

An Affordable Housing Option: Community Land Trusts

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A family's housing expenditures should not exceed 30 percent of income—the accepted standard for affordable housing. In 1995, 75% of working poor renters spent more (Center on Budget and Policy Priorities, 1998). Despite a good economy and homeownership rates at an all-time high, 8.6 million renter and 5.6 million owner households face housing affordability problems (Joint Center for Housing Studies, 1998).

This study's purpose was to determine benefits of community land trust (CLT) homeownership as perceived by CLT residents and prospective residents. Before CLTs can be a viable method to increase the stock of affordable housing, it is necessary to determine the advantages and disadvantages of this homeownership type from residents' perspectives. The CLT maintains ownership of the land. In resale, the owner is ensured a fair return to the extent the home is affordable for the next purchaser.

To determine perceived advantages and disadvantages of CLT ownership these research questions were posed (Greenwell, 1997). What do residents and prospective residents identify as important reasons in the purchase of a CLT home? What are perceived advantages and disadvantages of buying a CLT home? Is CLT homeowner training important to becoming a homeowner?

Data were gathered from two groups in Fort Collins, CO using a questionnaire. One lives in a CLT of ten single-family homes built in 1994. The other was 12 low-income households, qualified to purchase in the county's second CLT—a 12-unit development completed in 1997. To qualify, household incomes (between 51 and 80% of the area's median household income) ranged from \$17,085 for one-person to \$44,320 for six-person households. Residents (18 households, 27 adults) were as likely to be married as not, to have a high school education or more, to be employed in service occupations, and to have incomes less than \$20,000. Household size ranged from one to six (mean = 3.1). Seven households had disabled members.

Affordability was the primary reason households purchased CLT homes. Lower purchase and ownership costs (down payment, mortgage payments, ground lease) were important reasons for selecting CLT ownership. Participation with the CLT organization was the least important reason for buying and the greatest disadvantage of CLT ownership followed closely by homeowner training. "Location" was rated differently by the two groups as one CLT's area is considered more favorable than the other. Respondents indicated price as the greatest disadvantage of owning a conventional market home.

Training was needed to qualify for ownership. Unlike some CLT programs with scattered housing units, homes in this study formed two neighborhoods. In addition to preparing for ownership, training developed a sense of neighborhood and laid the basis for a homeowners' association. Owners who lived in their homes rated training as more important to becoming a owner and developing neighborhood cooperation than those preparing to move into homes. In comments both groups expressed dissatisfaction with relevancy of content and quality of training.

Implications indicate CLTs provide affordable housing. Education is needed before identifying potential homeowners to ensure understanding of CLT ownership and the neighborhood concept. Eligible owners must accept these concepts, crucial for affordability. Training must prepare owners for changes in personal financial management, the new housing unit, the location, and the homeowners' association. Communities must commit to affordable housing alternatives. For CLTs, a nonprofit group must be formed, land acquired, financing obtained, and residents prepared all in an environment that encourages development and maintenance of affordable housing.

References

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Endnotes

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