs) ARE NON-PROFIT ORGANIZATIONS THAT TREAT LAND AS A PUBLIC GOOD

Organizations, businesses and individuals own the buildings on top of CLT land.

The CLT owns the land and works to ensure it is always used in ways that benefit the community.

Community Land Trusts (CLTs) support **DEVELOPMENT WITHOUT DISPLACEMENT** by: working closely with **community members** and prioritizing **community needs** when making decisions.

CLTs can promote **ENVIRONMENTAL SUSTAINABILITY AND JUSTICE** by:
Cleaning up toxic sites and fixing properties in poor shape.
Requiring the use of **environmentally sound materials** and fair distribution of waste and resources!

CLTs can preserve and develop **GOOD COMMUNITY SPACES** like Parks, gardens, and public centers.

CLTs can support **JOBS AND ECONOMIC JUSTICE** by:
Making **affordable space** available to small businesses and non-profits.
Requiring businesses and development projects to hire locally and pay a living wage!

CLTs can work with **NON-PROFIT, COOPERATIVE HOUSING** models to: **Keep rents low** and to create and maintain homes not shelters.

Want to learn more about how to organize a CLT in your Community?
Check out the other side to learn how to get started! You can also visit NYCCLI.org

The Interboro CLT is unique in two ways; it is focusing exclusively on affordable homeownership, as opposed to rentals, and it aims to be a city-wide CLT. Two-thirds of New York City residents are renters and there fewer resources available to those looking for affordable homeownership opportunities as opposed to affordable rental opportunities. The original CLT model advocates homeownership as a way of building equity for poorer households, particularly for people of color who have been historically excluded from the wealth building opportunity of homeownership (Interboro CLT, nd). Interboro is also unique in its geographic focus on the entire city. Most CLTs nationwide concentrate on a smaller geographic area, typically a neighborhood, primarily because of resource constraints. Interboro is comprised of four partnering organizations: The Urban Homesteading Assistance Board, the Mutual Housing Association of NY, Habitat for Humanity's NYC chapter, and the Center for New York City Neighborhood (Axel-Lute, 2017). Each organization brings with it experience in the creation and maintenance of affordable housing. According to the Interboro website, their first projects will be targeted towards Eastern Brooklyn, the South Bronx, and Southeastern Queens.

NYCCLI also received funds from HPD. This funding was provided to allow them to build capacity within other organizations, such as the Cyprus Hills Local Development Corporation in Brooklyn, who responded to the RFEI but were not yet seen as having the necessary capacity to receive funding. There are specific pieces of legislation and policy that NYCCLI is pursuing to support CLTs in New York City. The first is a law legally recognizing the Community Land Trust model (NYCCLI, nd). There is currently no standard legal definition of a CLT within New York State, making it difficult for government agencies to officially recognize CLTs and provide resources. There was a similar issue at the federal level until 1992, when a law recognizing the legal definition of a CLT allowed access to federal funding from the National Affordable

Housing Act (Davis, 2014). Another key piece of legislation is the Housing Not Warehousing Act. This act would require the City to create a database of vacant property, which does not currently exist, and requires property owners to register vacant properties (NYCCLI, nd). In theory, this would allow the City to target vacant land for the development of affordable housing. It would also create a disincentive for warehousing property, a practice in which landowners leave the lot vacant until the property value increases.

During a panel at the New School University, representatives from Cooper Square, Interboro, East Harlem/El Barrio, and NYCCLI discussed what needs to be done to support and expand community land trusts in New York City. All of the representatives acknowledged the two fundamental challenges to creating affordable housing in New York: the high price of land, which incentivizes high end development and makes the financing of affordable housing prohibitively expensive for nonprofit developers, and subsidy programs which expire after a set period of time. These two challenges act in tandem, the value of the land incentivizing landlords to engage in legal or semi-legal practices to flout affordability restrictions like rent control and disincentivizing the use of subsidies that do not provide as large a financial return as market rate housing. Tom Angotti, a long-time member of the Cooper Square CLT board, argued the primary benefit of the CLT model in a strong housing market is to act as a reliable regulator of affordability and income restrictions. The representative from East Harlem/El Barrio emphasized the importance of long-term affordability that does not rely on subsidies that will expire. The Regional Planning Association found that East Harlem, despite Mayor de Blasio's plans to preserve affordable housing, may lose up to 4,121 units with expiring subsidies by 2030 (Sanchez, 2016). Relying on subsidies that expire to create affordable housing does not work if that affordability is not maintained long-term.

The representatives also discussed how the city can best support community land trusts. The answer, modeled after Cooper Square, is for the city to prioritize the transfer of land to CLTs at little to no cost. Land prices are the primary barrier that prevent CLTs from acquiring land and developing affordable housing. The city currently does not keep a centralized database of all vacant properties and buildings. A study conducted by Picture the Homeless and the Hunter College Center for Community Development estimated that throughout the city there are 3,551 vacant buildings and 2,489 vacant lots, the majority of which are privately owned. The city can acquire private property through *in rem* foreclosure, which applies to buildings or lots that have failed to pay taxes for an extended period of time or if the property is in an area that has been deemed “blighted” and targeted for improvements (NYC Department of Finance, nd). The majority properties *in rem* are sold to a private third party, not utilized by the City (NYC Department of Finance, nd). The City can also acquire land through the use of eminent domain, a legal practice that allows the government to take private property for public use, given that the owner is justly compensated. The CLT advocates argued that the City, and HPD in particular, should prioritize the transfer of city-owned land from these sources to CLTs. The CLT organization would then be in charge of the oversight and management of the property, keeping it affordable long-term.

An additional challenge is scalability. The current CLT experiments in New York operate at different scales. Examples like East Harlem/El Barrio adhere to the traditional model of a multi-building CLT that geographically bounded by a neighborhood. Interboro is aiming to create a citywide CLT with a primary focus on single-family homeownership in the outer boroughs. Professor Angotti expressed skepticism at a large-scale CLT, questioning how the value of community can be scaled. Community self-determination and self-governance are

foundational aspects of the CLT model. It is not clear that they can be applied to a large geographic scale. However, the ongoing experiments taking place around CLTs in New York will demonstrate what lessons and best practices can be applied to successfully develop affordable housing community land trusts in New York.

Conclusion

Community land trusts were created with a radical mission and that mission is still being enacted, in multiple variations, across the United States. The model was built on the novel idea of separating the ownership of land from the ownership of property. Doing this created affordable housing that is also deeply rooted in the notion of community participation and self-determination. While defined by certain characteristics, the model is flexible and allows for adaptation to the local housing, real estate, and political climate. As housing prices continue their persistent rise in some of the United States' densest cities, the community land trust model presents an opportunity for creating housing that is affordable to low- and middle-income people long-term. While a unique case, Cooper Square as a case study illustrates both the successes and failures of the CLT model.

With a government-mandated income limit of 80% AMI and an internal organizational goal of 50% AMI, Cooper Square succeeds in providing long-term affordability. All 328 units are restricted by both affordability and income limits that are tied to the deed lease. The CLT acts as an enforcer of these restrictions, closely overseeing the activities of the Mutual Housing Association as well as participating in the creation of the yearly budget, operation and maintenance spending, and rental increases. The economy of scale created by the MHA allows the operation and maintenance costs to be covered solely by the residential and commercial rents. A portion of that annual rental income goes towards a reserve fund, currently standing at approximately \$1 million, for large scale repairs and emergencies. The buildings cross-subsidize each other, so that no one building bears the financial strain of a major maintenance cost such as a new roof or new boiler. Annual rent increases are determined by the CLT based on projected operation and maintenance costs for the coming year. The CLT is a nonprofit that cannot receive

a financial benefit from tenant's rents. Approximately 85% of tenants are co-op shareholders. Resale restrictions set and enforced by the community land trust prevent these units from becoming unaffordable when they are resold. Instead of economic capital, shareholders receive what the CLT director calls "social capital." Residents are able to live within their economic means in a neighborhood that is rich in jobs, public transit, and entertainment. Many of these residents grew up in the East Village neighborhood and would not be able to afford to live there in a market rate unit. The money they save by paying a below-market rate can go towards other investments, like education. The CLT acts as a steward of the land, enforcing affordability, income, and resale restrictions, overseeing the financial health of the organization, making sure maintenance standards are met, and working with both residents and the community to ensure that the land is being used in a way that provides the greatest benefit to the community.

Integration of resident and community input is ensured through the governance structure of the CLT. The CLT is governed by a nine-person board consisting of six affordable housing advocates and neighborhood community members and three residents. The balance of the board ensures that the CLT is accountable to the wider community as well as residents and that the overall goal of the organization remains affordability, not profit. Resident input is taken seriously. Residents make up the majority of the 15-person MHA board, with 10 seats that are elected every two years. This provides them with a formal system for feedback on the day-to-day operations of the buildings. Each building has a Building Captain who is responsible for communicating the needs and desires of residents to the MHA and CLT boards. What is less clear is whether a CLT builds a special sense of community that comes from a shared goal. When the Cooper Square Community Land Trust was created, it was done so through extensive community organizing and mobilization. This built a comradeship through a shared goal and

shared experience. Some residents today are still passionate about advancing affordable housing in New York City. One resident said that he asks himself, “What am I doing to make society better?” However, he expressed that this sentiment was not shared by all of the residents. Some residents consider paying their rent a sufficient contribution and did not think of their living circumstances as unique. A faction of the shareholders are pushing back against the resale limits, prioritizing economic profit for themselves over the community benefit of preserving affordable units. This indicates that there is nothing particular to the CLT model that provides residents with a sense of a common cause. Like any other housing arrangement, it depends on the temperament of the residents.

The community land trust model has weaknesses. In a dense urban setting like New York City, a major challenge is the cost of land that provides a high barrier to entry for nonprofits looking to develop affordable housing. A secondary weakness is the organization complexity, which makes it legally difficult to create the organization and can complicate interaction with government agencies whose support is needed. These are challenges that are recognized by the nonprofits and affordable housing advocates who are working to start new community land trusts in New York City. To overcome these hurdles, these organizations have prioritized legislation that will legally define a CLT, which will make it easier for government entities to engage with them. NYCCLI and its partners are both working with and pressuring the Department of Housing Preservation and Development, New York City’s housing agency, to prioritize the dispensation of city-owned land and apartment units to CLT developers. The benefit that the CLT model offers over other affordable housing models is strict oversight to ensure long-term affordability and the proper management of resources for the financial health of these developments. A CLT also creates community buy-in to a greater degree than top-down affordable housing solutions.

The majority of CLTs operating in the United States today are located in mid-density cities and offer primarily single-family housing or low density multi-family housing such as duplexes. The cost of land is lower in these cities, making it more feasible for a non-profit to obtain enough property to reach an effective scale. It is in this type of real estate environment that the CLT will continue to be the most useful. However, with the United States' largest cities facing an affordability crisis that has yet to be solved, the CLT model provides a new tool to be used strategically. With government support, in the form of resources and policy, CLTs can provide that necessary oversight capacity that affordable housing sometimes lacks. New York City's government began in 2017, with a Request for Expression of Interest, to engage with the community land trust model at a greater scale. This is because of the demands made by low-income communities in neighborhoods like East Harlem, where residents are being priced out. The Cooper Square Community Land Trust, which has persevered for approximately 24 years, offers a useful case study for a way forward for community land trusts in New York City.

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