

# LOCAL GOVERNMENT'S CRITICAL ROLE IN FINANCIALLY SUSTAINABLE COMMUNITY LAND TRUSTS

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As housing costs increase and the financing of affordable housing requires more resources, a growing number of local governments are embracing permanent affordability as a key strategy to building up the stock of affordable homes. Permanent affordability is best accomplished by removing land from the speculative market by keeping it under local government control or in the hands of a mission-based organization working in partnership with the local government and retaining subsidies through restrictions on the resale of properties. The community land trust model is the primary vehicle through which local governments are accomplishing this. CLTs are nonprofit organizations that acquire and steward land primarily by offering permanently affordable rental or homeownership opportunities to eligible low- and moderate-income households.

Like other nonprofits, CLTs endeavor to be multiple in their revenue sources, however the mission, goals and objectives of local government often align with that of CLTs making the two logical partners. The CLT stewardship role is an exceptional benefit for local governments. The ongoing relationship of CLTs with homeowners has proven to minimize foreclosure rates, outperforming the market and other traditional housing programs. Individual homeowners are more successful, neighborhoods are more stable, and the public investment is extremely secure due to the stewardship function of CLTs. In this way, CLT stewardship is a public



service like public health, police, or fire and benefits all residents.

There are many benefits that CLTs provide for home buyers and tenants, communities, and the environment which are desired by local government in its programs and services. For home buyers and tenants, CLTs offer access to affordable and quality housing, security of tenure, wealth building opportunities, and support services. For communities, CLTs contribute to social and economic diversity, neighborhood stability, and civic engagement. For the environment, CLTs promote sustainable development, green building practices, land conservation, and climate resilience. These shared benefits give way to the notion that although a CLT is an independent organization, it could be considered an effective extension of local government.

Accordingly, local government leadership and staff that identify, plan, and execute how they can best partner and financially support the mission of CLTs are vital to a CLT's development of jointly beneficial permanently affordable housing, especially as new CLTs try to establish self-sustainable operations. Ideally, governments provide a combination of the following forms of support:

- **Land disposition policies:** Local government can convey public land to CLTs at below-market prices, including donation. Alternatively, local governments can liquidate land to acquire land better suited for residential development or provide monetary assistance, as described in the following points. Land disposition policies that ensure the availability of desirable parcels for the development of housing can help CLTs access land in strategic locations, such as near transit hubs, job centers, or amenities. The new requirements established by the Live

Local Act encourage local governments to develop land disposition policies that can best support the development of affordable housing.

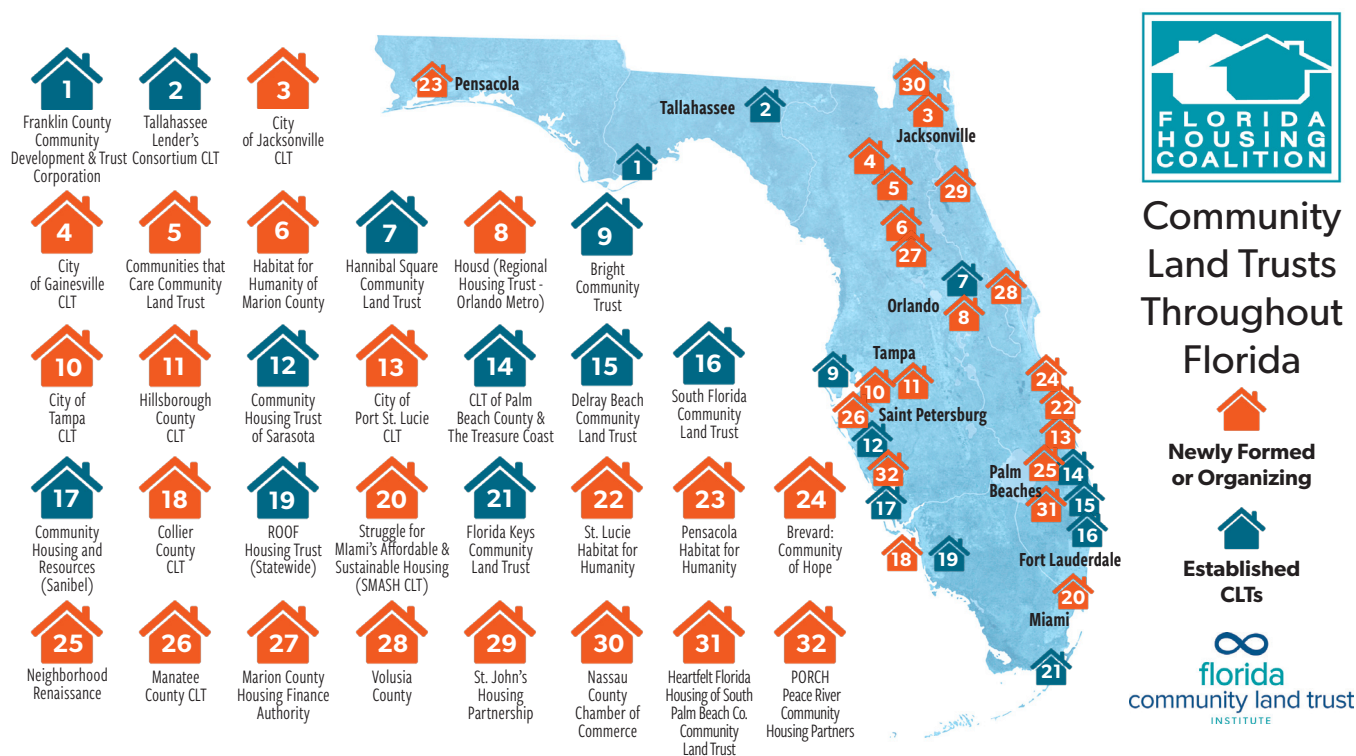
- **Grant funding:** Local governments can allocate state and federal funds, such as State Housing Initiative Partnership (SHIP) which was funded in record amounts by Senate Bill 102 (Live Local Act); HOME Investment Partnership Program (HOME); or Community Development Block Grants (CDBG), to support CLTs in acquiring, developing, and maintaining their land and housing portfolios. Grant funding can help CLTs reduce the initial cost of land and housing and provide subsidy that is retained, allowing units to be made available to subsequent home purchasers or renters at below-market levels.
- **Local funding:** A local government can provide support from its General Fund (including utilizing reserves), an infrastructure surtax (e.g., Penny for Pinellas, Collier County), revenue bond or housing trust fund through grants or low-interest or forgivable loans, or create revolving loan funds, to help CLTs finance their projects. Loan funding can also help CLTs leverage other sources of capital, such as bank loans, tax credits, or social investments.
- **Operational support:** Local governments can provide funding to support administrative and operational costs associated with a functioning nonprofit. Strong operational resources support the necessary capacity to provide quality customer service, buyer readiness programs, land stewardship, compliance monitoring, and other functions that programming and development-oriented funding may not support. This type of support is especially important to consider during the first few years of a CLTs operation.



- Regulatory support: Local governments can also provide regulatory support to CLTs, such as waiving or reducing fees, taxes, or zoning restrictions; granting density bonuses or expedited permits; and protecting CLT interests in planning public projects or eminent domain proceedings. Regulatory support can help CLTs overcome legal and administrative barriers and create a favorable environment for their operations.

These forms of local government assistance, combined with a CLT's adoption of best practices, can help CLTs overcome some of the challenges they face in expeditiously building and sustaining a successful operation. However, without a bona fide local government partner to provide support in the production of a mutually beneficial stock of permanently affordable housing, a CLT will likely impact its community far less than its potential and may struggle to survive the infancy of its existence.

The Florida Housing Coalition provides training and technical assistance to local governments for CLT setup, policy and program design, and funding support. For more information, please contact Matthew Wyman at [wyman@flhousing.org](mailto:wyman@flhousing.org).



**MATTHEW WYMAN** is the Community Land Trust Institute (CLT) Manager for the Florida Housing Coalition. As an award-winning efficiency expert and permanent affordability advocate, Matthew's work focuses on building the capacity of community land trusts while equipping them to operate at the highest standards including the long-term stewardship responsibility that makes the community land trust an attractive housing model for renters, home buyers, developers, local governments, and lenders. Matthew holds a master's degree in business administration and is a U.S. Marine Corps Combat Veteran (Iraq - 2005).