

Strategies to Minimize Displacement

Community Land Trust

 **Benefit:** Maintain housing affordability, wealth-building

 **Problem Addressed:** Rising housing costs, particularly for home ownership

 **Scale of impact:** Project or site-based

 **Administered by:** Nonprofit organization

Introduction

Brownfields—or properties with environmental contamination or potentially contaminated land—are disproportionately located in or near communities of color and low-income communities. Residents near these properties may face heightened health hazards and economic disinvestment until the site undergoes assessment and cleanup, which can be a costly and lengthy process.

Safely reusing a brownfield site is an opportunity to improve community health and bring in new amenities. However, brownfield redevelopment can also exacerbate affordability and displacement concerns. As costs rise and it becomes more expensive to live in a community, lower income residents and small businesses are often displaced. Strong, early community engagement in the brownfields reuse process presents an opportunity for the community to have a meaningful role and input on how to minimize displacement through the cleanup and reuse process. Community leaders, stakeholders, and practitioners can be proactive and put strategies in place to minimize the risk of displacement. These strategies take time, resources, and political will to implement, and they are most effective if put into place before displacement is already occurring.



A housing development in the Sawmill Community Land Trust, Albuquerque, NM. Image credit: Sawmill Community Land Trust.

Tool: Community land trust

A community land trust (CLT) is a long-term strategy to maintain and preserve housing affordability. In their most common form, CLTs are non-profit organizations that purchase land through public and private funding and then lease parcels of that land on a long-term, renewable basis to homeowners and tenants. Homes built on the land are more affordable because the cost of the land is not included in the purchase price. Homeowners agree to sell at restricted prices to keep them affordable in perpetuity. Over time, community land trusts help low-income residents build equity through homeownership. Because residents have an opportunity to purchase or lease a home without factoring in land costs, the risk of pricing out or displacing these residents on account of rising real estate values is reduced. CLTs also help build generational wealth by allowing residents to pass ownership rights to their children or family members.

CLTs use grants and subsidies at the town, state, and federal levels for funding. In addition to public subsidies, CLTs can also receive grant funding from private institutions and philanthropic foundations. State agencies, like State of New York Mortgage Agency, have also created revolving loan funds specialized for CLTs which can apply to receive loans to support their efforts to create and sustain affordable housing.

Resources

- This article from Pew Charitable Trusts offers perspectives and insights from various residents, council members, and directors of CLTs from across the country.
- This comprehensive and extensive manual created by Grounded Solutions Network explains financing, best practices, and recommendations on how to start and manage a CLT.



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Tips for Success

A CLT is more effective with a diverse representation of different groups within its governance and membership base. Residents, representatives from local government, and community-based or nonprofit organizations comprise CLTs and each provide their own perspectives and input for the function and goals of the CLT. If the residents and members have enough financial capacity, some CLTs require membership fees and dues to provide added financial support to the organization.

CLTs are most effective when membership, transactions, trust operations, and treasury of the trust are codified and formalized in a manual, which is written in collaboration with community members, a board, and the managing organization. A membership board within the organization that meets annually or semi-annually to revisit and vote on amendments to the land trust's mission, structure, financial operations, and strategic plan of the organization is also critical to the organization's success and impact.

Potential challenges

A major challenge for CLTs is federal and state funding changes, especially over the long term. State and federal grants and funding often fluctuate due to political changes. To ensure the financial stability of the CLT organization, members should create a plan that creates a sustainable and diverse stream of funding sources. CLT organizations should also invest in finance and homeownership classes or disseminate information to residents, with the goal of strengthening resident knowledge and expertise of financial transactions.

Where to start

One of the most important requirements for a successful CLT is the financial capacity of the nonprofit organization or institution that oversees it. If your community has a nonprofit with ample bandwidth or staff capacity available for administering property transactions to community members, CLTs may be a great option for your community. Community members interested in exploring the possibility of a CLT should approach private financial institutions, corporations, or organizations to discuss funding and financing options for the land needed to establish a CLT.

Case Study

The [Sawmill Community Land Trust](#) located in Albuquerque, New Mexico is a nonprofit organization founded in 1996 to create and protect permanently affordable housing. The Sawmill CLT worked with the City to purchase 27 acres of a former industrial site, which has grown to 34 acres of land today, with over 93 affordable homes and three affordable apartment complexes. The Sawmill CLT has overcome challenges in funding changes and stressed that long-term engagement within the community is necessary for the sustainability of the land and operation of the land trust.

In recent years, Sawmill CLT has embarked on a capacity-building and growth phase for the organization with plans to reinstate its [Community Housing Development Organization \(CHDO\) status](#) through the Department of Housing and Urban Development, a special classification of community-based organizations that are eligible for set-aside funding under the HOME fund dedicated to projects that preserve housing affordability in a jurisdiction. The CLT also plans to further expand its housing stock by scoping a partnership with the City to develop an arts center alongside new housing units.



Questions to Ask in the Planning Process

- Which active community-based organizations in your community represent and support residents who could benefit from a CLT?
- Do future development, infrastructure investment, or planning initiatives indicate likely increases in real estate value in your community?
- Could a CLT be established in advance of widespread market change?
- What sites might be available for purchase in your community, and what funding sources could facilitate this?
- Does your community or region have any existing CLTs that can be replicated or used as a model?



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