INTEGRATING SOCIAL EQUITY and SMART GROWTH

AN OVERVIEW of TOOLS

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* Available from the Institiute for Community Economics

ABBREVIATIONS AND ACRONYMS

AMI	area median income
BCLT	Burlington (Vermont) Community Land Trust
BHCD	Bureau of Housing and Community Development
CATCH	Concord (New Hampshire) Area Trust for Community Housing
CCLT	Clackamas Community Land Trust
CDC	community development corporation
CDN	Community Development Network
CLF	Coalition for a Livable Future
CLT	community land trust
CoPIRG	Colorado Public Interest Research Group
CPI	consumer price index
FAR	floor area ratio
HOPWA	Housing Opportunities for Persons with AIDS
HTF	housing trust fund
HUD	Housing and Urban Development, Department of
IHI	Innovative Housing Institute
LILP	Lincoln Institute of Land Policy
MPDU	Moderately Priced Dwelling Unit Program (Montgomery, Maryland)
NHA	Northwest Housing Alternatives
NIMBY	Not In My Backyard
NNC	National Neighborhood Coalition
OPAL	Of People and Land
PCLT	Portland (Oregon) Community Land Trust
PDC	Portland Development Commission
PSU	Portland State University
PUD	planned unit development
RAHS	regional affordable housing strategy
RUGGO	regional urban growth goals and objectives
SARD	Sustainable Agriculture and Rural Development (Lopez CLT, Washington)
SDC	system development charge
SGN	Smart Growth Network
TDR	transfer of development rights
UGB	urban growth boundary
VHCB	Vermont Housing and Conservation Board

Introduction

This paper is a companion to *Integrating Social Equity and Growth Management: Linking Community Land Trusts and Smart Growth*, published in fall 2003 by the Institute for Community Economics with support from the Fannie Mae Foundation. That paper, summarized briefly below, presents a case for linking the community land trust (CLT) and smart growth movements and discusses the roles community land trusts might play in shaping and implementing smart growth initiatives. This paper focuses on specific public policies that CLTs might support in order to integrate social and economic equity goals into smart growth efforts. It is written with the CLT audience in mind, but it will also be useful for smart growth practitioners and advocates wishing to include housing affordability goals and strategies into their work.

The community land trust and smart growth movements have much in common. Both are working in fundamental ways to reshape our communities. Many overlaps exist between the goals and values of the two movements, and there are many ways in which these movements could strengthen each other. The growing dialogue about social and economic equity issues in smart growth, as well as the rapid growth of the CLT movement, makes the time ripe for collaboration.

Critics of growth management often charge that smart growth strategies drive up housing prices and are therefore bad for low- and moderate-income people. While there is some merit to this criticism of existing growth management efforts, it is also true that sprawl and unplanned growth are even more detrimental to low-income people and to the preservation of diverse neighborhoods. In addition, there are tools that can be incorporated into smart growth strategies that will make the housing in these communities affordable to low- and moderate-income people. The community land trust is one such tool.

Community land trusts are private, nonprofit corporations "created to hold land and to preserve the affordability of housing and other buildings located upon that land for the benefit of low and moderate income residents."[1] Community land trusts address the fundamental challenge of creating smart, livable, and healthy communities that are affordable to the full range of people who make up our society. By permanently removing land and housing from the speculative market, CLTs can help create and preserve diverse housing choices in communities where land and housing prices are increasing beyond the means of many people. They can support the creation of stable, mixed-income communities across our regions, allowing individuals and families more stability in challenging economic times and giving people opportunities to live closer to where they work, thereby reducing traffic and air pollution. By retaining the affordability of the housing they create in perpetuity, CLTs also retain the value of scarce public subsidies and private donations, allowing those investments to help many more households than most other approaches to subsidizing homeownership. The CLT model can also be used to provide sites and facilities for small businesses, local agriculture, community services, community gardens, and neighborhood parks.

Smart growth frameworks and tools offer CLTs new opportunities to meet their goals. A recent publication by the Smart Growth Network and the National Neighborhood Coalition describes well the value of smart growth to community development proponents like CLTs:

> Smart Growth provides a means of connecting community development efforts at the neighborhood level to the broader development decisions, such as infrastructure investment patterns, transportation links, zoning practices, and regional development strategies. It can help in creating models for reconciling thorny development issues, such as how to go about neighborhood reinvestment that avoids displacing residents. Smart Growth can provide a platform to advocate for repairs and renovation of neighborhood schools, for example, on the basis that such measures are more cost-effective than large-scale new school construc-

> tion on the urban fringe. Distressed neighborhoods with underutilized housing and infrastructure are development priorities in Smart Growth strategy, in contrast to current development approaches. Smart Growth provides a means of achieving a more equitable approach to development by improving the quality of life for formerly underserved citizens. It is precisely these types of opportunities for linking neighborhood priorities to broader regional development issues that make Smart Growth such an important approach to affordable housing.[2]

Community land trusts can play key roles in integrating strategies for increasing social and economic equity into smart growth efforts. Those roles include the stewardship of land to meet affordable housing and other community needs, the revitalization of economically distressed areas without the displacement of existing residents, the creation of affordable housing in areas where it has traditionally been excluded, and advocacy for public policies that make the creation of diverse, affordable housing central to growth management. Cross-issue coalition building is a powerful strategy for achieving both community development or affordable housing and smart growth goals.

Overview

There is a wide variety of public policy tools that can be integrated into smart growth efforts in order to increase the availability and affordability of housing. This paper provides information on the subset of these tools most relevant to CLTs. Most of these tools are already in use in communities around the country, but no single community has yet implemented enough of them to succeed completely in producing and preserving enough affordable housing to prevent involuntary displacement and in creating healthy, diverse communities in every part of a metropolitan region.[3]

Some of these tools are designed to increase the supply of affordable housing by creating new stock and spreading affordable housing to communities and neighborhoods where it has traditionally been excluded (the removal of zoning barriers, inclusionary zoning, etc.). Others are focused on preventing the displacement of existing low- (and sometimes moderate-) income residents from gentrifying neighborhoods (replacement ordinances, condominium conversion ordinances, speculation taxes, resident preferences, etc.). Another set focuses on reinvestment in existing communities (the transfer of development rights, the redevelopment of brownfields, the reuse of vacant and tax-foreclosed real estate, etc.). The final set concerns taking a regional approach to addressing housing affordability, thinking long term (land banking), and funding (linkage fees, profit sharing, tax-base sharing, and other regional funding strategies).

The adoption of many of these tools would provide direct support for the work that community land trusts do. A few of them would support this work less directly, having more impact on the preservation and development of affordable rental housing, which may or may not be part of the mission of a local CLT. The latter set of tools would, however, be an important indirect support of the work of CLTs. This is because many of the people CLTs would like to help to become homeowners need stable, affordable rents to be able to clear their debts and stabilize their incomes in preparation for buying a home. In addition, as discussed in the companion paper to this one, affordable rental housing is a critical component of healthy communities, and both CLTs and smart growth practitioners have strong reasons to support strategies for preventing the involuntary displacement of renters and existing non-CLT homeowners in the communities they serve.

The paper provides a basic overview of each public policy tool. It then outlines the cautions and rewards for CLTs that consider advocating for policy tools.

In addition to the specific cautions listed with each tool, there are a couple of across-the-board cautions about entering the public policy arena that CLTs need to be aware of as they make decisions about taking on this role. The first is that it is time-consuming; to be effective advocates for changes in public policy requires a substantial commitment to that work. Organizations must budget, hire, and train for that effort. It also requires the development of knowledge and relationships that may be outside the existing realm of comfort and competency for CLT staff, board, and members. Overcoming internal organizational resistance may require substantial effort.

The second caution is that moving into a role of advocating for public policy changes can cause tensions with the governmental agencies through which funding may flow to CLT projects. It is important for CLTs to assess this risk, to be up front with their partners about the roles they think they need to play, and to be respectful, knowledgeable, and accurate in the criticisms and suggestions they make. Working in coalition with other groups can often help mitigate this concern, both by giving individual CLTs some protection on more controversial issues and by making wins more likely and quicker. The big risks come when groups advocate for change and lose, or when they become embroiled in a prolonged battle that frays everyone's nerves.

Finally, advocating for important changes to how business is accomplished in our communities can draw fire from people who might not be upset with the CLT model itself, particularly from people with wealth who are benefiting from the old way of doing business. The basic strategies for mitigating this risk are the same as those listed above: undertaking advocacy work in ways that are well thought out and being respectful of people with whom CLTs have disagreements on particular subjects.

In addition to the specific rewards listed for each tool, the most basic reward for doing this work, when it is done well and when it succeeds, is the creation of a more supportive environment for the work that CLTs do and for the people they serve.
The CLT model is a powerful one, but it cannot accomplish the healing of communities by itself. Working alone, a CLT cannot even solve the affordable housing problem in a single neighborhood. For the mission of CLTs to succeed, there must be action on the public policy level. Other, overarching rewards include increased visibility in the community and the building of useful alliances with other organizations, which can lead to great collaborative work.

Key Tools To Ensure That Smart Growth Efforts Increase Housing Affordability

As noted, there are many public policies that can be used to increase the supply of affordable housing in the region as part of the implementation of growth management strategies.[4] The specific tools addressed below are a subset of those tools that may resonate most strongly with the CLT model and philosophy. The policies that are discussed here are:

1. **Removal of Zoning Barriers to Affordable Housing**
2. **Revision of Codes and Permitting Processes**
3. **Transfer of Development Rights**
4. **Inclusionary Housing Requirements**
5. **Permanent Affordability Requirements and Preferences**
6. **Displaced and Local Residents' Preference for Public Funding**
7. **Linkage Fees**
8. **Profit Sharing**
9. **Speculation and Land-Gains Taxes**
10. **Housing Replacement Ordinances**
11. **Condominium Conversion Ordinances**
12. **No-Net-Loss Mandates**
13. **Redevelopment of Brownfields**
14. **Reuse of Vacant and Tax-foreclosed Real Estate**
15. **Land Banking**
16. **State and Regional Approaches to Affordable Housing**
17. **Tax-Base Sharing**
18. **Funding for Regional Affordable Housing Efforts**

1. Removal of Zoning Barriers to Affordable Housing

There are many "exclusionary" zoning regulations in our communities, regulations that create barriers to the development of a diverse housing stock. Much of the work of smart growth is focused on enacting zoning that promotes what should happen in our communities by smart growth ideals and removing zoning that makes that impossible.[5] Examples of exclusionary zoning regulations include:

a. Prohibitions on multi-family housing, attached housing, clustered housing, mobile and manufactured homes, or accessory dwelling units

b. Minimum lot size, square footage of housing, and setback requirements

c. Prohibitively expensive design requirements

d. Prohibitively expensive parking requirements, and

e. Restrictive definitions of "family" for the purposes of single-family house occupancy requirements

Examples of proactive "inclusive" zoning codes, designed to actively encourage (or even require) the development of a more diverse and affordable housing stock include:

a. The requirement that every community zone a certain percentage of its land for multi-family housing

b. Minimum-density requirements, so that land zoned for multi-family housing cannot be developed as single-family housing

c. Mixed-use and higher-density zoning in city, regional, and town centers and along transit corridors[6]

d. Codes and permitting processes that encourage the use of planned unit developments (PUD), cluster development, and other development models that simultaneously make housing development less expensive through centralizing infrastructure and allow for the preservation of open space

e. A requirement that all developments above a certain size include affordable homes (described more fully below under "Inclusionary Housing Requirements")

Community land trusts and other affordable housing developers should be able to build alliances to make these changes happen with a wide variety of players, including:

- For-profit developers, who are frustrated by these barriers too
- Transportation advocates, for whom increased-density and mixed-use development means increased mass transit ridership and more retail outlets and services within walking distance
- Environmentalists, who may support cluster development and increases in housing density designed to help protect environmentally sensitive urban areas while reducing sprawl
- Local small-business owners and others interested in mixed-use development
- Landowners who expect higher-density zoning and other smart growth changes to increase the market value of their land. (The owners of large-lot homes in high-income residential enclaves, on the other hand, will likely resist any zoning changes that allow higher-density development near their property.)

Cautions

Zoning code work is detail- and process-oriented and can be fairly legalistic. It requires a person who has the time and inclination to master these issues.

On the one hand, it can be difficult to get local residents excited about this work because it seems somewhat removed from affordability issues (more so than, say, fighting for a proposed project or lobbying for a new funding source). On the other hand, it can spark huge resistance from neighborhood associations and other groups of residents whose needs are being met and whose property values are being protected by the current system.

Rewards

Any and all these changes in the zoning code would directly facilitate the ability of CLTs to create affordable housing.

2. Revision of Codes and Permitting Processes

A related strategy is to simplify and make more understandable and predictable the codes that govern development permits and the process by which permits are issued. This can make a substantial contribution to reducing the cost of housing, since time is money in the housing development process. Creating a zoning code and permitting process that enable many affordable housing developments to move forward without requiring any variances or special permits also has the effect of speeding up the process and reducing the "soft costs" of developing affordable housing, thus reducing the end price. In some places, special "fast-track" permitting processes are set up for affordable housing as an incentive for its production.

Cautions

The streamlining of permitting processes and codes should not come at the expense of health and safety or the environment. Any such changes can put residents and communities at risk and spark strong resistance from potential CLT allies.

Rewards

It becomes less expensive to develop affordable housing.

3. Transfer of Development Rights

The transfer of development rights (TDR) directs development from one site to another in order to preserve a valued resource and focus, or to intensify development where it is desired. It does this by creating a relationship between two sites, which are usually owned by different people. In this relationship, the owner of a site zoned for development that is more intense than would be optimal given the public agenda, sells his or her right to develop that property and commits to retain its current use (agricultural, forest, watershed protection, affordable housing, etc.) or to otherwise restrict development on it. The owner of that site receives a cash payment from the owner of the other site, one that the public agenda says should be developed more intensely than is currently permitted under the zoning code.

Development rights generally take the form of additional height, floor area, or number of units permitted. The owner of the site purchasing these development rights can then use them to increase the intensity of development on the site.

This tool can be used in a variety of ways to support smart growth. Land that is currently being used for agriculture or forestry or that functions as part of the "greenfrastructure" of the region (watershed protection, biodiversity, recreation, etc.) can be protected through the sale of development rights permitted under current zoning to the owners of a site more suitable for development. The intensification of development on the sites receiving these development rights will support mass transit, local businesses, and a more compact urban form. The transfer of development rights can also be used as part of a strategy to preserve existing affordable housing in areas that are redeveloping at higher densities (particularly downtown cores).

In Portland, Oregon, a TDR program in the central city allows existing affordable housing sites to sell the difference between their current floor area ratio (FAR) (how tall they are relative to their footprint) and what is allowed under zoning to owners of other downtown sites who want to build taller buildings than are normally permitted. By accepting the money for the development rights, the owner of the affordable housing is then committed to keeping that site in use as affordable housing in perpetuity. This provides an influx of cash to the affordable housing and removes the threat that it will be converted to other uses, while encouraging higher-density development downtown. In Seattle, the city has created a TDR program that pushes new office development in the downtown core to purchase development rights from a pool of affordable housing sites.

Cautions

The transfer of development rights works well only in a limited set of circumstances. If the zoning code already permits higher densities than developers are interested in building, they will be completely ineffective.

Care needs to be taken in identifying appropriate sites for both the sending and receiving of TDRs, and appropriate public policies need to be crafted to ensure that TDR programs do not create bad results, such as further economic segregation or development that is incompatible with adjacent uses.

To be effective in shaping long-term development, the sale of development rights must come with permanent restrictions on development. (In Seattle, currently, affordable housing receiving payment for TDRs must remain affordable for only 20 years.)

Rewards

These uses of TDRs can forge strategic relationships between a variety of players, including: CLTs and other affordable housing providers; people concerned with preserving farmlands and forestlands and natural areas; people advocating for compact development; and landowners who want to maximize the use of their land in areas appropriate for high-density development.

Transfer development rights can provide funding for affordable housing when the site is a seller of TDRs.

The purchase of TDRs can provide opportunities to increase the number of affordable homes that can be developed in appropriate sites.

4. Inclusionary Housing Requirements

There are a number of ways to create inclusionary housing requirements at the local, regional, or state level. They can be tied to the zoning code (as in Montgomery County, Maryland); to the creation of urban renewal districts (as in many examples in California); to government funding; or to special development permits. The basic approach of inclusionary housing policies is to require that a certain percentage of the residential units in any development greater than a certain size be priced to sell or rent to households at or below a certain income level.[7] Below are a few illustrations to show the variety of programs possible under this framework:

- In Montgomery County, Maryland, between 12.5% and 15% of the homes in any housing project of more than 50 units must be affordable to households at or below 65% of the area median income (AMI).
- In California, 75 different local inclusionary zoning programs exist, with many different requirements, recipient populations, and thresholds. Most use lower unit thresholds for triggering the requirement (ten units seems the most common), and the percentage of the units required to be affordable may be as high as 20%–25%. Unlike the program in Montgomery County, where inclusionary units must remain affordable for a limited number of years and then can be sold at market rates, a quarter of the California programs include permanent affordability requirements for the affordable housing produced.[8]
- In Burlington, Vermont, 10%–25% of new housing developments with more than five units have to be permanently affordable to people at 75% of AMI for sales units and 65% of AMI for rental units. Every inclusionary unit must remain affordable for a minimum of 99 years. The city's housing trust fund (HTF) has the right of first purchase for all inclusionary units. The Burlington Community Land Trust (BCLT) is one of four "designated housing agencies" to which the HTF may delegate its right-to-purchase. The BCLT has in fact been the primary agency to purchase these units since the ordinance was adopted. The BCLT markets the units, selects the income-eligible occupants, and ensures the units' continuing affordability.

- The city of Boulder requires that 20% of all new housing development dedicate 20% of the units produced as permanently affordable to households with incomes at or below the low-income limit of the Department of Housing and Urban Development (HUD) (in 2002 this was $50,537 for a household of two). The rental or sale price and household incomes are limited through deed restrictions. Developers may agree to provide these units on site or at another location in the community, or they may provide land-in-lieu or cash-in-lieu of affordable housing. (There are drawbacks to this approach because it does not meet the goal of ensuring that affordable housing is mixed into each development. This strategy probably does not generate all the potential benefits listed below.)

In addition to simply increasing the availability of affordable housing, inclusionary housing policies have an overt goal of creating housing diversity in *all* parts of the region or community to which they apply, promoting mixed-income communities. Well-designed inclusionary housing requirements are important smart growth strategies for several reasons.

- They harness the power of the private sector by requiring private developers to increase the diversity of the housing they provide, thus creating housing that more accurately reflects the actual demographics of the region, within the limits of what the private market can do at a profit without cash subsidies.
- They help to mitigate the impact of high-income housing construction on the limited supply of available land suitable for housing, thus preventing local zoning ordinances from having the effect of excluding housing that is needed to meet the needs of the full range of household incomes in the region.
- They help to create stable, mixed-income communities, thus providing better access to educational and employment opportunities for lower-wage workers.
- They improve the jobs-housing balance in the region, reducing traffic congestion, air pollution, and commute times.
- They create housing affordable for those of moderate and low incomes without creating or reinforcing disinvestment in certain communities or unhealthy concentrations of poverty.

No cash subsidy is provided to the developer for fulfilling inclusionary housing requirements, but regulatory benefits are often provided. Examples of such incentives are: density bonuses, planned unit development–type flexibility, the allowing of different housing types or smaller lots than are usually allowed, a priority permitting process, deferral of system development charges (SDCs) until sale, and others.

Developers are *not* being asked to sell $200,000 homes for $120,000. They are being asked to include in their developments some smaller, simpler homes to provide for the housing needs of households that can afford to buy a home only if these kinds of options (sometimes called starter homes) are available. These homes are required to be well built and to blend in with the other homes in the development, but they will perhaps be duplexes or attached houses. They will have fewer amenities in order to keep the costs down (perhaps no garage or only a one-car garage, one fewer bathroom, a less expensive carpet, etc.).

Inclusionary housing policies that are *not* mandatory (that simply offer incentives for including more affordable housing) generally do not produce many units. In *The Link between Growth Management and Affordable Housing,* Nelson and his coauthors state that research has shown that

> stemming housing price inflation requires planners to enact proactive measures to guarantee affordability as well as to ensure an adequate supply of land and housing . . . programs requiring developers to include affordable housing in their new projects deliver more affordable housing than incentive-based programs, but incentives and mandates together — along with supportive land use policies — are likely to make the most positive contribution to housing opportunity.[9]

Taking a mandatory approach to inclusionary housing helps level the playing field between developers who are interested in producing affordable housing and developers who are not. Unless all developers are required to include some affordable units, those who want to do so will be unable to pay as much for the land as those who would prefer to stick with building high-end housing, which has a bigger profit margin and hence can support higher land costs.

In Montgomery County, which has had inclusionary zoning requirements in place for more than 20 years, there is no evidence that developers lose money on the moderately priced units they are required to develop as part of their projects, and indeed some Montgomery County developers assert that, owing to the density bonuses provided, their inclusionary units are their most profitable.[10] A recent study has also disproved the notion that including affordable units in market developments diminishes the property values of the unsubsidized units.[11] The requirements can also insulate builders from market fluctuations and overbuilding by making it profitable for them to reach a broader spectrum of the market rather than competing with each other for high-end customers only.

There are several components that must be included in inclusionary housing policies to ensure the maximum impact on increasing the diversity of the housing stock.

- Permanent affordability requirements must be attached to the affordable units. Without this requirement, the units will be affordable only to the first homebuyer or for some limited required amount of time. After that point, the units will revert to market prices and the diversity of the community will be lost.[12]
- Programs should require that a certain percentage of the affordable units produced be offered to the local housing authority or nonprofit organizations. Those organizations can then add a public subsidy and bring the costs down still further to serve lower-income people in order for the policy to create full economic integration.[13]
- Each time an affordable unit changes hands, it must either be sold or rented to an income-eligible household. (A good marketing program as well as waiting lists must be maintained for this to work well.)
- The affordable units cannot be all one-bedroom units; they should reflect the same mix of one-bedroom, two-bedroom, and three-bedroom units as that portion of the project that is available at the market rate.
- They must not be less energy efficient than the market-rate units.
- They cannot be the last units built in the development; they should be phased in with the rest.

Community land trusts can play three roles in the implementation of inclusionary housing policies.

- Stewardship: They can be the mechanism by which permanent affordability for all the affordable units is preserved. They can do this for both owner-occupied and rental housing. In most cases, an agreement would be created by which the land under the affordable units would be conveyed to the CLT. The CLT, in turn, would lease the land to the owner of any affordable units constructed on it, retaining an option to repurchase those units at a below-market price on resale. The homes could be built either by the developer of the subdivision or by a subcontractor that specializes in affordable development (perhaps the CLT or another nonprofit, or perhaps a for-profit organization). In the case of multi-family condominium projects in which some units are restricted and some not, the CLT might not gain ownership of the underlying land but could hold deed restrictions (sometimes called affordability covenants) to the inclusionary units. In the case of rental units, the ground lease could be executed with the entity that owns the building.[14]

- Leverager of Resources: Community land trusts can be the conduit through which additional subsidies are leveraged to make some of the homes even more affordable, further lowering their price beyond the point required by inclusionary zoning.
- Educator and Marketer: Community land trusts can do the marketing of the affordable homes, help lower-income people learn about becoming homeowners, and maintain the waiting lists of qualified buyers or renters, or both.

Cautions

In cases where a CLT is considering playing the role of stewarding the affordability of inclusionary owner-occupied units under which they do not own the land (usually individual condominiums within a larger multi-family or attached development), there are a few cautions worth noting.

- Because there is no ground lease involved, the CLT will have to rely on other legal mechanisms to ensure permanent affordability and to ensure that another income-qualified homeowner will be able to acquire the home on resale. Some states have enabling legislation that authorizes the use of "affordability covenants" (Massachusetts and Vermont are two examples), but in states where this is not the case, the legal enforceability of these covenants over the long term is uncertain. Also, there needs to be a clear mechanism in place that involves the CLT in the resale process as soon as the condominium owner decides to sell. Without the traditional CLT ground lease in place, it may be harder to ensure that the CLT stays actively involved in these transfers, and hence that the affordability of the home is protected over the long haul.
- Community land trusts need to consider the fact that condominium association fees will need to be addressed as part of the affordability formulas, since there may be pressure from nonsubsidized condominium owners to raise these fees beyond what is affordable for the owners of the price-restricted condominiums.[15]

If the inclusionary units held by a CLT are widely scattered — across a city or a region — the following additional concerns must also be considered.[16]

- In general, it is more difficult to build a strong sense of connectedness and organizational ownership when residents are widely scattered, and a diminished sense of ownership can be reflected in less organizational accountability and participation. The CLT also runs the risk of being seen as a landlord rather than a partner by homeowners, and of becoming focused on just the creation of houses rather than on broader community development concerns.
- Being the landowner for units and projects scattered over a wide area can also increase the cost of management.
- Working over a wider service area can also dramatically increase the number of individual and institutional decision-makers with whom the CLT needs to understand and build relationships. In a similar vein, the more places a CLT is active, the higher are the chances that it will run into active opposition somewhere, and the lower the likelihood that it will have been able to build a strong base of support in each place it is working.
- Being active in multiple neighborhoods or jurisdictions can also put CLTs in competition with other nonprofit affordable housing providers, which can in turn irritate and confuse funders and supporters. Careful work at building partnerships and taking complementary roles in providing for the affordable housing needs of a given community can mitigate this problem in many, but not all, circumstances.
- Care must be taken to ensure that the search for low-cost land and the desire to open the suburbs to affordable housing does not place the CLT in the position of fueling sprawl. Affordable housing sites should be selected with care to ensure that they are well linked to transportation, services, and jobs and are supportive of a compact urban form.

Rewards

The biggest reward for the CLT is the opportunity to obtain a large number of newly built units at a below-market price, while participating in the creation of truly mixed-income communities.[17]

Another potential reward is volume. In a hot market, inclusionary zoning can produce a large number of affordable housing units in a short period because it harnesses the power of the private sector.[18] For CLTs this can mean both the provision of a great deal of affordable housing and the generation of significant lease fees. This can help to make at least the stewardship function of the CLT self-sustaining much more quickly than would probably be possible using CLT-initiated development projects only. The accompanying caution is, of course, that the CLT needs to have (1) the organizational capacity to handle the volume of work involved and (2) sufficient homeowners who want CLT homes.

The scattered-site approach also has the potential to provide low-income people with more choices about where to live, opening up previously exclusive neighborhoods and jurisdictions as options.

5. Permanent Affordability Requirements and Preferences

Local, regional, state, and federal housing programs contain a variety of criteria for the awarding of funds, surplus land and buildings, tax abatements, fee waivers, priority permitting, and so on. These criteria could include programwide requirements, set-asides, or preferences for housing (both rental and homeownership) that is permanently affordable. This would maximize the benefits of public investment in terms of unit-years of affordability provided. It would also create a flow of funds specifically earmarked to support CLTs and other housing models that diversify the housing stock, prevent involuntary displacement, and ensure access for low- and moderate-income people in our communities over the long haul.[19]

Cautions

Advocating for permanent affordability can put a CLT at odds with other affordable housing providers in the community. It should not be an issue for nonprofits producing rental housing, since they generally have a commitment to permanent affordability already. But it may create a battle with for-profit developers who use subsidies to create affordable housing. It may also create conflict with other nonprofit or public-sector homeownership programs that have no resale restrictions or that use subsidy recapture instead of subsidy retention.

Rewards

Creating government policies that require or prioritize permanent affordability strongly increases the odds that government funding will flow to support CLTs.

6. Displaced and Local Residents' Preference for Public Funding

In situations where governmental policies are causing or contributing to the displacement of local low- (and sometimes moderate-) income residents (for example, in an urban renewal district), preferences could be established in all publicly funded housing programs that prioritize long-term residents and people already displaced.[20] In practical terms, this means that if two otherwise qualified people are applying for a housing subsidy, one of whom is from out of the area being gentrified and one of whom is not, the person who lives in the neighborhood would have priority. The goal of this tool is to ensure that public subsidies for housing are focused on preventing the displacement of existing residents from their communities, rather than providing ways for new people to move into these communities, which in many cases simply adds to the displacement problems for local residents.[21]

In Portland, residency criteria are being used in the Portland Community Land Trust's buyer-initiated program in the new Interstate Corridor Urban Renewal District. Results have been mixed, with some people who have long ties to the neighborhoods in question being excluded from the program because the criteria are perhaps too strict. Revision of the criteria is expected in the near future.[22]

Cautions

Concerns for CLTs considering this approach may include limiting the pool of qualified homebuyers, excluding people who should not be served (if criteria are not done well), and the need to ensure that residency criteria do not violate fair housing law. The last is a concern only if it has a disproportionate effect on a protected class (which could be the case if the neighborhood in question is largely white).

Rewards

Local and displaced resident preferences can help ensure that the people most negatively affected by gentrification are those served by affordable housing subsidies. They can also increase local support for CLTs by creating strong ties to existing residents.

7. Linkage Fees

By attracting employees to an area, new industrial and commercial development creates a need for housing. Businesses benefit from the availability of a well-housed and accessible labor force. Linkage ordinances require the developers of office buildings or other commercial, retail, or institutional uses to build affordable housing or, in lieu of construction, to pay into a housing trust fund or make equity contributions to housing development for lower-income people. This tool may be particularly important in parts of the region that are job-rich and affordable-housing-poor. Small businesses are often exempted.[23]

Cautions

Concerns for CLTs may include:

- Negative impacts on small, local businesses if they are not exempted from linkage fees
- The need to ensure that housing funded under the linkage fee program includes housing not just for the workforce but for the even-lower-income people affected by the increase in housing prices that comes with new employers
- Attaching permanent affordability requirements to housing funded by linkage fees, and
- Possible negative attitudes on the part of employers toward the program (This is a major concern only if it seems likely that such antagonism would derail existing or highly likely voluntary partnerships around employer-assisted housing that would have equally strong benefits.)

Rewards

Linkage fees can provide a new, local income stream for projects that does not come weighted down by federal or state regulations.

8. Profit Sharing

Cities and counties often invest public funds in market-rate housing projects, commercial redevelopment, and industrial development. Such investments are made to "stimulate the economy" and to increase the tax base. Subsidies are provided as tax abatements, fee waivers, public improvements to infrastructure, and publicly funded loans and grants. Generally speaking, the direct return to the public on these investments is only whatever increase in the tax base is created by those investments. The local government could instead create profit-sharing arrangements when public funds are invested in market-rate projects. Under such arrangements, the city or county becomes, essentially, an equity investor in the project. A fixed portion of the profits from that project would then return to the government partner, in addition to taxes (which all such developments pay, whether they received government funding or not, unless, of course, they receive a tax abatement as an incentive). Since these kinds of investments almost always drive up land and housing prices (indeed that is part of what they are intended to do, part of "increasing the tax base"), the income stream that comes to government from the investments could be dedicated to the creation of affordable housing.

Cautions

To my knowledge, this is an untested tool. Careful crafting will be necessary to ensure that profit sharing does not become a rationale for government to invest yet more of its limited available subsidies in market-rate projects.

Conversely, it will be important to be sure that this tool is not used selectively in ways that discriminate against local businesses. (Usually out-of-town companies wanting to relocate to an area get better deals from the local government than do local businesses that want help to stay in business or to expand.)

There will almost certainly be other uses proposed for the revenue from any profit sharing. Alliances will need to be created before moving a proposal forward about how the funds will be divided.

It will also be important to have a clear proposal, supported by a wide variety of players, about the criteria for the use of any housing funds generated (whom the housing will serve, that it will be permanently affordable, etc.), and about who will administer the funds.

Rewards

Profit sharing could provide a flexible, locally generated funding stream for affordable housing that increases as the market heats up.

9. Speculation and Land-Gain Taxes

Slow, steady increases in property values that mirror general improvements in the economy and wages are arguably good for communities, but rapidly increasing housing prices driven by the quick turnover of housing stock, unsupported by real increases in income or by real investment in improving the property, are detrimental. Speculators who buy homes in a low- or moderate-income community, hold the property for a very short time, make few improvements to the property, and sell it again at a significant profit, contribute nothing to those communities. Instead, they drive up valuations, taxes, and prices; contribute to the displacement of existing residents; and create enormous pressures on individuals and families. Rapid increases in prices caused by factors beyond individual investment — a boom economy; public improvements; investments in neighborhood improvements by current residents, nonprofits, and others; good city services; and other community investments — should benefit the community as a whole. They should not be captured by individual speculators, particularly those whose actions do not contribute to the health of the community.

A graduated tax on the profit between the sale and resale of the same house or building, pegged to the length of time the property is owned, would discourage the rapid "flipping" of real estate for a quick profit and encourage the long-term ownership of property. A speculation tax is intended to return to the community a significant portion of the excessive value of any short-term gains made by the rapid turnover of real estate. Only the gain is taxed. The shorter the period that the land is held, the higher the rate of taxation. The higher the percentage gain, the higher the rate of taxation. The applicable rate is a single flat rate that applies to the entire gain. The tax would not apply to people buying a home for a long-term commitment to the community. Creation of such a tax would discourage investment that is purely speculative and slow the inflation of housing prices. The dedication to permanently affordable housing of the revenues thus generated would further mitigate the inflationary effects of these activities.

Taxing profits gained on the rapid turnover of property has been considered in many states. In the late 1980s, the state of Vermont, concerned about the effects of rapid increases in land prices driven by out-of-state speculators and buyers of second homes, adopted a graduated tax on the profits from land sold within six years of purchase. This tax does appear to have had the intended effect of slowing the conversion of farmland to second-home use.[24]

Cautions

Community land trusts will want to ensure that any speculation tax is crafted so that it does not apply to the primary residence of lower-income people who find that they have to move after only a few years. It is also important to ensure that a speculation tax does not negatively affect the work of nonprofits that are buying (or having donated) existing homes, fixing them, and selling them to low- or moderate-income people at below-market prices. (The latter should not be a problem for any well-written tax policy, since the cost of repairing a home should never be taxed in this way.)

Any attempt to create a new tax will require the capacity to influence policy at the state level. Even if the local jurisdiction has the authority to implement such a tax, opponents will almost certainly go to the state level to fight it.

Rewards

A well-crafted speculation tax could provide the following benefits:

- Less displacement
- Less destabilization of renters, who might be able to buy CLT homes if they are not spending all their funds moving every six months
- A housing market more reflective of people's real incomes, and
- A possible dedicated funding source

10. Housing Replacement Ordinances

In growth booms there are strong incentives to replace housing that is affordable to low- and moderate-income people with housing for higher-income people and with local commercial development. This dynamic adds to the extraordinary pressures on the affordable housing stock. Many communities have adopted ordinances that require developers undertaking a project that removes affordable housing from the community, either through demolition or conversion to a nonresidential use, to make a significant contribution toward replacing that stock. Policies vary from requiring unit-for-unit replacement within the same neighborhood to those that allow contributions to a local housing trust fund in lieu of creating replacement units.

Affordable rental housing can be lost to demolition, commercial development, conversion to condominiums (see below), or even to market-rate rentals. Different forms of ordinances may be needed to address these different mechanisms. Community land trusts could enter into agreements with the local government administering an ordinance that requires the replacement of units lost that would make the CLT the steward of the permanent affordability of such units (as well as the developer, if the builders do not want to or are not required to replace the units themselves).

Cautions

Opposition to anything that limits the rights of private landowners to maximum economic return will be strongly resisted by those who benefit from the lack of restrictions. Legal challenges to replacement ordinances are likely. Good legal advice about structuring any proposal is essential. That said, the legal basis for zoning clearly comes from the police powers given to government, and therefore must benefit the entire community. This provides strong legal grounds for replacement ordinances and related tools.

All the drawbacks to trying to preserve the affordability of units through mechanisms other than the traditional CLT ground lease could apply here in some cases (see the "Cautions" section under "Inclusionary Housing Requirements" for a discussion of those issues).

Rewards
These ordinances can both slow displacement in gentrifying communities and provide opportunities for CLTs to preserve affordable units.

11. Condominium Conversion Ordinances

Condominium conversion ordinances are used to regulate the conversion of multi-family rental housing to ownership, a process that almost always results in the displacement of most, if not all, the existing tenants and a significant increase in the cost of the housing. Rather than simply requiring the replacement of affordable rentals that are being converted to condominiums, they often require instead that a percentage of condominiums created from rentals be affordable to tenants who currently occupy those homes. Regulations can also be put in place that: (1) require that tenants receive notification long in advance that the conversion is going to take place, (2) provide existing tenants with the first right-to-buy if their income allows them to qualify, and (3) limit the total number of rental units that can be converted in any one year to condominiums that are unaffordable to the existing residents unless a sufficient housing stock clearly exists to meet the needs of those displaced tenants. Community land trusts could be a mechanism by which condominiums that are required to be affordable to existing tenants are subsidized and preserved as affordable in perpetuity.

Cautions
In addition to the cautions listed under number 10 above, unless there is another organization working with the tenants at risk, CLTs involved in condominium conversions will need to have the capacity to work with existing tenants in a long and intense process to create the understanding, the will, the leadership, and the infrastructure to make renters into owners.

Rewards (same as number 10)

12. No-Net-Loss Mandates

A no-net-loss policy is a commitment by a city or other government entity to having the same amount of affordable housing at the same levels of affordability in a given neighborhood or larger area in the future as exists in the present. No-net-loss mandates are particularly useful and important for urban renewal districts. They make the city responsible for implementing adequate programs and policies to protect current residents from the displacement risks inherent in its urban renewal program. The city of Portland, Oregon, has made some attempts to implement no-net-loss policies, though none has been entirely successful.

Cautions
No-net-loss policies are less problematic to put on the books than are replacement ordinances because they obligate the government to act, rather than force private landowners to do anything. To be effective, however, no-net-loss policies will require either enormous public resources or public money combined with regulatory strategies like the ones listed above. Hence, implementation will lead to many of the same battles that arise from starting with the regulatory approaches.

Rewards
No-net-loss policies provide a great deal of leverage to argue for increased funding for affordable housing and for permanent affordability requirements, as well as for approaches that modify the private market. Even if it seems impossible to achieve no-net-loss in your area, having an established policy with that goal provides a strong base for other policy fights.

13. Redevelopment of Brownfields

A key tenet of smart growth is the reuse of existing land. “Brownfield” sites are sites (usually vacant) in existing communities that are, or are perceived to be, contaminated. Often they are old industrial sites, although sometimes they are commercial sites like gas stations and dry cleaners. Generally, they will require significant investment up front in environmental testing and clean-up before they can be redeveloped. Prolonged legal battles are usually necessary if an attempt is to be made to get the owner who created the contamination to clean it up. In many places, governments are taking over these properties, investing public dollars (sometimes combined with funds from foundations, intermediaries, and other private sources) to clean them up, and then making them available for redevelopment. Community land trust involvement in this process could include:

- Identifying local brownfield sites that should be redeveloped
- Creating community consensus about what should be done with the sites
- Advocating for public (or private, or both) investment in cleaning up the sites
- Advocating for the redevelopment of the sites according to community-based plans
- Being directly involved in the redevelopment, including acquisition and stewardship, of the land in question

Cautions

Federal funding for the redevelopment of brownfields has been spotty, and the rules keep changing. Often it takes many years to make a brownfield project happen (owing to funding demands, political will, and legal issues). This can be costly both in terms of up-front time and funds invested and in community momentum.

Liability for the sites, even after mitigation, lasts forever. This can cause difficulties in gaining financing for projects proposed for the sites. In some states, lenders are not protected from liabilities that arise out of sites they have funded. Even when funding is available, the liability issues can make it hard to find partners willing to take on such a challenge, and CLTs should make sure they themselves feel comfortable taking on such risk before proceeding with a particular brownfield project.

Rewards

Brownfield sites often represent a great opportunity to both eliminate serious blight in a neighborhood and to create a development that can meet significant community needs (especially in the case of larger industrial sites). In some heavily blighted areas, brownfield redevelopment can be absolutely necessary to reclaim a community that has become largely unlivable.

The substantial public investment required to make them redevelopable is a strong argument in favor of the use of CLT ownership to remove these parcels from the speculative market, making them a permanent community resource.

14. Reuse of Vacant and Tax-foreclosed Real Estate

Neighborhoods that have experienced (or are still experiencing) disinvestment often have a significant stock of vacant and tax-foreclosed real estate. In some places, programs have been created that make it easy for government to transfer these properties to nonprofit organizations to meet community needs (parks, community gardens, affordable housing, etc.).[25] The land is either donated outright or sold for the cost of all or part of the back taxes owed. Community land trusts in communities that do not have such a program could advocate for its creation. Community land trusts in communities that already have such programs may need to advocate for the prioritization of affordable housing, and for criteria that reward permanent affordability.

Cautions

Many competing community interests may be focused on this free or inexpensive land resource. It may be important to build some community consensus about what the most important needs are and how to balance various important needs, so as not to become involved in a "parks versus affordable housing" or "rental versus affordable homeownership" battle.

Rewards

The primary benefit to the CLT is free or inexpensive land. The corollary benefit is the reclaiming of abandoned sites that have negative impacts on the surrounding area.

15. Land Banking

Land banking by government or nonprofit organizations can be an important strategy for preserving sites for affordable housing and other community needs in areas where land is currently inexpensive but where price inflation is likely. Examples include places starting to gentrify and places where significant government or private investment is planned, such as urban renewal districts, areas slated for major infrastructure investments, or urban edge areas being rezoned and planned for more urban uses. Securing significant parcels of land before prices rise makes affordability possible with fewer subsidy dollars. In addition, the strategic selection of parcels to bank can help shape the character of the community (ensuring, for instance, that affordable housing will be well distributed within the community).

Cautions

Community land trusts are a logical choice to hold land being secured for future use because they already play a land stewardship function. However, there are costs involved in holding land (insurance, maintenance, taxes, security, and sometimes debt), and there must be a funding stream to pay them.

Holding vacant land can involve security concerns, especially if there are structures on the land.

Parcels for banking must be selected as carefully as parcels intended for immediate development, which involves up-front "predevelopment" costs as well (environmental assessment, title check, etc.). These may be hard to fund outside the normal larger package of development fees. It may be best in many cases to encourage government to hold the land until it is time for development. Drawbacks to this scenario are that there will then be competing interests for the land once it is time to develop it. It is often difficult to find funding for this activity, since there are so many concerns competing for these dollars that seem more immediate.

Rewards

The primary benefits to the CLT of being involved in land banking are:

- Land to build on, probably at a lower cost than would otherwise be the case (in some cases, donated outright by the jurisdiction)
- A goal (the selection of sites to be banked) around which to create a community visioning and planning process, and
- Time to plan for the best possible uses for the sites

16. State and Regional Approaches to Affordable Housing

Perhaps most fundamentally, CLTs and smart growth proponents need to support approaches to the provision of affordable housing that are regional in nature. This means two things. First, that they clearly acknowledge that regional- or state-level decisions about urbanization, transportation, the preservation of farmland, forestland, and other open spaces, economic development, and so on, all have strong effects on housing affordability on both local and regional levels. Thus, none of these kinds of decisions can be made without taking into account their effects on housing affordability.

Second, all jurisdictions in the region must be part of solving the region's affordable housing problems. It is unfair, and economically inefficient for the region, for some jurisdictions to zone in such a way that they include a large portion of the region's job base but not the housing for lower-wage worker, who support that base.[26] This disparity exists in most regions, forcing jurisdictions without the revenues from the commercial tax base to provide the schools and other services needed by the workforce that supports services in the employment-heavy jurisdiction. In addition to causing fiscal inequities, this contributes to long commute times, traffic congestion, air pollution, and the degradation of the environment.

A variety of strategies, many of which are included in this collection of tools, can address the jobs-housing balance.[27] They will be effective in doing so, however, only if they are applied on a regional level, rather than in individual cities or towns. The most promising proactive strategies are regionwide inclusionary housing requirements (that include permanent affordability requirements and the public purchase of units to widen the income mix) and tax-base sharing.

In most cases, since there is no regional entity with decision-making authority (like the Metro government in the Portland, Oregon, metropolitan region) to coordinate and create regional efforts, this work must be done at the state level and implemented locally (or perhaps regionally) through informal coalitions or regional advisory committees. Even in Oregon, it was the affordable housing framework at the state level, starting with Senate bill 100 in 1973, that provided the impetus and the leverage for the creation of regional affordable housing policies. Nelson and co-authors cite research by Gerrit Knapp that finds that "left to their own devices . . . local governments will often avoid affirmative (affordable housing) measures. The literature suggests that state or substate regional growth management programs, coupled with strong state-level housing programs, promise to help overcome parochialism."[28]

Taking a regional approach to the provision of affordable housing can provide leverage over wealthier jurisdictions that would otherwise choose to avoid all responsibility for this regional need. Regional strategies are most effective when they are enforceable in some way (funding penalties, legal action, etc.), yet even without such recourse, peer pressure and simply the process of discussing the issue at a regional level can help develop a broader commitment to the provision of affordable housing.

A fair number of regions in the country have now developed regional approaches to addressing affordable housing.[29] They all share the same concepts: that people of all incomes should have housing choices near where they work and that every jurisdiction needs to contribute to addressing the full range of affordable housing needs in the region. Regional housing initiatives take many forms and exist on different scales. Here are a few examples:

- In the state of New Jersey, the courts have mandated a fair share housing strategy statewide. The mandate requires every jurisdiction to contribute to meeting the affordable housing needs of the state but allows jurisdictions the option of paying other jurisdictions to create their share of the housing. The New Jersey system has resulted in significant amounts of affordable housing being built but has been less successful at deconcentrating poverty and wealth.[30]
- In Minneapolis–St. Paul, the Livable Communities Act of 1995 (a smart growth plan) includes a framework for increasing the share of affordable housing in suburban communities and incentives for fulfilling allocation goals. It essentially provides grants and other monetary assistance to communities in the region that choose to participate in the housing activities detailed by the act. While it has directed attention to the regional nature of the affordable housing problem and produced some affordable housing, the voluntary nature of the plan, and some flaws in the allocation formula, have created significant implementation problems.[31]

- In Portland, Oregon, the Metro government's regional framework plan requires that Metro take a "fair share" approach to affordable housing. The fair share approach Metro has chosen assigns each jurisdiction a share of the region's affordable housing needs based on a formula that takes as its eventual goal an income mix in every jurisdiction that matches that of the region as a whole. Interim benchmark goals for net increases of affordable housing have been established for each jurisdiction, but there are no penalties for noncompliance.[32]
- Montgomery County, Maryland, put in place its Moderately Priced Dwelling Unit Program (MPDU) in 1976. This mandatory inclusionary zoning program incorporates density bonuses to make it possible for private developers to meet the mandate to include moderately priced homes in all developments beyond a certain size. This is perhaps the most successful regional affordable housing program in the country from the perspective of creating integrated communities. Still, the fact that the affordability requirements on the moderately priced units expire in 20 years is a major flaw and puts that success at enormous risk. (See "Inclusionary Housing Requirements," above, for a more detailed description of this program.)[33]

Cautions

Regional fair share strategies must, like all other approaches to housing affordability, include clarity about providing a *full* range of affordable housing (not just the moderate-income, first-time homebuyer programs that are more politically palatable).

Permanent affordability requirements must be incorporated to make regional strategies effective over the long haul and to best support CLT activity.

Rewards

In addition to those rewards implicit in the description, having a regional affordable housing framework established and setting benchmark goals for local jurisdictions provide a strong base advocating the other tools described in this section. Advocates can frame such efforts as attempts to help jurisdictions meet goals or requirements by bringing them the tools, rather than appear in a more threatening role. This framework should also place CLTs in a position of being welcomed as part of the solution.

17. Tax-Base Sharing

Currently, our regions are highly fragmented in their governance and taxation authority; that is, local towns and cities have their "own" tax-base on which they draw to pay for public services and for most public infrastructure (although some federal and state funds often make up portions of the funding used for transportation and some other basic infrastructure). This system does not match the regional nature of the housing and job markets.[34] The work of Myron Orfield clearly demonstrates the economic irrationalities and inefficiencies created by this mismatch.[35] He has demonstrated that the polarization of resources within regions benefits only a small percentage of the residents and jurisdictions. In contrast, most of the residents in the inner cities and older suburbs lose in this scenario. In a recent article, Orfield stated that

> the total number of residents disadvantaged by regional polarization comes to well over 65 percent — and often up to as high as 85 percent. For example, these populations in the Atlanta area total more than 60 percent of the region. In Philadelphia they account for 67 percent; 71 percent of the region surrounding San Francisco; 72 percent of the Baltimore area; and 76 percent in and around Portland, Oregon. The Detroit area weighs in at 78 percent.[36]

What this means for affordable housing is that the cities and towns in the region where most of the affordable housing is or has traditionally been have the least resources to pay for the support of subsidized affordable housing and the services needed by the people who live there.

Orfield's primary recommendation to address these problems is regional tax-base sharing. He has been a leader in the development of this model and in its implementation in the Minneapolis–St. Paul region. As he describes the model and its benefits:

> Each city in a region would contribute a certain percentage of its total tax base to a regional pool. The pool would then be distributed back to jurisdictions according to a formula that gave preference to communities with more modest local resources. In the Chicago region, [the results from such a redistribution could be that] from 61 and 77 percent of the regional population would thus pay lower taxes and receive better local services. In the Atlanta region, that number would be at least 60 percent.[37]

The effects of regional tax-base sharing on affordable housing are not as direct as most of the other tools we have discussed, but they are important. Tax-base sharing diminishes the incentives for the kinds of exclusionary zoning (also called fiscal zoning) that is designed to increase the tax base. Fiscal zoning excludes uses that do not help with this goal (uses that use more services than they pay for in taxes) like affordable housing, and even moderate-cost housing designed for families, since schools are a major expense. A tax-base sharing program could therefore assist in battles to remove exclusionary zoning regulations and permit the development of more diverse housing stocks in all jurisdictions in a region. Beyond that, tax-base sharing provides increased resources to the jurisdictions in the region with fewer resources; this could result in more local funding for affordable housing in those communities. That outcome is by no means certain, however, since those funds could also be used for many other purposes.

Cautions

As with other funding streams, it will be important to be involved in setting the criteria for how the shared funds would be used and, more specifically, how any funds set aside for affordable housing would be targeted (income levels, permanent affordability requirements, mix of ownership and rental, etc.).

This is a *big* fight. Community land trusts wanting to move a regional tax-base sharing agenda forward will need strong coalitions to make it happen.[38]

Rewards

Key benefits of tax-base sharing include:

- A possible new funding stream
- The opening of currently exclusive communities to affordable housing and therefore the creation of new possible development opportunities for CLTs

18. Funding for Regional Affordable Housing Efforts

No matter what other tools are used to encourage the development and preservation of affordable housing, subsidy dollars will be required to meet the housing needs of many low-income people in the region. Federal dollars have never been sufficient to do the job, and they have been hugely reduced in recent years.[39]

Local jurisdictions, particularly those in which affordable housing is concentrated, are often facing huge fiscal challenges, and their taxpayers should not be disproportionately responsible for solving the region's affordable housing shortage. It is therefore critical that regions step up to the challenge of developing a dedicated funding source, or group of sources, for the development and preservation of affordable housing. If the nonprofit, for-profit, and government sectors are going to gear up to a level of housing production that will meet the needs of low-income people, a significant pool of subsidy dollars must be available and they must be reliable. Developers and advocates need to be able to focus on doing the work, rather than spending large portions of their time in continual fighting to ensure that subsidy resources will be available.

Many possible mechanisms exist that can provide dedicated funding for regional affordable housing efforts. More than 40 different sources of revenue have been dedicated to the funding of affordable housing through housing trust funds in the United States. The most common of those include exactions required of developers, real estate transfer taxes, and document recording fees, but many others are possible (gaming revenues, unclaimed utility deposits, room and meal taxes, interest from rainy day funds, land gains taxes, etc.).[40] Many, though by no means all, housing trust funds, require the housing they fund to be permanently affordable.

There are many ways to organize and implement funding at the regional level. Again, the experience of some of the myriad housing trust funds in the United States can provide useful models (though many are local in scope).[41] One of the fundamental issues each region will have to wrestle with is whether to create a new, regional entity to administer such funds or use existing entities to implement regional affordable housing programs. Use could be made of an existing regional entity, if such is available (which is unlikely in most places). Guidelines could be set at the regional level when the funding source is identified, and existing local government entities (at the city or county level) can be the recipients of the funds and the implementers of programs.

If the goal is to increase housing diversity throughout the region, it is essential that policies move beyond merely ensuring that funding is available throughout the region to creating strong reasons for all local jurisdictions to draw on those funds. Thus it may be necessary to combine a regional funding source with a regional mandate, one that has penalties attached for nonparticipation.

Cautions

As with other funding streams, it will be important for CLTs to be involved in setting the criteria for how the shared funds would be used, and, more specifically, how any funds set aside for affordable housing would be targeted (income levels, permanent affordability requirements, mix of ownership and rental, etc.).

If a new entity is to be created to collect and oversee the fund, there will also be battles about who that entity is accountable to and how it interacts with local housing programs.

Coordinating a campaign to achieve a regional funding source is more complex and requires broader relationships than a local battle.

Rewards

The primary benefit is a new funding stream. If the funding stream is clearly dedicated to affordable housing, it is therefore somewhat predictable (as opposed to sources that have to be fought for every year).

Creating a regionwide funding source also creates a mechanism by which currently exclusive communities may be opened up to affordable housing, and this creates new possible development opportunities for community land trusts.

Additional information on these tools, and descriptions of others not included here, can be found in Metro's Regional Affordable Housing Strategy, PolicyLink's Gentrification Toolkit, the Smart Growth Network's Affordable Housing and Smart Growth, and the National Neighborhood Coalition's Smart Growth, Better Neighborhoods.

Community Land Trusts as Implementers of Smart Growth

Taking on a public policy advocacy role at the scale necessary to influence smart growth policies will be new for most CLTs. This role has the potential to bring many rewards to CLTs and the communities and people they serve. However, it is important not to lose sight of the fact that the single most important role CLTs can play in making smart growth more focused on issues of social and economic equity is as *implementers* of smart growth programs.[42]

What CLTs do best is to take land and buildings off the speculative market and use them to provide affordable housing and other facilities and services needed by local communities. The removal of land from the speculative market is a powerful tool in and of itself for the creation of stable, mixed-income communities that have diverse land uses designed to create complete neighborhoods.

By doing what they do in ways that are consistent with the goals of smart growth, CLTs can add to the livability of the communities they serve and to the quality of life for CLT residents. This will mean different things in different communities, but a partial list of activities a CLT might undertake as implementers of smart growth is as follows:

- Supporting increased density and transit-oriented development as builders or stewards (or both) of multi-family housing designed and sited with these goals in mind
- Preventing involuntary displacement and ensuring continued access for low-income people in gentrifying neighborhoods as preservers of existing affordable rental housing, developers of new affordable housing on existing lots, and creators of buyer-initiated, scattered-site acquisition programs to bring existing homes into CLT ownership
- Opening exclusive suburban communities to affordable housing through the acquisition and development of land and housing and the stewardship of affordability restrictions on housing units created by regulatory mandates or partnerships with other developers
- Revitalizing communities and improving the jobs-housing balance by stewarding land that supports local economic development initiatives[43]
- Preserving greenspaces, through clustering developments and stewarding open space and creating partnerships with other nonprofit organizations to preserve greenspaces in conjunction with creating affordable housing

Conclusion

Community land trusts can play key roles in ensuring that smart growth efforts improve the lives of low- and moderate-income people. For this outcome to occur, it is crucial that public policies focused on increasing the availability of affordable housing be central to smart growth efforts and that there be organizations to implement these policies in ways that involve the affected communities. Community land trusts have strong reasons, both mission-based and practical, to move into stronger roles as advocates for such public policy changes.

This paper, together with its companion piece, *Integrating Social Equity and Growth Management: Linking Community Land Trusts and Smart Growth*, should provide a valid framework for building strong relationships between the advocates of smart growth and the creation of community land trusts, as well as a set of ideas about what concrete tasks they can work on together. Such partnerships can be a powerful force in the creation of healthy, diverse neighborhoods, communities, and regions that welcome people of all incomes.

APPENDIX

The Diverse World of Community Land Trusts

By John Davis

Summary

The community land trust is a model of unique versatility, lending itself easily and frequently not only to enormous variation in the kinds of projects that make use of the model but also to considerable variation in the model's own organizational make-up. In this section, the main features of the "classic" CLT are presented, along with their most common variations. Consideration is then given to some of the causes behind this continuing experimentation.

Variations on a Theme of "CLT Classic"

For over thirty years, the Institute for Community Economics (ICE) in Springfield, Massachusetts, has promoted a model of community development and affordable housing known as the Community Land Trust (CLT). In 1992, the principal features of this model were enshrined in federal law in a CLT definition drafted by ICE and approved by Congress . . . .

Nonprofit, Tax-exempt Corporation

CLT Classic

A Community Land Trust is an independent, not-for-profit corporation that is legally chartered in the state in which it is located. Most CLTs target their activities and resources toward charitable activities like providing housing for low-income people or eliminating neighborhood blight, making them eligible for 501(c)(3) designation from the IRS.

CLT Variations

Although CLTs are usually created "from scratch," as newly formed, autonomous corporations, some have been established as successors, affiliates, or programs of an older nonprofit. Either the pre-existing nonprofit transforms itself into a community land trust or grafts selected elements of the CLT model onto its own structure and programs. Sometimes, when a new CLT is established within the corporate shell of a pre-existing nonprofit, the CLT becomes a permanent part of the nonprofit's on-going operations. More often, this has been a temporary, transitional arrangement, where the CLT is spun off as a separate corporation when it has the capacity and constituency to thrive by itself.

Dual Ownership

CLT Classic

A nonprofit corporation (the CLT) acquires multiple parcels of land throughout a targeted geographic area with the intention of retaining ownership of these parcels forever. Any building already located on the land or later constructed on the land is sold off to an individual homeowner, a cooperative housing corporation, a nonprofit developer of rental housing, or some other nonprofit, governmental, or for-profit entity.

CLT Variations

Although dual ownership is a characteristic of every organization that calls itself a community land trust, buildings that are renter-occupied are sometimes treated differently than buildings that are owner-occupied. Some CLTs, when dealing with multi-unit rentals, whether residential or commercial, retain ownership of not only the underlying land but the buildings as well.

* The *ten* features that characterize the "classic" CLT are to be found in most organizations that call themselves a community land trust, although there is much variation among the 120 CLTs already in existence or under development in the United States. The features that define and distinguish the "classic" CLT are described below, along with the most common variations occurring in each.

Leased Land

CLT Classic

Although CLTs intend never to resell their land, they provide for the exclusive use of their land by the owners of any buildings located thereon. Parcels of land are conveyed to individual homeowners (or to the owners of other types of residential or commercial structures) through long-term ground leases. This two-party contract between the landowner (the CLT) and a building's owner protects the latter's interests in security, privacy, legacy, and equity, while enforcing the CLT's interests in preserving the appropriate use, structural integrity, and continuing affordability of any buildings located upon its land.

CLT Variations

Every CLT uses a long-term ground lease for the conveyance of land. Most of these leases are based on the "model CLT ground lease" developed and refined by ICE over the past 30 years. The exact terms and conditions contained in these two-party contracts, however, can vary greatly from one CLT to another, especially with regard to restrictions on using, subletting, and improving the buildings that are located on the CLT's land.

Perpetual Affordability

CLT Classic

The CLT retains an option to repurchase any residential (or commercial) structures located upon its land, should their owners ever choose to sell. The resale price is set by a formula, contained in the ground lease, that is designed to give present homeowners a fair return on their investment, while giving future homebuyers fair access to housing at an affordable price. By design and by intent, the CLT is committed to preserving the affordability of housing (and other structures) — one owner after another, one generation after another, in perpetuity.

CLT Variations

While perpetual affordability is a commitment of every CLT, the formula that defines and enforces affordability varies greatly from one CLT to another. This is due, in part, to the different methods that CLTs can adopt in calculating the resale price of housing and other structures that are located upon the CLT's land. Different formulas may also result from the different goals that particular CLTs are trying to achieve or the different populations they are trying to serve.

Perpetual Responsibility

CLT Classic

The CLT does not disappear once a building is sold to a homeowner, a co-op, or another entity. As owner of the land underlying any number of buildings and as owner of an option to re-purchase those buildings, the CLT has a continuing interest in what happens to these structures and to the people who occupy them. Should property owners allow their buildings to become a hazard, the ground lease gives the CLT the right to step in and to force repairs. Should property owners default on their mortgages, the ground lease gives the CLT the right to step in and cure the default, forestalling foreclosure. The CLT remains a party to the deal, safeguarding the structural integrity of the building and the residential security of the occupants.

CLT Variations

Some CLTs provide many services and go to great lengths in preparing low-income households for the responsibilities of homeownership, in supporting them in times of trouble, and in preventing defaults from ever happening. Other CLTs intervene only when there is a crisis, acting to prevent the loss of buildings faced with foreclosure. The level of services and supports is largely dependent upon a CLT's capacity, but it is also shaped by the balance that each CLT tries to strike between "backstopping" those who occupy buildings on leased land and leaving them alone, respecting their privacy and independence.

Community Base

CLT Classic

The CLT operates within the physical boundaries of a targeted locality. It is guided by — and accountable to — the people who call that place their home. Any adult who resides on the CLT's land and any adult who resides within the geographic area deemed by the CLT to be its "community" can become a voting member of the CLT.

CLT Variations

Nearly every CLT is an open-membership organization, drawing its members from a community that is geographically defined. Within the diverse world of CLTs, however, there is considerable variation in the size of that "community" and in the make-up of that membership. A decade ago, the "community" served by most CLTs was a single neighborhood. That has changed. Many CLTs created in recent years have staked out a much wider service area, encompassing multiple neighborhoods, an entire city, an entire county, or, in a few cases, a multi-county region. Changes have also occurred, here and there, in the composition and role of the CLT's membership. Some CLT's, for example, have opened their membership to individuals who reside outside of the CLT's target area. Other CLT's have expanded their membership beyond individuals, allowing other nonprofit corporations, local governments, or private institutions like hospitals, churches, or foundations to become voting members of the CLT. There are even a few CLTs with no membership at all, although these tend to be situations where selected elements of the CLT model have been grafted onto an existing community development corporation.

Resident Control

CLT Classic

Two thirds of a CLT's board of directors are nominated by, elected by, and composed of people who either live on the CLT's land or people who reside within the CLT's targeted "community" but do not live on the CLT's land.

CLT Variations

Nearly every CLT has a board of directors that is elected, in part, by the residents who make up its membership. There are variations, however, in the process of nominating new directors, in the process of selecting those directors, and in the percentage of the board that is directly elected by the CLT's membership. There are also variations, as mentioned already, in the composition of the membership itself.

Tripartite Governance

CLT Classic

The board of directors of the "classic" CLT is composed of three parts, each containing an equal number of seats. One third of the board represents the interests of people who lease land from the CLT ("leaseholder representatives"). One third represents the interests of residents from the surrounding "community" who do not lease CLT land ("general representatives"). One third is made up of public officials, local funders, nonprofit providers of housing or social services, and other individuals presumed to speak for the public interest ("public representatives"). Control of the CLT's board is diffused and balanced to ensure that all interests are heard but that no interest is predominant.

CLT Variations

Although every CLT board has a diversity and balance of interests, the exact make-up and mix can vary widely from one CLT to another. For example, nearly every CLT board has leaseholder representatives, but some CLTs subdivide this leaseholder category among directors who represent the interests of leaseholders occupying single-family homes and those occupying co-op units or commercial buildings. Similarly, every CLT has public representatives, but some CLTs fill these seats exclusively with representatives of local or state government, while others include representatives of local churches, foundations, banks, social service agencies, tenants rights organizations, or community development corporations within this "public" category. Many start-up CLTs, moreover, have interim boards that may be composed (and appointed) quite differently than the broadly representative, membership-elected, tripartite board that will ultimately govern the CLT.

Expansionist Acquisition

CLT Classic

CLTs are not focused on a single project. They are committed to an active acquisition and development program, aimed at expanding their holdings of land and increasing the supply of affordable housing (and other types of buildings) under their stewardship.

CLT Variations

Every CLT has an eye toward expanding the number of acres and the number of buildings that are brought into its nonspeculative domain, but the scale and pace of acquisition can vary widely from one CLT to another. This is due, in part, to factors outside of a CLT's control, like the availability of funds and lands. An acquisition strategy is also a function, however, of a CLT's own priorities in choosing who to serve, what to build, and where to work. Many CLTs have grown quite slowly, each year purchasing a few parcels of land on which are constructed (or rehabilitated) a handful of single-family houses. Other CLTs have grown rather rapidly, regularly acquiring multiple sites and larger sites on which multi-unit projects can be developed.

Flexible Development

CLT Classic

The CLT is a community development tool of uncommon flexibility, accommodating a variety of land uses, property tenures, and building types. CLTs around the country construct (or acquire, rehabilitate, and resell) housing of many kinds: single-family homes, duplexes, condos, coops, SROs, multi-unit apartment buildings, and mobile home parks. CLTs create facilities for neighborhood businesses, nonprofit organizations, and social service agencies. CLTs provide sites for community gardens and vest-pocket parks. Land is the common ingredient, linking them all.

CLT Variations

There is enormous variability in the projects that CLTs pursue and in the roles they play in developing them. Some CLTs focus on a single type of housing, like attached townhouses. Some focus on a single tenure, like owner-occupied housing. Others, embracing a more comprehensive mission like revitalizing an entire neighborhood, rebuilding a locality's housing tenure ladder, or redistributing the benefits and burdens of regional growth, take full advantage of the model's flexibility in undertaking a diverse array of residential and commercial projects. Most CLTs do their own development, initiated and supervised by their own staff. Others leave development to nonprofit or governmental partners, confining their efforts to assembling land, leasing land, and preserving the affordability of any housing located upon it. Between these two extremes of the CLT-as-developer and the CLT-as-steward lie a variety of roles that different CLTs have embraced in expanding their price-protected domain.

This appendix is a reproduction of a section of *Options and Issues in Creating a Community Land Trusts,* by John Davis, 2001, published by the Institute for Community Economics, 57 School Street, Springfield, Massachusetts, 01105–1331, 413–746–8660, www.iceclt.org.

* *Congressional Record,* House, H11966, October 1992, sect. 212(a).

NOTES

1. From "Key Features of the Classic CLT," a training handout by John E. Davis of Burlington Associates. An updated version of this handout prepared as part of Davis's *Options and Issues in Creating a Community Land Trust* is included in its entirety as an appendix to this paper. For more information on the CLT model and its uses, see Abromowitz, *Community Land Trusts*, and Davis, *The Affordable City*. The Institute for Community Economics has several publications available that explain the model, including Davis's *Options and Issues* and *An Introduction to the Community Land Trust Model* (a video and companion guide). Contact Julie Orvis at ICE at 413–746–8660 or julie@iceclt.org for these and other resources.
2. SGN and NNC, *Affordable Housing and Smart Growth*, p. 21.
3. While illustrations of some of these tools are provided, no attempt has been made to provide a comprehensive list of where they are in use, both owing to space considerations and because these things change so quickly. See sources listed in the previous footnote for more examples.
4. When considering what tools might be useful in any given place, it is important to assess whether there are any local laws (municipal, county, state) that currently exclude the use of any of these approaches.
5. There are a variety of resources beginning to appear for communities that want to examine their zoning codes for exclusionary zoning practices and design more inclusionary rules for how they will develop. Three such resources are: *Reducing Barriers to Affordable Housing: A Resource Guide for Creating Partnerships To Reduce Regulatory Barriers* (Washington D.C., Fannie Mae, 2001); "Not in My Back Yard: Removing Barriers to Affordable Housing,"Advisory Committee on Regulatory Barriers to Affordable Housing (HUD, 1991); and *The Regional Affordable Housing Strategy* (Portland, Oregon, Metro, spring 2000).
6. These first three have been mandated in the Portland, Oregon, metropolitan region by Metro, the regional government. The language of these requirements can be found in the *Urban Growth Management Functional Plan*. For more information on this region's work to link housing affordability to growth management, see the section of *Integrating Social Equity and Growth Management* entitled "The Impacts of Managing Growth on Housing Prices."
7. A couple of useful sources on inclusionary zoning are the article by Dwyer-Voss and Zatz and the inclusionary housing issue of *Common Ground*, 1999.
8. Calavita and Grimes, "Inclusionary Housing In California," *Journal of the American Planning Association*, 1998.
9. Nelson et al., p. 36.
10. See *Inclusionary Zoning: Arguments and Refutations*, on the website of the Innovative Housing Institute, www.inhousing.org.
11. *The House Next Door*, a study on Montgomery Country's Moderately Priced Dwelling Unit (inclusionary zoning) program undertaking by the Innovate Housing Institute, Maryland, www.inhousing.org.
12. Unfortunately, the Montgomery County's Moderately Priced Dwelling Unit (inclusionary zoning) program requires affordability for only a very limited period (originally 5 and now 20 years). They have a newly instituted recapture provision in which 50% of the appreciated value goes to the Housing Innovation Fund to support new affordable housing when a MPDU sells, but this is insufficient to replace that unit, and does nothing to preserve the mix of incomes in each housing development.

13. In Montgomery County, 40% of the affordable units mandate must be offered to the housing authority or a local nonprofit so that they can use subsidies to further buy down the prices, making the homes affordable to people at significantly lower incomes. This has produced nearly 1000 units of housing affordable to people below 50% of area median income, most of it rental.

14. Contact the Institute for Community Economics for information on the modified ground lease for stewarding land under rental property.

15. See the "Key Issues in Developing Condominiums" section of John Davis's *Options and Issues in Creating a Community Land Trust*, pp. 38–39, for more on this issue.

16. For a more complete discussion of the pros and cons of stewarding land over a broad geographic area, see John Davis's *Options and Issues in Creating a Community Land Trust*, pp. 16–17. This issue is also discussed in *Integrating Social Equity and Growth Management,* in the section "Challenges to Integrating Community Land Trusts into Smart Growth Issues."

17. See *Integrating Social Equity and Growth Management: Linking Community Land Trusts and Smart Growth* for a more indepth discussion of the value of creating stable, mixed-income communities and the role of CLTs in doing so.

18. The Burlington CLT now owns 125 condominiums produced through Burlington's mandatory inclusionary zoning program. In Montgomery Co., Maryland, almost 10,000 moderately priced dwelling units were produced in the first 20 years of the program. The results of the 75 programs in California range from no units produced to almost 4,500 over implementation periods of 5–15 years.

19. Though no comprehensive survey of local programs for funding affordable housing exists, Mary Brooks, of the Housing Trust Fund Project at the Center for Community Change, estimates that perhaps 70% of the 250–300 housing trust funds that currently exist have some sort of long-term affordability requirements (email exchange with author, March 28, 2002). She cited several particularly strong examples of HTFs that have long-term or permanent affordability restrictions for homeownership projects: Burlington, Vermont, Boulder, Colorado, King City, Washington, and the state-sponsored HTFs of North Carolina and Vermont.

20. There are many larger questions about how displacement should be handled when government action is responsible. There are federal requirements for how the displacement of residents must be handled when federal funds are used to develop a project that displaces people. These requirements include the payment of relocation costs. Similar guidelines need to exist for the displacement of people by the actions of local and state government. The preferences tool should be used in addition to these kinds of protections where deemed useful.

21. In its early stages, gentrification is sometimes fueled in part by publicly funded affordable housing development and economic development programs designed to encourage the movement of more middle-class people into these communities. These policies were not necessarily wrong when they were created, but they are now addressing a problem that no longer exists — highly concentrated poverty — rather than the new problem of involuntary displacement. It is important to examine existing programs (tax abatements, loan and grant programs, etc.) to see what their goals and effects are and whether they need to be eliminated or redefined to address the new situation. For example, a tax abatement program designed to encourage new homebuyers to move to or build in a distressed area is unlikely to have a residency requirement or an income limit for eligibility. Leaving this program in place in this way once gentrification has started is spending public dollars in ways that are unnecessary and leads to hardship for current residents being displaced as new investors drive up property values. Adding income limits and current-resident preferences would make this an antidisplacement program rather than a support for gentrification.

22. For more discussion on the experience of integrating smart growth and affordable housing strategies in Portland, see the appendix to Harmon, *Integrating Social Equity and Growth Management: Linking Community Land Trusts and Smart Growth.*

23. PolicyLink's Equitable Development Toolkit includes a good description of linkage and some examples. For a discussion of linkage fees in Florida, see Jaime Ross's *Linkage Fees and Inclusionary Zoning*, 2000.

24. For a discussion of the land gains tax, see Lisle R. Baker's *Taxing Speculative Land Gains: The Vermont Experience*.

25. Multnomah County (the county that contains Portland, Oregon) has such a program and includes a rating structure that strongly rewards permanent affordability. For more information, contact the Department of Sustainable Community Development, www.Co.Multnomah.or.us/dscd/admin/Housing.shtml, 503–988–5000.

26. See Harmon, *Integrating Social Equity and Growth Management,* under the section "Fragmentation and Tax-Base Inequities." See David Rusk's *Inside Game, Outside Game* for a more indepth discussion about how and why regions with smaller economic disparities between jurisdictions are healthier and more economically competitive.

27. The term *jobs-housing balance* is used in a variety of ways in the planning world. In many cases, discussions of jobs-housing balance ignore the issue of the match or mismatch between wages and housing costs, focusing instead only on the total number of jobs versus homes in a given jurisdiction, region, or subregion. For the purposes of this paper, and, I would argue, in the real world in terms of effective policy, addressing the jobs-housing balance requires matching both the number of homes and the affordability of those homes to the available jobs in a given jurisdiction.

28. Knapp, "The Determinants of Residential Property Values," cited in Nelson et al., p. 36.

29. For an overview of these efforts as of 1998, see Sarah McKay's "Fair Share Housing Allocation Strategies," which is available from the Community Development Network, 503–335–9884, or info@cdnportland.org.

30. Ibid. Also the New Jersey Fair Housing Act, in the state's code, Ellen Lovejoy's "Mount Laurel Scorecard," and Burchell et al., "Mount Laurel II."

31. See n.29. Also see Orfield, *Metropolitics* and *American Metropolitics*, and the Livable Communities Task Force, *Promises Deferred*.

32. See Metro's *Regional Framework Plan, Urban Growth Management Functional Plan, and Regional Affordable Housing Strategy*, and Tasha Harmon's section on Oregon in "Smart Growth and Affordable Housing," the NIMBY Report of the National Low Income Housing Coalition, spring 2001. See also various sections of Harmon, *Integrating Social Equity and Growth Management;* in particular, "The Impacts of Managing Growth on Housing Prices" provides information on Portland's growth management approach and its impact on housing affordability, and the appendix, the Portland Case Study, provides more details on affordable housing benchmarks.

33. See also McKay, Montgomery County, Maryland, *Moderately Priced Dwelling Unit Program*, Rockville, Maryland,1996, and the website of the Innovative Housing Institute, www.inhousing.org.

34. This observation is explored in depth in the companion paper to this paper *Integrating Social Equity and Growth Management: Linking Community Land Trusts and Smart Growth* (Harmon, 2003).

35. See *Metropolitics* and others.

36. From "Metropolitan Regions Facing Their Futures Together Have Less Racial and Economic Segregation," by Myron Orfield, in *GRIPP News and Notes: A quarterly briefing on grassroots policy and race from the Applied Research Center*, vol. 1 (spring 1999). Web resource: www.arc.org/gripp.

37. Ibid., p. 1.

38. See Orfield, *Metropolitics,* for a discussion of the coalition that formed in the twin cities to pass their regional tax-base sharing policy.

39. According to the National Low Income Housing Coalition's *Housing at a Snail's Pace*, HUD's budget authority declined by more than 45% from 1980 to 1997 (in constant 1996 dollars).

40. For more information on the sources of revenue that have been dedicated to housing trust funds, order "A Status Report on Housing Trust Funds in the United States," September 1997, from Mary Brooks at the Housing Trust Fund Project, 1113 Cougar Park, Frazier Park, CA 93225, 661–245–0318, brooksm@commchange.org.

41. Ibid. See also the sources listed in the section "State and Regional Approaches to Affordable Housing," since many of these have funding attached to them.

42. For more discussion of this role, see Harmon, *Integrating Social Equity and Growth Management.*

43. Some CLTs also support community economic development initiatives in other ways. See *Integrating Social Equity and Growth Management: Linking Community Land Trusts and Smart Growth*, "Nonhousing Roles."

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