INTEGRATING SOCIAL EQUITY and GROWTH MANAGEMENT
LINKING COMMUNITY LAND TRUSTS and SMART GROWTH

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## Abbreviations and Acronyms

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

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The Fannie Mae Foundation’s generous support of this project is also much appreciated, as is its long interest in smart growth and its support of research, conferences, and forums that have increased my knowledge and connected me with many smart growth practitioners from whom I have learned much.

* The companion piece is also available from the Institute for Community Economics.
Executive Summary

The community land trust (CLT) 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, and the rapid growth of the CLT movement, make 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. And, 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 address the fundamental challenge of creating smart, livable, 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 also 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 construction 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.

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 affordable housing (and other community development) and smart growth goals.

There are challenges to creating collaboration between CLTs and smart growth. Most CLTs serve small geographic areas. Their structure as membership organizations and their goals around community-based development are not easily integrated into regional efforts. Other challenges faced by CLTs considering involvement in smart growth include the need to build varied partnerships and the hard work of building public awareness and support among multiple stakeholders across a wide geographic area who do not always talk to or trust one another.

Of the vast array of public policies and mechanisms that can address housing affordability and equity issues, there are some that are particularly useful in integrating the social and economic equity goals that are central to the CLT movement with the broader goals of the smart growth movement, including compact growth, efficient use of land, reinvestment in existing communities, the preservation of open spaces, and the reduction of regional disparities. It is critical that CLTs and smart growth proponents alike become familiar with these tools and integrate them into collaborative efforts to promote both community development and growth management.

The potential for collaborative relationships between smart growth efforts and community land trusts is enormous. There are some parts of the country where this is developing, and other places where it is not developing at all. This paper provides a framework for conceptualizing and developing these collaborations toward the goal of creating healthy, diverse regions where people of all incomes can find safe, decent, and affordable places to call home.
INTRODUCTION

THE COMMUNITY LAND TRUST (CLT) AND SMART GROWTH MOVEMENTS ARE BOTH working to reshape our communities. While their approaches, constituencies, and even primary goals are somewhat different, the two movements have a great deal to offer each other. Smart growth provides the CLT movement with a plausible alternative to the status quo in which economic segregation is the norm. Community land trusts provide the smart growth movement with a critical tool for creating stable, mixed-income communities. Unfortunately, in most places there has been too little dialogue and even less collaboration between the two efforts. My purpose in this paper is to provide a framework for understanding the ways in which proponents of community land trusts and proponents of smart growth can work together to achieve goals they hold in common.

Smart growth’s approach to housing has tended to focus on issues of residential design, density, and location. A major goal of this movement is to increase housing density and diversify the housing types available in both urban and suburban communities. While these strategies have the potential to increase affordability as well, there is no guarantee that will be the case. Indeed, in many housing markets, higher-density housing that is close to jobs and urban amenities commands far higher prices than does low-density housing farther from these attractions. In response to criticisms leveled by a variety of players, from advocates for the homeless to the National Association of Homebuilders, smart growth proponents have begun to look seriously at the issue of whether growth management strategies make housing less affordable. The research described below concludes that the answer depends on what kinds of growth management strategies are used. This research also shows that traditional zoning has a more detrimental effect on housing affordability than does most of what smart growth is advocating.

Even in these conversations, however, most of the smart growth strategies being implemented in the United States are focused neither on how smart growth can improve housing affordability, nor on how smart growth affects low-income people, which is sometimes for better, sometimes for worse. The proponents of these strategies are still defending themselves against charges that smart growth is either going to reduce property values and profits or, conversely, drive housing prices through the roof. The critical question of how to create and sustain mixed-income communities is far from being answered. It is not even being asked in many cases. Smart growth is, in fact, just beginning to ask the more immediate, symptomatic question of how to improve communities without displacing the low-income people who reside in them.
WHY SMART GROWTH NEEDS COMMUNITY LAND TRUSTS

Community land trusts have as a central goal the creation and preservation of healthy, diverse communities that include lower-income people. The mechanism that the CLT uses — the removal of land and housing from the speculative market in perpetuity — is one that is particularly well suited to the challenges created by smart growth strategies.

In addition to offering smart growth proponents a much-needed tool, the CLT movement can also offer smart growth a mechanism to create stronger links with low-income people. One of the criticisms leveled at smart growth is that it is a movement of middle- and upper-class white people concerned primarily with environmental protection. While this is not strictly true, and the extent to which it reflects the movement varies from place to place, it is certainly the case that a deepening and strengthening of the involvement of low-income people and people of color in smart growth work would both strengthen the movement and focus more attention on the social and economic equity issues inherent in its work. As membership organizations usually based in lower-income communities, CLTs can bring to the table interests that are seldom well represented in debates about regional policy and growth management. They can be part of building regional coalitions diverse enough to stand up to opposition to smart growth policies mounted by those who are well served by the status quo in zoning, planning, and infrastructure investment.

WHY COMMUNITY LAND TRUSTS NEED SMART GROWTH

It is equally true that community land trusts, particularly those in urban and suburban areas, need smart growth. A new 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 construction 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.4

By far the most compelling argument for why CLTs need smart growth comes from David Rusk’s Inside Game, Outside Game. Rusk examined racial and economic segregation in metropolitan regions across the country. As part of that work, he examined changes in poverty and racial segregation in the communities served by 34 “exemplary” community development corporations (CDCs) from 1970 to 1990. While Rusk found many wonderful programs and services in place, a great deal of affordable housing, and some increase in homeownership rates, he also found that in almost all cases the median income in those neighborhoods decreased as compared with the city as a whole, and family and individual poverty rates increased. These neighborhoods grew more economically segregated and isolated, not less.

Rusk’s analysis is that local, place-based antipoverty programs, by themselves, cannot work, for two reasons. First, there are “massive market and demographic forces” arrayed against their success. Second, people whose CDCs succeed...
in helping to move them out of poverty often move out of the neighborhood, leaving those who remain behind in deepening poverty. He argues that moving poor people out of poverty, particularly low-income people of color, requires regional strategies. Smart growth can provide a framework and tools for addressing the poverty issue at the regional level. (For more discussion on Rusk’s findings, see “Segregation,” below.)

To summarize, CLTs need two things from smart growth. One is help in addressing the nonhousing needs of their membership and their residents — help in creating complete, desirable, sustainable communities that include greenspaces, adequate transportation, strong schools, good jobs, etc. The other need is power. Forging coalitions with smart growth proponents can give CLTs a way to move beyond their local scale and to develop the power to influence regional decisions that have powerful ramifications for their neighborhoods, members, and residents.

OVERVIEW
This paper:
• provides a brief overview of the problems that smart growth and CLTs are trying to solve.
• describes the CLT model, define smart growth, and identify some of the overlaps between their goals.
• reviews current thinking on the impacts of managed versus unmanaged growth on housing prices and discuss ways to increase smart growth’s focus on social and economic equity.
• frames the issue of land speculation as central to any understanding of both growth and growth management and discuss the implications of the CLT model’s commitment to equity sharing as this relates to smart growth.
• describes the roles CLTs could play in promoting and implementing smart growth strategies that benefit low-income people and examine the challenges inherent in integrating CLTs into smart growth efforts.
• lists key policy tools that could be integrated into smart growth efforts to ensure that they increase social and economic equity.

A quick word is appropriate here about the framing of this paper, and, in particular, about what is not included. There are many aspects of smart growth, housing affordability, and community land trusts that are either touched on only very lightly or ignored almost entirely in this document. The filter for deciding what to include has been whether a topic includes a clear nexus between smart growth and CLTs. For example, transportation policy is critical to the success of smart growth and to the creation of healthy regions but is not something CLTs are likely to work to affect directly. Therefore, transportation is barely alluded to beyond listing it in the tools used by smart growth proponents.

This paper outlines some of the key arguments and findings of other researchers on the dynamics underlying poverty and economic and racial segregation as a context for the work of the smart growth and CLT movements but does not go into these critical issues in detail. Interested readers can seek out the publications referred to in this paper for a more indepth understanding.

Nonhousing strategies for economic integration and the depolarization of incomes (economic development, jobs, wages, etc.) are important to the health of our communities and regions but fall mostly outside the scope of this paper. They are mentioned only in terms of the ways CLTs can help support local businesses.

Finally, the paper is focused mainly on how all this plays out in metropolitan areas. This reflects both the fact that the vast majority of places that are undertaking significant smart growth efforts are metropolitan (as opposed to rural) areas and the experience base of the author. A short introductory discussion of how these issues might be applied to rural areas appears at the end of the discussion.
of the roles CLTs could play in smart growth, accompanied by a list of good resources for those wishing to pursue this issue in more depth.

THE PROBLEMS SMART GROWTH AND CLTS ARE TRYING TO SOLVE

Land-use planning, zoning, and public investment in infrastructure, for much of the past 50–70 years, have combined to fragment and separate our communities and regions. The development patterns of our cities, suburbs, and regions have separated housing from shops and jobs, single-family detached homes from apartments and row houses, rental housing from owner-occupied housing, and cities from farms. They have also separated people of different incomes and races. In the process of dividing us, our land-use patterns have swallowed up incredible amounts of land. Our urban and suburban communities are expanding onto new, undeveloped land much faster than their population growth would merit. We have also dismantled our public transportation systems and neglected our freight rail systems in favor of an extraordinary dependence on the automobile and the trucking industry. These choices have far-reaching impacts on our quality of life, including our access to the natural world, how we spend our time, and the health of our environment and therefore ourselves; on our geographic relationship to our jobs and other activities; on the people who provide services and goods (like food) to us every day; and on our sense of connection to our neighbors.

In large part because of these development policies, many cities have been beleaguered in the past 40 years, by seemingly intractable problems of disinvestment and absentee ownership, accompanied by ever-greater concentrations of poverty, fewer jobs, poorer schools and public services, higher tax rates, and inadequate housing for many residents with lower incomes.

Although these problems persist in many cities (and in many older, inner-ring suburbs and rural areas) the smart growth agenda has introduced a hopeful note and has begun to shift public debate and public policies toward restricting new development on the urban fringe and reinvesting in areas that have already been developed. In recent years, smart growth strategies have helped create a migration of businesses and individuals back into some central cities. Although this urban renaissance can help preserve open spaces and farmland, many inner-city residents are being priced out of their neighborhoods as a result. The inequity of the situation is glaring. When the neighborhood was in decline, these individuals were either too poor to buy homes or were denied mortgages by redlining banks and biased federal lending and insurance policies. Now that the real estate market is booming, they cannot afford to pay the astronomical rents or sale prices necessary to stay in their neighborhoods.

Community land trusts present a versatile solution to these and other urban problems, some of which are unintentionally exacerbated by smart growth. By gaining control of its own land through a CLT and ensuring that a portion of its housing will always be available and affordable to lower-income people, a community can attract new investment and new residents without making it impossible for current residents to remain. Scarce public subsidies are used once, and then protected, retained, and recycled in those affordable units forever. And the CLT model works equally well in urban, suburban, and rural settings, allowing affordable housing to be developed at a regional level, based on the unique housing and employment needs of a particular area.

Ideas about land use, smart growth, and livable communities are converging with concerns for social and economic equity. Community advocates, smart growth–oriented citizens and planners, municipalities, and policy makers are starting to
look for replicable, innovative strategies to promote reinvestment without displacement. Some smart growth-oriented groups are already taking strong initiatives in the affordable housing arena. (1000 Friends of Florida, for example, created a coalition in 1991 that was responsible for the creation of a dedicated funding source for affordable housing. They have continued to be active with this coalition and take strong stands on affordable housing issues.\(^9\)) In this political environment, CLTs have an unprecedented opportunity to make a unique and lasting contribution to the re-creation of our neighborhoods and regions. Community land trusts can become a major tool with which low-wealth residents can gain an ownership stake in the revitalization of their communities. In addition, for smart growth to succeed, the wealthy suburbs must also come to integrate a broader mix of uses, housing types, and income levels. Removing land and housing from the speculative market can play an important role in this integration, as can giving lower-income people an ownership stake in communities that have traditionally excluded them.

Before exploring in more detail the roles CLTs can play in making smart growth work, I define both terms, examine the basic premises of smart growth, and provide an overview of current thinking on its effects on housing affordability and the economic integration of communities and regions.

\textbf{DEFINING COMMUNITY LAND TRUSTS}

The community land trust is a tool for removing land from the speculative market and placing it in the hands of a community-controlled nonprofit corporation (“the CLT”), which is a membership organization. The CLT's board is elected by its membership, which is open to anyone who lives inside its targeted geographic area. The people who live on CLT-owned land are automatically members. The board is made up of a balanced representation of residents from its service area, homeowners (and in some cases renters) who live on the land owned by the CLT, and others with an interest in the goals of the CLT (e.g., elected officials, bankers, clergy, and other people who bring special skills or represent special constituencies). There are approximately 120 community land trusts operating in the United States.\(^{10}\)

\textbf{The Basic Goals of the Community Land Trust Movement}

- To give communities control of land
- To promote resident ownership and reduce absentee ownership
- To provide access to housing and land for people in the community who are not served by the market
- To help lower-income people stabilize their lives, build equity, and deepen their connection to the community
- To create both community assets and individual assets while finding an equitable and sustainable balance between them
- To create and preserve a legacy of diverse, vital communities far into the future
- To retain the value of public investment for long-term community benefit
- To support responsible planning and land stewardship
- To bring people together to work for and live in a less segregated, more inclusive society\(^{11}\)

The central mechanisms of the CLT model are the permanent removal of land from the speculative market, the holding of that land in trust to meet the needs of the community in ways consistent with the mission of the CLT, and the sharing of equity between the community (as represented by the CLT) and the individual owners of the buildings on the land owned by the CLT. Currently, the model is primarily used to create permanently affordable homeownership. It is also, though less often, used for the development and preservation of affordable rental housing, facilities for social services,
small-scale commercial development, community gardens, and the protection of agricultural and environmental resources. The land that is held by a CLT can be scattered throughout the CLT’s service area, in large and small parcels.

CLTs are uniquely designed to create and preserve homeownership opportunities for lower-income residents. The land trust retains ownership of the land but sells the house to a low- or moderate-income homebuyer. Because the cost of the land has been removed, the purchase price of the house is lower than the homeowner would have had to pay otherwise. Grants or low-interest loans may also be provided to more deeply subsidize the cost of the house, making it affordable to people at even lower incomes. The land is leased for a nominal fee to the homeowner for a very long period (typically leases are for 99 years and are renewable). The lease stipulates that in return for this cost reduction, the homeowner agrees to receive only a portion of any appreciation in the value of the house at sale, with the rest being retained by the CLT to prevent the home from becoming unaffordable. (The equity gained from paying down the mortgage also goes to the owner on resale.) The resale formula used by each CLT is developed in response to the particular local situation. The goal is to balance the provision of a fair return to the first homeowner on sale with the assurance that the home will remain affordable for future lower-income homebuyers.

The CLT’s commitment to permanent affordability and shared equity spring from both philosophical and practical roots. Philosophically, the CLT movement rests on the premise that much of the increase in the price of land and housing in areas with appreciating real estate are caused not by the actions of any individual landowner, but by community actions and public policies. The value of those price increases should, therefore, be shared with the community as a whole, not captured exclusively by the individual owner. In practical terms, rapid land and home price inflation is often highly beneficial to a small group of existing property owners, but it is hugely detrimental to possible future homebuyers who are priced out of the market. (Other detrimental effects are discussed in the section on land speculation.) If the goal is to make it possible for as many people as possible to own a home, it makes little sense to design homebuyer programs that allow individuals to reap a windfall when they sell their subsidized homes at market prices, thus eliminating access to those homes by other low-income persons. Instead, if the subsidy stays with the property, those homes will become a long-term part of the community’s affordable housing stock, without the need for periodic resubsidization or replacement. One low-income homeowner after another benefits from the public’s investment in affordable housing.

**Resale Formulas: Balancing Individual and Community Gain**

The formulas used to set the resale price of CLT housing vary greatly from one CLT to another. The most commonly used formulas are those that are either based on appraisals or tied to an index. I present an example of each below, drawn from the Portland Community Land Trust (PCLT) in Portland, Oregon, and OPAL (Of People and Land), a CLT on Orcas Island, Washington.
**PCLT’s Appraisal-based Formula:** When a PCLT homeowner sells, she gets 25% of the difference between what the property was worth when she bought it and what it is worth when she sells it. The rest of the increase is the community’s share, which stays with the property so the home can stay affordable for the next low-income homebuyer.

When purchased, property was worth $125,000
First owner got $35,000 subsidy and paid $ 90,000
Ten years later, the fair market value is $204,085
Property went up in value $ 79,085
Seller’s share of change in value is $ 19,771
House sells to next household for ($90,000 + $19,771 + $2,000 CLT fee) $111,771
Income needed for first purchase (62% of adjusted median income) $ 32,441
Income needed for second purchase (58% of adjusted median income) $ 40,500
Benefits to original owner:
  - They paid $ 90,000
  - They received at sale $109,771
  - Their cash down payment was $ 2,700
  - They borrowed $ 87,300
  - They still owed at sale $ 77,350
  - They end up with: $ 32,421
($2,700 down payment + $9,950 principal retirement + $19,771 share of appreciation)
Rate of return on initial investment 23.6%

**OPAL’s Index-based Formula:** When an OPAL homeowner sells, the increase in sales price is based on the rise or fall in the consumer price index for Seattle, up to a maximum increase of 4% per year. A limited adjustment can be made to the final resale price to reward the owner for improvements made (adding up to 7.5% of the consumer price index [CPI] resale value) or to penalize the owner for poor maintenance (subtracting as much as 2.5% of the CPI resale value).

When purchased, property was worth $165,000
First owner got $45,000 subsidy, paid $120,000
Fifteen years later, appraised, fair market value is $338,250
Property went up in value $173,250
Seller’s share of change in value (CPI index: $120,000 × 3.5 index rate for 15 years, plus 5% of CPI resale value as bonus for improvements made) $ 72,150
House sells to next household for ($120,000 + $72,150) $192,150
Income needed for first purchase (61% of adjusted median income) $ 36,000
Income needed for second purchase (55% of adjusted median income) $ 57,645
Benefits to original owner:
  - They paid $120,000
  - They received at sale (price less 1% CLT fee) $190,229
  - Their cash down payment was $ 2,500
  - They borrowed $117,500
  - They still owed at sale (principal due on loan) $103,330
They end up with ($190,229 – $103,330) $ 86,899
Rate of return on initial investment 25.19%
Benefits to the Homeowner
Community land trust purchasers receive a significant subsidy that allows them to own a home. In exchange, they agree to share any increase in the market value with the community. Aside from that restriction, shared-equity homeowners receive most of the benefits that typically accrue to any other homeowner, including:

- Freedom from insecurity, restrictions of tenancy, and ever-escalating rents and restrictions
- The pride and satisfaction of owning a home
- An increase in personal wealth as they pay off their mortgage and share in the home’s appreciating value
- The tax benefits of homeownership
- The ability to make improvements
- A legacy for their heirs
- Stable, affordable housing costs that enable them to invest in endeavors that truly enhance the quality of their lives, such as education, retirement, and their health

They also receive several benefits that are unique to the CLT model:

- The peer support that comes with being part of a group of CLT homeowners
- Support, and in some cases direct intervention, from the CLT in preventing defaults and mortgage foreclosure
- The right to participate in electing to run for the board of the organization that owns the land under their homes
- The satisfaction of knowing, if and when they sell their home, that they are passing along that home, and the subsidy they received, to benefit another buyer very much like themselves

Community land trust homes are generally affordable to people of between 30% and 80% of area median income, depending on location, cost of development, and availability of subsidies. Some people buy CLT homes as a stepping-stone to another home down the road; being CLT homeowners keeps their housing costs more stable while they are working to increase their incomes. These people may sell their CLT homes after several years and move into market-rate homes once their incomes have increased and they have accumulated a down payment, assisted by the equity they get from the sale of their CLT home. Other CLT homebuyers remain in the CLT for many years, either because their incomes have not risen or because their CLT home — and the CLT community — is where they want to be. For those people, having a CLT home gives them long-term stability, affordable and predictable housing costs, pride of ownership, a way to build equity they would not have as renters, and a supportive network of services and peers.

For both of these groups, a particular advantage of using the CLT to gain access to homeownership is the insulation from a loss of wealth that the CLT provides. This occurs at two levels. The fact that the homes are being sold for so much less than market value means that the market would have to fall a great deal before CLT homeowners would be in a situation in which the house they purchased would be worth less than they paid for it. In addition, most CLTs play an active “backstopping” role, reserving for themselves the right (through the land lease and the mortgage) to intervene if a homeowner defaults on her mortgage. Community land trusts have, and sometimes exercise, the right to cure the default, preventing foreclosure. They may then work out an arrangement with the homeowner to pay off the arrears if the problem is short term. If the problem is deeper and more long term, the CLT can keep the property out of foreclosure until it can be sold so that the CLT does not lose the home from its stock and the homeowner gets a fair price for the house rather than ending up in foreclosure and losing all that she has invested.
This level of support provided to CLT homeowners contrasts strongly with the level of risk many low- and even moderate-income people currently face in buying a home in the traditional market. Homeownership is being held out as the solution to social and financial problems for low-income households. Many families that are only marginally solvent, however, are being set up for potential disaster by the availability of “cheap and easy” mortgages with no down payment (or a very low down payment) and by marketers who boast of mortgage payments being lower than rent but never mention the additional risks and costs of homeownership (e.g., taxes, insurance, and maintenance). In far too many cases, these families end up losing their homes and being in a worse position than they were in before they bought a home, having lost whatever capital they invested and ending up with a poor credit rating due to the foreclosure on their mortgage.

The booming economy of the 1990’s fed a growth in homeownership, including growth for low-income families, but at what cost? Loans to low-income buyers increased by 94% between 1993 and 1999. In this same period, subprime loans — loans with high interest rates (and often with hidden fees) provided to borrowers with poor credit histories or low incomes, generally marketed in low-income and minority communities — went from constituting barely 1% of purchase mortgages and less than 2% of refinance loans to being 6% of purchase mortgages and 19% of refinances. In 2000, 15% of all borrowers put down 5% or less on their mortgages. This compares to a little more than 4% in 1990. The extent to which these approaches to increasing homeownership put families at risk is becoming increasingly clear. In the third quarter of 2001, 4.87% of American mortgage holders were at least 30 days late on their payments, which was the highest level of delinquencies since the end of 1991. In two government loan programs for low-income borrowers, one run by the Federal Housing Administration and the other by the Veterans Administration, the delinquency rates in the third quarter of 2001 were 11.36% and 8.11%, respectively. Default rates for subprime loans, even when controlling for household income and the size of down payment, were up to eight times as high as those on conventional prime loans.

Just as the amount of debt that low-income homeowners are forced to carry can pose a risk to their economic well-being, so does the amount of equity they tie up in their homes. Low-income households often place their entire savings into the down payment for their home. More than 66% of the total net worth of low-income households in the United States is tied up as home equity. This has two immediate ramifications. One is that these families have virtually no easily accessible savings to be used in emergencies or to invest in retirement, education, or other things that would improve their quality of life or future financial security. The second is that the economic well-being of these families is inordinately tied to the performance of the real estate market, often in marginal neighborhoods where real estate prices are less likely to rise.

The creation of stable, mixed-income communities is central to the vision of the CLT movement. The ability of CLTs to help create such communities is of great value in the context of smart growth. An in-depth analysis of how the CLT model intersects with smart growth follows the discussion of the values of smart growth and its impact on housing prices. The discussion focuses on the role of CLTs in providing shared-equity homeownership opportunities. It describes in much less depth, however, the other roles CLTs are playing and could play in smart growth. Two reasons lie behind this approach. The first is that the homeownership component is the most well developed function of CLTs and the one with the longest and most diverse track record.
The second is that the creation of permanently affordable housing throughout a region is critical to integrating social and economic equity into smart growth, a concept explored more thoroughly in the next couple of sections.

DEFINING SMART GROWTH

Smart growth is an evolving term. Words like compact, sustainable, complete, healthy, diverse, efficient, and (sometimes) equitable are used to describe the kind of communities that smart growth seeks to foster. These general terms provide a sense of smart growth’s objectives, but a more specific and concrete understanding of this approach to development is necessary as a base for discussing the roles CLTs could play. Specificity is particularly important because smart growth is being discussed and implemented in many different places simultaneously and is inevitably defined differently by different people, in different settings. It is important, therefore, to say what it is that we mean by smart growth, understanding that some people’s definitions will not include all of what we think is required. The definition below is reflective of those being created by the more social justice–oriented voices in the national smart growth dialogue.\(^\text{20}\)

Kate Bicknell, the policy director of Smart Growth America, presented the following definition of smart growth at the Community Land Trust Network Policy Conference in April 2002.\(^\text{21}\) She asserts that smart growth must be defined in terms of the outcomes it achieves. According to Bicknell, smart growth, correctly implemented, leads to six different outcomes.

- **Neighborhood livability.** Smart Growth creates safe, convenient, attractive, and affordable communities. Sprawl too often forces trade-offs between these goals. Some neighborhoods are safe but not convenient. Others are convenient but not affordable. Too many affordable neighborhoods are not safe. Smart Growth can bring all the positive elements together.
- **Better access and less traffic.** By putting jobs, homes, and other destinations far apart and requiring a car for every trip, sprawl makes everyday tasks a chore. Smart Growth creates mixed-use communities with a better jobs-housing balance that provides people with more transportation choices, produces less pollution, and saves energy. Those who want to drive can, but people who would rather not drive everywhere or who do not own a car have other choices.
- **Thriving cities, suburbs, and towns.** By guiding development and making the necessary investments in infrastructure, transportation, schools, libraries, and other public services, Smart Growth prioritizes improvements in existing cities, suburbs, and rural communities over subsidizing new ones.
- **Shared benefits.** Sprawl leaves many people behind, exacerbating differences in income and race. By creating mixed-income, mixed-use communities, Smart Growth allows all residents to benefit from strong communities and the region’s economy.
- **Lower costs and lower taxes.** Opening up greenspace to new development means that the cost of new schools, roads, sewer lines, and water supplies will be borne by residents throughout metro areas. Sprawl also means families have to own more cars and drive them farther. This has made transportation the second highest category of household spending, just behind shelter. Smart growth helps on both fronts. Taking advantage of existing infrastructure keeps taxes down. And where convenient transportation choices enable families to rely less on driving, there is more money left over for other things, like buying a home or saving for college.
Preservation of open space. By directing development into areas that are already built-up, Smart Growth preserves rapidly vanishing natural resources, including farmland and open spaces, and provides healthier air and cleaner drinking water.

At its base, smart growth seeks to take an integrated approach to managing (not halting) growth. It focuses on the connections between land use, transportation, environmental protection, natural resource and agricultural use, housing affordability, economic vitality, public health, and the quality of public services. It takes as its premise that decisions about one of these areas inevitably impacts all the others, and that to be healthy, communities must be strong in all these arenas. Planning for smart growth must therefore address them all.

Finally, by integrating issues valued by a wide spectrum of constituencies (environmentalists, housing advocates, farmers, etc.), smart growth provides opportunities for groups that do not usually talk to one another to work together on issues of regional growth. Some smart growth-oriented groups would also state overtly that to be “smart,” growth management must value citizen participation in decision-making about development patterns and encourage dialogue between a wide variety of experts and stakeholders.\(^{22}\)

All these concerns resonate with the goals of most CLTs. Some are central to the CLT’s mission. The reinvestment of resources in already developed areas, the integration of housing with transportation and with other uses, and, of course, the creation and protection of economic diversity, support and complement the housing work of CLTs. For the CLTs involved in nonhousing activities like open space protection, commercial development, sustainable access to agricultural and timberlands, and community empowerment, the links with smart growth are even deeper and more diverse.

The bottom-line question for most CLTs, however, is whether smart growth is inherently counter to their primary mission of increasing the availability of affordable housing. Even better, can smart growth policies and strategies be harnessed to further the CLTs’ mission?

To address the first of these questions, it is important to examine the impact of managed and unmanaged growth on housing affordability. Many critics of efforts to manage growth charge that growth management 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 because of the lack of incorporation of tools to protect and increase housing affordability, most of the specific arguments made in this context are unsupported by the evidence (as discussed below, under “The Impacts of Managing Growth on Housing Prices”).

Many of the people who are most vocal in their criticisms of growth management’s inflationary effects on housing prices are the beneficiaries of the current system; most notably, they are the home-builder and realtor associations. These organizations are often indifferent to the reality that sprawl and unplanned growth are detrimental to low-income people, to the creation of diverse neighborhoods, and to the health of the regional economy.

The Cost of Not Managing Growth

Recent work by Myron Orfield, John Powell, the Institute on Race and Poverty, David Rusk, Douglas Massey, and Nancy Denton, as well as a new study by the Brookings Institution (Nelson et al.), demonstrates that many of the “traditional” land-use policies in place since at least the 1950’s were designed to raise housing prices and to exclude low-income people and people of color from some communities, while concentrating them in others. Policies like large-lot-size requirements,
minimum-house-size requirements, bans on
attached or cluster development, and others
have had these effects.24

The exclusionary development patterns
fostered by “traditional” zoning have been
reinforced by a variety of other government
policies over the past 50 plus years.25 Federal
lending policies made it easy to get loans for home
purchase and home improvements in suburban
communities, but nearly impossible to get them in
many urban neighborhoods. Lending discrimination
against non-Asian minorities still feeds inequities
between investments in areas predominantly
occupied by people of color and those who
are not.26 Federal, state, and local governments
made (and are still making) choices to spend
infrastructure funds creating new roads, sewers,
schools, etc., in the suburbs while neglecting
infrastructure in existing urban communities. The
net results of these and many other policies have
been to create sprawl, to segregate communities
by income and race, and to create huge tax-base
inequities between different communities within
the same region.27

Segregation

David Rusk argues powerfully that segregation
by both race and income is still alive and well in
America. He also argues that it is being strongly
fed by suburbanization and sprawl.28 In his book
*Inside Game, Outside Game*, Rusk first establishes
that concentrations of poverty grew substantially
from 1970 to 1990 in the 58 metropolitan areas he
studied. He found that the unweighted mean poverty
level for these areas rose from 10.7% to 11.7%
over those 20 years, and that the number of
census tracts with more than 20% of the pop-
ulation in poverty grew from 1,970 to 3,405, while
the number of tracts with more than 40% of the
population in poverty grew from 421 to 1,179.29
He goes on to discuss the disproportionate racial
impacts of concentrated poverty.

Not all low-income households are concentrated in poverty-
stricken inner-city neighborhoods, however. The country’s 320
metropolitan areas in 1990 contained 10.8 million poor whites,
6.9 million poor blacks, and 4.8 million poor Hispanics, almost
as many poor whites as poor blacks and Hispanics combined. In a
typical metro area, however, three out of four poor whites lived in
middle-class, mostly suburban neighborhoods. By contrast, three
out of four poor blacks and one out of two poor Hispanics lived
in inner-city “poverty neighborhoods” where at least 20 percent
of the residents were poor. . . . Segregated housing markets have
created this disproportional concentration of poor blacks and
Hispanics.30

Rusk also found evidence of resegregation, that
is, white flight from suburban communities that had
become temporarily integrated when black families
moved in. He provides the following example from
the Atlanta metro region:

In the metro area’s ten core counties, the 1980 census showed
only twenty-four census tracts with reasonably proportionate
racial balance. (As a rule of thumb, I would define racial balance
as being within ten percentage points of the regional racial
percentages, that is, 17–37 percent black and 63–83 percent
white in the Atlanta region). By the 1990 census, the proportion
of black residents had increased substantially in twenty-one
of the twenty-four tracts. In the space of ten years, eight
tracts had gone from racial balance to 60–87 percent black.
Steady resegregation accompanied black suburbanization almost
everywhere in the Atlanta area.31

Rusk concludes:

If American society simply functioned for poor minorities the
way it functions for poor whites, the opportunities — and odds
— for many minorities to escape poverty would be substantially
improved. The growing isolation of poor blacks and Hispanics
resists civil-rights type legislation. The forces shaping the
growth of high-poverty ghettos and barrios are embedded in
metropolitan development and housing patterns that promote
greater and greater economic segregation even as purely racial
isolation slowly recedes.32
He argues strongly that the pattern of sprawl and suburbanization that has been created in the past 50 years is a major factor in creating these inequities:

New housing developments only for above-average-income households, new shopping centers and regional malls, new office and industrial parks — all constantly on the urban periphery — have been a part of the metropolitan scene for so long that these development patterns are viewed as if, as Myron Orfield has quipped, ‘they were ordained by God and Adam Smith.’

In fact . . . a complex system of laws was created to shape and foster the suburbanization of America. . . . Across the country, from the Federal government down to the most modest township, transportation, land development, and housing policies are at work that divide our society more and more by income, with tragic consequences for poor black and Hispanic households in a still racialized society.33

Fragmentation and Tax-Base Inequities

Both Rusk and Myron Orfield focus a good deal of attention on the fragmentation of government and the fragmentation of the regional tax base that have gone hand in hand with suburbanization. They outline the transformation of American metropolitan areas from fairly compact places encompassing few taxing jurisdictions (a central city, one or sometimes a couple of counties, and maybe a few smaller towns) to huge, sprawling areas with a large number of governments, all competing with one another for the kinds of commercial, industrial, and in some cases high-end residential, development that will enhance their tax bases.34

Orfield outlines the link between sprawl on the periphery and disinvestment in the urban core, including both central cities and older suburbs. He describes metropolitan regions as being made up of four types of jurisdictions:35

• Central Cities. These “have inadequate local resources and high concentrations of residents needing social services . . . include both strong and gentrifying cities like Portland, Oregon, and Seattle, and weak or declining cities such as Detroit and Milwaukee.”

• At-Risk Suburbs. These have “present and growing social needs and draws two-thirds of the central cities’ per-household government resources. Often more fragile than the communities they surround, [they] lack amenities such as large central business districts, gentrifying neighborhoods, large parks, and cultural resources. These are the places that decline most rapidly when socio-economic stress begins to appear. They are also the least likely to rebound from decline.”

• Bedroom-Developing Suburbs: These are “high growth communities that lack sufficient resources to build schools and infrastructure . . . bedroom communities . . . built for young, middle class families with school-age children. Many residents must commute long distances to work. The high ratio of children . . . contributes to overcrowded classrooms and low per-pupil spending . . . [no] strong commercial tax base to help support public spending [makes] it difficult to provide adequate services such as schools, roads, and sewer systems.”

• Affluent Job Centers: These “have few social needs and extensive public resources . . . considered the most attractive communities in a region, creating a steady flow of jobs, expensive housing developments, and upscale retail outlets.”

The inequities that exist between these jurisdictions are fed by a fragmented taxation system in which much of the infrastructure and services (including in most cases schools) are paid for by local taxes. Property taxes are usually the most important local source of government funding, although sales taxes and income taxes contribute significant revenues in some places. All three of these revenue sources are heavily influenced by the kinds of development
that take place inside a jurisdiction and by the incomes of the people who live there. It should be clear from the descriptions above that the "Affluent Job Centers," which include only 7% of the population of the 25 largest metropolitan areas in the United States, are doing very well indeed in terms of tax base, while the other three types of communities are in stress, lacking sufficient resources to meet the needs of their citizens.

That job and housing markets are regional in nature is not reflected in the governance and taxation structure of our regions. The cost of the services (schools, safety, income supports, etc.) and infrastructure (affordable housing, sewers, water, etc.) necessary to support the workforce that creates the tax base in affluent communities is largely borne by less wealthy jurisdictions in the region. While the strategy of externalizing these costs to nearby jurisdictions has significant benefits for affluent communities, it also has costs that over the long haul may threaten the economic health and quality of life of the region as a whole, impacting even the wealthiest communities.

In his research Rusk finds that the regions in our country that are the most economically competitive are those with the smallest differences within the region in terms of wealth and tax base. Specifically, Rusk finds that the 522 existing central cities in the United States can be divided into cities that were more or less "elastic" between 1950 and 1990. By this he means cities that were more or less able to "defend themselves" against the drain of suburbanization by capturing a substantial share of new development," generally through annexation or city-county consolidation. Inelastic cities "steadily lost middle-class households, retail stores, offices, and factories to their new suburbs. . . . With shrinking tax bases and burgeoning social needs, many inelastic city governments slid into fiscal crisis. . . . Schools and neighborhoods in ‘inelastic’ metro areas . . . were more racially . . . and economically segregated." He finds further that "over several decades, elastic regions . . . had higher rates of job creation and income growth than inelastic regions. Income disparities between city and suburban residents were less pronounced. Particularly after adjusting for relative costs of living, many elastic regions had higher real incomes."

Combining Orfield’s and Rusk’s analyses leads to a thesis that creating regions, through a variety of strategies, that have smaller disparities in wealth and other resources between jurisdictions may well produce regions that are economically more competitive and have a higher overall quality of life. Such regions would also be more equitable in their distribution of the burdens and benefits of growth. Orfield and Rusk both argue that regional land-use planning, a regional “fair share” approach to affordable housing, tax-base sharing, and governance reform are necessary to rationalize land-use planning, reduce sprawl, and make economic opportunities more equitable throughout our regions. (For more on regional approaches to affordable housing and regional tax-base sharing, see “Smart Growth Policies CLTs Could Support.”)

Other Negative Impacts

“Traditional” land-use and investment patterns have created many other negative dynamics in our regions and neighborhoods. The introduction to Affordable Housing and Smart Growth: Making the Connection, produced by the Smart Growth Network and the National Neighborhood Coalition in 2001, offers the following list of the “symptoms of failure” of the current system (some of which overlap with the ones described above): 38

1. The critical shortage faced by low- and very low income households and the burgeoning shortage of dwellings for households of moderate means
2. The concentration of affordable housing and poverty primarily in central cities, inner suburbs, and rural areas that leads to unequal access to services and economic opportunities
3. The presence of low-cost housing in areas with poor neighborhood quality of life, including bad schools, high crime rates, and unreliable neighborhood services.

4. The cycle of disinvestment in low-income neighborhoods, leading to falling home values, loss of wealth, fewer economic opportunities, dwindling tax bases, schools, and other essential services, and reduced investments of public and private capital stock.

5. The unintended consequences of revitalization approaches, including rapidly escalating housing costs, rental conversions to properties for sale, and the displacement of renters.

6. The growing share of travel costs associated with affordable housing located on cheap land in far-flung suburbs or in low-income urban neighborhoods, where amenities are few, and

7. Social or institutional practices that create incentives within the development market for the continuation of these problems, making it unprofitable for developers to serve the low-income market and more likely that local governments will seek to limit affordable housing for fiscal reasons. [Affordable housing contributes less to a jurisdiction’s tax base than many other uses, can be costly in terms of demand on schools and other public services. Therefore, many jurisdictions seek to exclude this use from their land base in order to maximize property taxes received.]

To this list I add the approaching housing crisis for elderly people. Given development patterns in the past 50 years, many people will find few housing options in the suburban communities they live in as they age. Most suburban housing will not serve them well when they grow unable to drive and need good public transportation and shops and services within walking distance. They will also find it hard to stay in their communities as they begin to need housing that is less expensive and smaller homes, apartments, or shared living arrangements that require less maintenance and less yard work.

Finally, several recent studies show that the cost of providing services and infrastructure to sprawling communities is significantly higher than in compact communities. Robert Liberty, the executive director of 1000 Friends of Oregon, summarized the results of those studies as follows: [Affordable housing contributes less to a jurisdiction’s tax base than many other uses, can be costly in terms of demand on schools and other public services. Therefore, many jurisdictions seek to exclude this use from their land base in order to maximize property taxes received.]

A study was commissioned by the 1989 New Jersey Legislature of the relative costs of continuing the current pattern of dispersed growth compared to a more compact pattern of growth. The low-density pattern required 130,000 more acres than the alternative compact growth pattern. That is a relatively modest area. It is slightly more than one-half the amount of land in our regional urban growth boundary. Yet, by not spreading development over an additional 130,000 acres, New Jersey would save $740 million on state and local roads that wouldn’t be necessary and $440 million in water supply and sewer infrastructure costs. At the end of the 20 year period there would be $400 million in annual savings to municipalities and school districts for operating costs under the compact growth alternative.

The American Farmland Trust analyzed two different potential development patterns for the projected tripling of the population in California’s Central Valley between 1990 and 2040. By distributing that growth over about one-half million acres, instead of one million acres, the cumulative savings in the cost of taxpayer financed services for compact growth would be $29 billion. The low-density growth pattern would produce significant local government deficits while the compact growth pattern would produce budget surpluses.

So, the existing system of land use and development incentives is expensive and works against the interests of low-income people, people of color, and many older urban and suburban communities. But is smart growth better? The answer appears to be: it can be.
THE IMPACTS OF MANAGING GROWTH ON HOUSING PRICES

As I noted previously, growth management strategies are often blamed for raising housing prices and making life more difficult for people with lower incomes. The evidence, however, appears instead to show that growth management leads to the increased diversification of the housing stock even without most of the strategies to address housing affordability recommended in this paper.

The Experience in the Portland, Oregon, Metropolitan Region

The Portland, Oregon, metropolitan region has become a focal point in the national debate over whether managing growth makes housing less affordable. This is the case both because the region is further along than most areas in implementing strong land-use-based growth management tools and because strong affordable housing advocacy efforts are under way in the region. This section uses the experience of the Portland metro region, in the context of national research, to frame the question and to rebut some of the assertions of anti–growth management activists by showing the impact of smart growth strategies in action. The region also offers an interesting example of the roles that affordable housing developers and advocates can play in shaping the smart growth debates.

Metro: Regional Governance on Land-Use Issues

The Portland region has a directly elected regional government known as Metro, which has the power to set land-use patterns and to take steps to address any issue determined to be “of regional concern.” Metro also manages the state-mandated urban growth boundary (UGB). The UGB is the line within which urbanization can take place within the region, which consists of 23 cities and towns and much of three counties. Metro’s 2040 Growth Concept, Regional Framework Plan, and Urban Growth Management Functional Plan, laid down a framework for how development will occur in the region (see bibliography). Of equal importance to Metro’s regulatory role is the impetus and a forum created by Metro’s decision-making for all the region’s jurisdictions, and for many of its citizens, to talk together about issues of a regional nature. This alone hugely increases the extent to which issues of land use, transportation, natural resource protection, housing, and others are dealt with as both interconnected and interjurisdictional, transcending traditional boundaries of constituency and jurisdiction.

Metro’s decisions about land use and the urban growth boundary have been controversial. Criticisms have been raised from many sides. The home-building industry has charged that the UGB is driving up land and housing prices (see below). Some neighborhood activists have charged that decisions to increase density requirements in transportation corridors and town and city centers is “social engineering,” which deprives them of their right to live the way they want to live and decreases the quality of life in their communities. Property rights activists have charged that the steps Metro proposes to take to protect watershed viability will be an uncompensated and unconstitutional “takings.” Some local zero-population-growth advocates assert that planning for growth creates growth. Some local governments in the region protest certain Metro actions as “unfunded mandates” and resist requirements to address issues such as affordable housing that they consider to be “urban problems” or as outside Metro’s purview as an entity created primarily to address land-use issues.

Despite all these controversies, Metro’s goals are strongly supported in the region. Perhaps the bottom line in the controversy is best understood by knowing that a recent survey Metro discovered that the two things that people in the region are
most concerned about are density and sprawl. This seeming contradiction underlines the difficulty of implementing new patterns of development even when the goals of those changes are strongly supported.

Curbing Sprawl

Metro’s actions to curb sprawl have been quite successful. In the first decade of the UGB, the Portland region’s urban population grew by 14%, while urbanized land grew by only 11%, making it one of the only regions in the country where the population grew more rapidly than the land used. This success has not been uncontroversial. While most neighborhoods in the Portland region have seen only modest changes in construction types and density in exchange for significant gains in the battle against sprawl, change is challenging for human beings, and the political culture of the region supports vigorous debate.

Changes in Housing Prices vs. Household Income

The Impact on Housing Affordability

The local debate most relevant to this paper is whether the UGB is causing the region’s large and growing problem with housing affordability. Metro’s data show, as illustrated below, that “from 1990 to 1999, the median cost of a single family home in the Portland OR Metropolitan Region increased by about 100%. In this same period, the median household income increased by only 28%.”

Metro projects a shortage of 90,000 units of affordable housing by 2017 (with 723,000 households expected to live in the region) if significant policy and financing strategies are not put in place.

The Home Builders Association of Metropolitan Portland and others have been quick to blame Metro’s growth management efforts for increasing land prices and for the declining affordability of housing. They point their fingers at the tight urban growth boundary (UGB) (and sometimes also at “high” system development charges (SDCs) and “overregulation”) as the key causes of high housing prices. Citing rapidly increasing land prices since 1990, they argue that the way to ensure sufficient affordable housing is to expand the UGB by more than 10,000 acres, decrease regulation and SDCs, and let “the market” correct the problem. Many analysts, however, repudiate the claim that it is the urban growth boundary that is causing the affordable housing problem in Portland.
A new study by the Brookings Institution, *The Link between Growth Management and Affordable Housing: The Academic Evidence*, asserts that economists have found that Portland’s growth in housing prices is more attributable to increased housing demand, increased employment and rising incomes than on its urban growth boundary. Moreover, after an initial spike in housing prices between 1990 and 1994, attributed by economists to rapid increases in jobs and wages, Portland’s housing prices since then have risen at about the national average. The reason may be that despite limiting the amount of land, Portland’s growth management policies actually increase housing supply relative to demand.

There are two sets of specific policies that are currently in place in the Portland Metro region that work to “increase the housing supply relative to demand.”

A. State-level mandates adopted in the 1970’s that:
- require local governments (and Metro) to ensure that sufficient residential land is available to accommodate the population and that government action “shall encourage adequate numbers of housing units at price ranges and rent levels . . . commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type, and density.” (State Goal 10)
- require at least 50% of the buildable land in every community to be zoned to allow attached single-family or multi-family housing, and sets average residential density standards for cities of different sizes (Metropolitan Housing Rule)

B. Metro requirements adopted in 1996 as part of the Urban Growth Management Functional Plan that:
- require that minimum density requirements be set for all areas (so that buildable land zoned for attached single-family and multi-family housing not be covered with large-lot single-family homes)
- require that accessory dwelling units (sometimes called granny-flats) be permitted in all single-family zones
- set new density requirements that are higher than those required by the state for some types of zoning, particularly for transit corridors and mixed-use areas.

As yet untested are the new requirements in the Metro code mandating that affordable housing be a demonstrated part of the mix that will be developed in areas being brought inside the urban growth boundary, and the affordable housing production benchmarks adopted in 2001. By 2003 Metro should have some sense of whether these policies are having an impact on the region’s supply of housing.

However, even the state-level mandates alone made a significant difference to housing availability and diversity. A study of the Portland housing market from 1985 to 1989 undertaken by the Home Builders Association of Metropolitan Portland and 1000 Friends of Oregon found the following:

- Multi-family housing construction increased to 54% of all new housing in the region during 1985–1989. Before the Metropolitan Housing Rule, multi-family housing (apartments, row houses, duplexes, four-plexes, and so on) represented only 30% of the region’s planned, 20-year supply of new housing.
- Lot sizes (and prices) on new single-family housing was lowered. About two thirds of the new homes were being built on lots smaller than 9,000 square feet, whereas the average lot measured 13,000 square feet for new housing already approved under local zoning plans in effect before the Housing Rule’s enactment.
Homes on larger lots (larger than 9,000 square feet) on average cost twice as much as homes on small lots (smaller than 7,000 square feet).\footnote{52}

The most basic rebuttal to the argument that the way to solve the affordable housing problem in the region is to bring huge amounts of new land into the UGB is the fact that the single largest housing affordability problem in the Portland region, by an enormous margin, is housing for people of below 30% of median family income. The projected affordable housing shortage facing this group in 2017 is 66,000 units, more than two thirds of the total affordable housing need identified in the Regional Affordable Housing Strategy.\footnote{53} None of the housing that the private market would produce in the urban fringe areas newly incorporated into an expanded urban growth boundary would meet this need.

The only way that expanding the UGB might assist in any significant way in providing housing for people at these very low income levels is through a process known as filtering. Filtering is most neutrally described as an economic model that presumes that building new, attractive market-rate housing in a region will free up older and less attractive housing stock (bringing down the prices of the latter), as the occupants of older housing move into newer housing. In practice, filtering is less effective in creating affordable housing opportunities and less common than the textbook model presumes. When it is effective, moreover, it is often because sprawl has shifted most investment and development out of distressed central city neighborhoods and older, inner-ring suburbs, creating areas of highly concentrated poverty. This is not a healthy solution to the affordable housing shortage, either for poor people, or for the region as a whole.

In addition to the unattractiveness of this as a solution, it is highly unlikely that filtering will occur in high-growth areas that are implementing smart growth strategies. Filtering will create significant affordable housing only if there is not a lot of immigration and hence the supply of housing keeps up with or surpasses consumer demand. Rapid population growth puts too much pressure on the stock for housing costs to fall significantly, even in less desirable neighborhoods. Indeed, many examples exist in high-growth areas of relative housing prices increasing more rapidly since there are so few affordable housing choices regionwide.\footnote{54}

National Data on Housing Affordability and Zoning and Land-Use Patterns

On a national level, the Brookings study found that different “traditional” zoning patterns and different growth management strategies had different potential and actual impacts on housing prices, and that housing demand was generally a much larger factor in housing price inflation than land constraints. The study found specifically that two key growth management strategies, urban growth boundaries and ordinances requiring that adequate public facilities be in place before development permits are issued, were associated with shifts toward multi-family housing. Since multi-family housing is often rented, and since black and Hispanic residents depend heavily on rental housing to gain entry into a jurisdiction, urban growth boundaries and adequate public facilities ordinances may have “inclusionary” benefits that help balance any tendency they may have to raise housing prices.\footnote{55} This is in sharp contrast to the finding that:

“low-density-only” zoning (limiting density to eight dwellings [per acre] — essentially single-family detached “cluster” homes) or fewer consistently reduced jurisdictions’ housing supply, shifted their housing stock away from multi-family and rental housing, and reduced the affordability of their rental housing. Zoning did not exert an independent effect on jurisdictions’ racial and ethnic composition, but supply restrictions (especially reductions in the share of rental housing) strongly reduced the growth of the black
and Hispanic population. The chain of exclusion is . . . a powerful reality for low-density zoning.56

The goal of creating economically diverse communities and neighborhoods is not uniformly accepted as a central tenet of smart growth, though it is becoming harder to leave this goal out of the debate. Indeed, more local and national organizations are now focusing on diversity as a planning goal. In many places, “smart growth” has initially focused on issues that are of most immediate concern to businesses and the middle class, with sprawl, traffic congestion, and the creation and protection of greenspaces being the most common. Solving these problems, however, requires addressing issues more directly linked to social and economic equity, including the growing spatial segregation of people by income; the disproportionate economic isolation of people of color; the connections between sprawl on the edges of urban areas and disinvestment in the older cities and suburbs; the lack of affordable housing near jobs; and the inequities inherent in our fragmented local tax system.57 How the smart growth framework can be used to address these goals is the focus of the next section.

MAKING SMART GROWTH SMART FOR LOW-INCOME PEOPLE AND COMMUNITIES

Land-use strategies, as embodied in smart growth or in more “traditional” approaches, cannot by themselves solve the complex problems of poverty, segregation, economic isolation, and racism. They can play significant roles, however, in either reinforcing these trends or reversing them. We need to understand the ways in which land-use patterns influence these larger social and economic dynamics and make decisions about what land-use strategies we will employ in our communities based on that understanding.

There is ample evidence that smart growth-oriented zoning enables a more diverse housing stock. There are also substantial flaws in many of the arguments about the negative impact of growth management on housing costs. Nevertheless, it is also true that when we make the choice to limit the available land supply, require more parks, protect environmentally sensitive lands, and build high-quality mass transit, someone pays the price—literally. When we improve the livability of a given area, we increase its desirability. That increases the price of living there, that is, housing costs. And, as with many neighborhood revitalization efforts, the success of growth management is too often measured by asking whether “the neighborhood” improves, without asking whether that improvement comes at the expense of low-income residents. Low-income people will be hurt by smart growth, as they are by unregulated sprawl, if issues of land speculation, diversification of the housing stock regionwide, support for locally owned businesses, and environmental justice are not at the heart of the discussion.58

Using an Equity Lens To Evaluate Government Action

Anytime we use governmental powers to change the ways our communities function, we need to look carefully at who gets the benefits and who bears the burdens of those changes—to see through an “equity lens” as we evaluate options and set public policy. In general, in our society, the majority of the benefits of “improvements” to, and investments in, our communities accrue to those people with more resources (income, wealth, and land); the burdens fall on those with fewer resources.

For example, public investment to make substantial improvements to a park in a neighborhood that includes a mix of owner-occupied and rental housing has widely disparate effects on neighborhood residents. While on its face it would appear that everybody benefits from a better park with more facilities and amenities, the people who gain the most are the property
owners abutting the park, who are likely to see the most significant increase in their property values. Other beneficiaries include nearby landowners, who will probably see those increases in property values ripple out to include them. Moderate-income renters who can afford rent increases will lose monetarily, but gain in improved amenities. Low-income homeowners who will not be able to pay the higher property taxes that result (in most cases) from rising property values will likely be forced to sell their homes and will lose their community and their access to this improved park. They will receive more money for their homes than they would have before the park improvements, but they are highly unlikely to be able to translate that one time economic gain into secure housing in a comparable place. The biggest losers are the lower-income renters, who will be displaced by rent increases or by the sale or conversion of the single-family homes or apartment buildings they have been occupying. The lower the renters’ income, the more likely it is that there will be no opportunity for them to stay and enjoy the refurbished park.

Another example: when local government rezones an area of primarily lower-cost housing to allow a transformation to office or commercial use (usually at the request of the landowners), the biggest benefits accrue to the landowners, who can now tear down affordable housing and put up something more profitable. The biggest burdens fall on the displaced renters. There may also be significant losses to the larger community if this action adds to an existing shortage of affordable housing. One such impact is the difficulties faced by businesses whose workforce cannot find affordable housing, including higher rates of worker lateness and absence, lower productivity, and higher employee turnover.

This is not to say that reinvestment is inherently bad. Allowing neighborhoods to deteriorate is not a good solution to the affordable housing problem. The challenge, if one is looking through an equity lens, is to revitalize neighborhoods in ways that do not displace lower-income residents and do not eliminate affordable housing options.

We must use the equity lens to evaluate smart growth. We must ask whether smart growth will improve the lives of the people in our communities who are most vulnerable and who have fewer options — or make their lives more difficult, reducing whatever options and opportunities they already have. It is important to ask this question for two reasons. One is moral: in a society with such riches as we have, we should not be adopting governmental policies that increase hardships for those with the fewest resources. The other is practical. The costs to a region of not paying attention to this issue are high.

The Costs of Not Addressing Housing Affordability

The social and economic costs of addressing the needs of low-income people increase when there is insufficient affordable housing. This is true in both the short and long term. Some of these costs can be seen pretty clearly in a government-spending cost-benefit analysis (the cost of trying to rehouse someone who is homeless and in crisis versus helping someone stay in their home), but many are less immediately visible because so few of the people who need help in securing affordable housing do get help. Hence these costs are privatized in various ways.

In the short term, when households are destabilized by the loss of housing — whether this results in homelessness or in just having to move often because of rent increases — or by paying substantially more than they can afford for housing, their economic productivity is likely to fall (think back on what your last move demanded of you in terms of time and resiliency). They are also more likely to need assistance with food, medical costs, and other expenses than they would if their housing costs were reasonable. For people with mental or physical health problems, or for those in
recovery from addiction, stable housing has been found to be a crucial support in helping them keep it together; it is a support without which they often fall back into crisis.\textsuperscript{60} One night in a hospital can easily cost taxpayers more than one month of rent. Assisting a family or individual to stay in their home is generally far easier and much less expensive than it is to rehouse a homeless family or individual, who may have eviction notices on their record because they have been unable to pay their rent when it increased rapidly.

In the longer term, there is clear documentation of the strong link between involuntary housing instability (being forced to move a lot) and poor school performance. Success in getting an education, which is an important path out of poverty for many people, is much less likely if people do not have stable, affordable housing.\textsuperscript{61} There are also big environmental and quality-of-life costs to a lack of affordable housing in a region. The geographic mismatch between jobs and affordable housing is one significant cause of traffic congestion and air pollution in our regions. Most of the low-paying jobs in high-end suburbs must be filled by people who cannot afford to live in them and who must therefore commute — and usually drive — long distances to work.

In addition, there is David Rusk’s finding, discussed above, that the regions with the larger differences in wealth and tax base between their jurisdictions were less economically competitive (see “Fragmentation and Tax-Base Inequities”). In the end, the policies that hurt low-income people undermine the economic vitality of the whole region, hurting us all.

**Smart Growth’s Ability To Reduce Inequities and Improve Quality of Life**

There are many obvious ways in which the regionwide implementation of good, smart growth strategies will improve the lives of low-income people and reduce the disparities between the quality of life of lower-income people and those of people with more resources. It can offer more transportation choices for people who often cannot afford to own cars, reducing isolation and opening up new job possibilities. It can reduce the number of vehicle miles traveled per person and hence reduce air pollution and related public health problems like asthma, which often disproportionately affect low-income people.

It can create more parks and open spaces in neighborhoods, thus improving the quality of life for all people in those neighborhoods. It can refocus public and private investment toward existing communities, bringing new capital, amenities, housing, and jobs to areas with long histories of disinvestment.

Smart growth can do those things, as long as those creating and implementing the policies are conscious of the need to understand and address the needs of low-income people as part of that planning and implementation. If the protection of greenspaces is focused exclusively on preserving pristine areas outside the cities instead of adding or repairing natural areas in older neighborhoods, low-income people are likely to receive far less benefit than people with higher incomes. If transportation planning is largely focused on luring people out of their cars for trips, the needs of people who do not own cars at all may be unmet. If the goal of revitalizing communities does not include strategies to ensure that longtime residents can stay, poor people will just be moved to a different part of the region, probably with fewer amenities and economic opportunities, as their old neighborhoods gentrify.\textsuperscript{62}

**Housing Affordability Is Central to Equity**

Housing affordability is a cornerstone issue in evaluating whether smart growth in a given community will be good or bad for low-income people. This is true for two basic reasons:
1. Housing costs are almost always the single largest expense for low- and moderate-income households. Large and rapid increases in housing prices are highly destabilizing to households with little income flexibility. In addition to the immediate economic destabilization, losing one’s home over and over again is highly stressful and can have significant negative impacts on job success, family stability, and achievement in school for children.

2. Where people can afford to live determines their access to many kinds of opportunities and amenities, including good schools, jobs, parks, clean air and water, and public transportation.63 Many tools exist that can, as a part of managing growth, increase both housing affordability and housing diversity. These tools run the gamut from incentives to mandates, from zoning code changes to taxation and funding strategies. They can be addressed at all levels: federal, state, regional, county, city, and neighborhood. Most of the tools listed in the last section are in use in various places in the country. It is possible to make social and economic equity central to how we define smart growth. The question is whether smart growth proponents will advocate for the implementation of such strategies, and whether they can succeed in getting them implemented. At the heart of all the tools necessary to address housing affordability is the issue of land speculation.

LAND SPECULATION AND HOUSING PRICE INFLATION: THE ACHILLES HEEL OF SMART GROWTH

Land speculation and the accompanying inflation in housing prices should be key issues in managing growth.64 Smart growth strategies are designed to make settled areas more attractive and to redirect public and private resources toward underused urban and inner-ring suburban areas that have been damaged by years of disinvestment. Both of these goals are laudable. Yet both will have the effect of raising land and housing prices and (in so doing) of creating enormous economic stress for low-income people unless strong countermeasures are put in place.

In the United States, land and housing are treated as private commodities that are bought, used, and sold to create economic gain for individuals. Our tax policies and land-use controls are designed to protect, even to encourage, the use of real estate for this purpose. Rapid increases in the price of real estate is said to be a good, healthy dynamic, and a fitting reward to the smart people who chose to invest in this way. There is scant acknowledgment of either the role of community and government in creating rising real estate values, or the damage that can be done to lower-income people by such rapid gains. Land speculation is often talked about in terms of the actions of large-scale developers who are holding vacant land and buildings in disinvested neighborhoods or who are buying land on the urban fringe. These big players receive many of the benefits and have a strong impact on local markets. However, the poorly distributed pattern of benefits and burdens created by the speculative use of private property is fed by everyone whose interests, politics, and motivation are bound up in the appreciating value of real estate. This includes all of us who own our own homes and are counting on them to appreciate in value to help improve our financial picture.

An early reviewer of this paper provided a personal illustration of this dynamic. He purchased a house in 1996 in a neighborhood in northeast Portland, Oregon, where property values had for many years been depressed by redlining and other manifestations of racism and neglect but had recently begun to rise. Between August 1996 and November 2001, the market value of his home went from $76,000 to $145,000, all largely owing to factors that had little if anything to do with his actions or investments and that were, in fact,
outside his influence. Should he choose to sell his home now at market price, it would be impossible for someone with even close to the income he had when he bought the house to do so. Since this is happening not just to his home, but to homes all across the neighborhood, a rung on the housing tenure ladder — the rung that allows first-time homebuyers of modest means to break into the market — is disappearing.

It is a central tenet of shared-equity housing in general, and of CLTs in particular, that increases in home equity should be allocated to their source. People should not claim appreciation that they did not create. In this example, the home prices in the neighborhoods in northeast Portland described above rose between 125% and 200% from 1990 to 1995. Those price increases were caused largely by big economic and social factors, including the region’s rapid population increases and a new interest in living in closed-in, transit-accessible neighborhoods with interesting old homes, not from the actions of any individual homeowner. It can be reasonably argued that the people who have lived in and maintained those homes and been part of the neighborhood for 40 years have earned some portion of that appreciation, but they certainly did not create all of it by themselves. Further, the people who bought those properties at the right moment to realize huge gains did little more than any other city taxpayer to increase the desirability of real estate in those neighborhoods, yet they end up capturing a large portion of the increase in price as individuals.

When the increase in home values created by community investment is captured entirely by an individual, there are very real losses to the community. In the Portland example the losses to the community are several.

First, longtime residents of the community are displaced. The seller of the home may have done well in this transaction relative to what she paid for the house some years earlier. Yet she may also discover that the lump-sum payment she got when she sold the house was not enough to buy another home in the neighborhood, particularly if she delayed at all in making the purchase. If the home was being rented, as many were in these neighborhoods, the displaced renters are thrown into a market with fewer and fewer affordable rental options. Many have found that they have to move well out of the neighborhood or pay substantially more than they can afford for housing. So the neighborhood loses longtime residents, and the displaced individuals often find their quality of life substantially diminished by having to move far from their social networks or — often — by having to paying far more than they can afford for rent.

Second, the community loses an affordable home. The potential for nearby residents whose incomes are not high to stay in the neighborhood is lessened both because this house is now out of reach and because its high price will drive up the “comps” used by realtors to set the prices of the homes around it. This is gentrification at work.

An overt goal of urban renewal and other “community revitalization” strategies has been to increase property values. Many proponents of smart growth fall into a similar trap of assuming that all investment in “distressed areas” is good. No one is going to argue against reinvestment in these communities, least of all the people who have lived for many years in areas where they cannot get home loans, property values are falling, jobs are disappearing, and taxes are high owing to a low tax base, while services and schools are underfunded and local businesses are dying from a lack of customers. However, the business-as-usual approach to revitalization has two fundamental flaws. First, it does nothing to ensure that economic integration of the community occurs: that existing residents benefit from revitalization and can stay in their neighborhoods. Second, the strategies focus entirely on the geographic deconcentration of poverty with no accompanying strategies for
the geographic deconcentration of wealth in a city or region. The result is either to displace low-income people to other, less desirable places, or, to make it impossible for low-income people to find affordable housing anywhere. This is neither just, nor smart. Deconcentration of wealth — that is building substantial amounts of housing affordable to moderate, low, and very low income people in those parts of our regions traditionally reserved for people with higher incomes — is expensive, both politically and economically. But it is critical to the health of our regions.

It will not be easy to create communities that are not income-segregated. It is rare to find stable, mixed-income neighborhoods in the cities of the United States. A mixed-income neighborhood is generally either a neighborhood on its way up or on its way down. This is a function of how land and housing prices get set in our economic system. A full discussion of this process, and the impacts of the boom-and-bust economic cycle on real estate, is beyond the scope of this paper. The boom issue of general concern is well illustrated in the land speculation example given above, and the bust side of the equation is illustrated by what has happened to inner-city neighborhoods as investment moved elsewhere, described at the beginning of the paper.

One way to ameliorate the more negative effects of this dynamic locally is to remove some of the land and housing in communities from the speculative market. This insulates that real estate from two linked dynamics of “the market.” The first is price. The second is the effect price has on determining what will happen on that land. Generally, what a piece of land is used for is determined by what will bring the highest price (profit, within allowable uses). If the price of the land is no longer at issue, decision-making about what will be done with that land places more weight on the needs of the community as a whole, and particularly on the needs of people in the community who do not have enough money to be able to access land through “the market.”

The issue of land prices is a particularly sticky one in smart growth because it is an overt goal of smart growth to use less land and increase density in order to use infrastructure more efficiently, protect natural areas, farms and forestlands, preserve access to nature, and support mass transit and other alternative transportation. Planners assume, and indeed rely, on the idea that when the land supply is restricted and higher-density development is permitted, land costs will rise. This will in turn make it more cost-effective to build more housing units on a given site and hence more housing will result. In many cases this proves true. However, this more efficient use of land does not necessarily translate into lower-cost housing.

There are two reasons for this. First, land prices are rising. This increases costs for both new and existing housing. Even the resulting higher density may not fully offset the contribution of land price increases to housing prices. Of equal importance is that the “value” of the existing stock as measured by assessed value and, in most cases, market value, will usually rise when land is up-zoned. This often results in the replacement of existing, affordable older housing with new, denser, but less affordable housing. Even when existing housing is not demolished, higher assessed values and hence higher property taxes may result from up-zoning and surrounding new development. This itself is often enough to cause significant hardship for existing lower-income residents.

The second reason higher density does not necessarily equal lower housing costs is that even if per-unit land prices for higher-density housing are significantly lower than for low-density housing (which is often the case), home prices are not based on land costs alone. The most basic factor in setting home prices is “demand.” If people will pay more, developers will build to that market. It is as easy, and in many cases more profitable, to build
high-end, high-density housing than it is to build affordable high-density housing.\(^75\)

When sprawl is allowed and encouraged, there is a safety valve of sorts on housing affordability. With new housing being built on the fringes all the time, and new rings of suburban development luring businesses and middle-income people, there are usually older areas where disinvestment is taking place and housing prices are falling.\(^76\) These inner-city neighborhoods or inner-ring suburbs are not necessarily good places to live, since they are often isolated from jobs and have high tax rates and poor public services and schools, but they do provide a place in the region where people with lower incomes can afford housing. Fringe development itself can also provide “starter homes,” cheaper housing for first-time homebuyers and others on inexpensive land a significant distance from most jobs and amenities. As noted in the section on the cost of not managing growth, Myron Orfield’s research shows that suburbs are not at all monolithic. Regions tend to develop a “favored quarter,”\(^77\) where much of the high-end housing and new jobs are located. Older cities and suburbs in the region, and some of the new suburban development that happens away from the favored quarter, contain the region’s more affordable housing stock.\(^78\)

If smart growth does its job, there will be no unending new rings of suburbs, no favored quarters, and no areas of concentrated poverty. Every neighborhood, city, and town will be a desirable place to live. By itself smart growth will not change the fact that one of every seven Americans — 36 million of us — lives below the official federal poverty line,\(^79\) and that many others who are not this desperate still do not have much money.\(^80\) Where, then, will low-income people live?

**AFFORDABLE HOUSING AS INFRASTRUCTURE**

The obvious answer to this question is that low-income people must have good housing choices in all communities in our regions. While this flies in the face of the growth patterns of the past 50 years, it is quite consistent with the goals of smart growth and the analysis of Rusk, Orfield, and others about what makes regions and communities healthy.

An adequate stock of affordable housing should be viewed as part of the infrastructure necessary for a healthy community, like parks and streets and water lines. For affordable housing to function as part of community infrastructure, it must not be subject to the whims of the market. It must be a permanent resource. This requires a commitment to the affordability of that housing stock in perpetuity. Such a commitment would make public investments in affordable housing far more comparable to those made in other infrastructure, by making the housing created a long-term resource to be used by many people, not a windfall for any individual. When public funds are used to create a park, we expect it to be there for our grandchildren and for their grandchildren. Why should the standards for public dollars invested to create an affordable housing infrastructure be different?

The level of public investment necessary to ensure that the affordable housing part of the infrastructure is created and maintained would be far higher than current public investments in housing are, but it probably would not be out of line with the levels of public investment made in parks, streets, water lines, and so on. It will be much easier to argue for this level of investment if it is framed as creating a long-term infrastructure for a healthy region.

**Permanent Affordability Requirements and Smart Growth**

Permanent affordability requirements are a critical tool for the creation of the needed housing infrastructure in all types of communities, but it is particularly urgent to put this requirement in place in areas where attempts are being made to use land more efficiently and to revitalize existing
low-income neighborhoods. Both of these efforts work against the creation and perpetuation of concentrated poverty and hence preclude one traditional affordable housing strategy (filtering), in which older, smaller homes in less desirable neighborhoods become more affordable as new housing is created in other places. As growth and investment are redirected from sprawl on the fringes to developed areas that have experienced disinvestment, areas that have been affordable because of a lack of investment and amenities become more desirable, and affordable housing is lost.

Most of the affordable housing lost under these circumstances is unsubsidized housing, housing that was affordable because it was in an undesirable place, was run-down, lacked various amenities, and so on. The majority of the affordable housing in most communities is unsubsidized and completely subject to the whims of the market and to changes in public investment strategies that influence the market. Some of the housing that is typically lost under these circumstances is, however, already publicly subsidized, but not required to stay permanently affordable.

Where smart growth strategies are successfully limiting sprawl and redirecting public and private investment to areas that have experienced disinvestment, affordable housing that is lost to the market (through price increases or conversion to other uses) can be very difficult to replace. Not only are land prices likely to be rising quickly in these cases, but there may be little vacant land on which to build. The net result is usually that low-income people find they have few housing choices in these gentrifying communities.

**Approaches to Preserving Affordability**

To create stable, healthy mixed-income communities, some of the housing stock, both rental and homeownership, must be protected from the pressure of the market. This can be done through regulatory tools, through the ownership of housing or land by entities that are committed to permanent affordability, or through a combination of these approaches. In the section on public policies that CLTs could support there is a basic description of some of the regulatory strategies.

Various models exist for using the ownership of housing or land to create permanently affordable rental housing with long track records in many of our communities. Nonprofit ownership and public housing authority ownership are the most common. There are also mutual housing associations, in which renters have some “ownership” stake in the housing. Permanently affordable homeownership models are fewer and less well known. Limited-equity co-ops have been in existence, mostly in major East Coast cities, for many decades. Limited-equity condominiums and deed-restricted owner-occupied homes have also been developed in some places. The community land trust model came into existence in the 1960’s and has now spread to more than 120 communities nationwide.

**THE ROLE OF COMMUNITY LAND TRUSTS IN CREATING SMART, LIVABLE, EQUITABLE COMMUNITIES**

Community land trusts address the problem of rapidly escalating land and housing prices by permanently removing land from the speculative market, placing it the hands of a community-controlled corporation, and permanently restricting the resale prices of housing (and any other structures) located upon that land. The section “Defining Community Land Trusts” describes the model and how it is used in providing and preserving homeownership opportunities for people of modest means. The model can also be used to address objectives more commonly associated with smart growth.
Creating and Preserving Mixed-Income Communities

If a key goal of smart growth is to create diverse (mixed-use and mixed-income) communities that will stay that way over time, the methods most commonly used by cities and states to subsidize homeownership for lower-income households are woefully inadequate. Subsidized homeowners are routinely allowed to resell their homes at market prices. The affordable home that was created when they got their subsidy is lost. In most cases, the subsidy itself is also lost, since it is pocketed by the departing homeowner. These affordable homes cannot be replaced without both additional subsidies and new sites, which may be hard to come by in areas that are being redeveloped rapidly or where buildable sites are in short supply because of natural or regulatory limits on growth.

In contrast, CLTs retain in perpetuity the value of the subsidies invested up front. They create a stable and growing stock of affordable homes that are passed on from one lower-income homeowner to another over time. Limited-equity resale formulas can be designed to meet various goals and to address changing market conditions, balancing the social goals of preserving the value of public subsidies and preserving the affordability of privately owned housing with the desires of individual homeowners to share in the increase in home value that comes from market appreciation.

In neighborhoods where the quality of life is improving and property values are rising, CLT homeowners benefit in almost all the same ways that homeowners of unrestricted (or "market") homes do. They are likely to find their community has better services for less taxes, more local businesses, better schools, better transit services, and more job opportunities. Under the most common resale formula (which is appraisal-based), the equity they have in their homes does increase as property values in the community rise, although not by as much as it would if their resale price were not restricted. Yet both the people and the homes are insulated from some of the effects of neighborhood revitalization on land prices. Two such effects are property tax increases and the trend toward economic segregation.

Property Tax Increases

In many places, the rapid increase in real estate taxes that comes when neighborhoods gentrify is a major threat to existing low-income homeowners. Longtime homeowners on low, fixed incomes often lose their homes, not because of mortgage payments being too high for them but because as the homes around them sell for higher and higher prices, the market value of their home increases (at least in the minds of the tax assessors), causing an unaffordable increase in taxes. In many cases, CLT homeowners are insulated from rapidly increasing real estate taxes because the assessment on which their taxes are based takes into account the resale restriction that permanently encumbers their homes.

Countering Income Segregation

Removing land from the speculative market to ensure that housing is available for people with a broad range of incomes is one critical part of creating stable, mixed-income communities, where people can live and work throughout their lives as they experience changes in family size, economic fortune, health, and lifestyle. Such communities stand in sharp contrast to most of our existing neighborhoods, where housing choices are generally limited to a small segment of the population of the region.

The homogeneity of upper-income communities has many negative impacts on people. These areas seldom include much in the way of inexpensive rental opportunities or small, simple, inexpensive homes to accommodate the children raised there as they transition into adulthood. They contain few housing choices for the elderly who have lived there but whose incomes fall when they retire and who may need smaller homes, without
big yards and without staircases as they age. The workers who pour coffee, bag groceries, drive school buses, provide day care, and, in some cases, the nurses, police, school teachers, and many others who are vital parts of the fabric of these communities cannot afford to live there.

**Nonhousing Roles**

Most of the discussion of CLTs in this paper focuses on their role as providers of shared-equity homeownership opportunities. Readers should keep in mind, however, that there are many other roles CLTs can play in smart growth. Several of these roles are already being played by some CLTs. The capacity of more groups to undertake these activities should develop more fully over time, particularly if they take a more active role in smart growth efforts. A few existing examples are as follows:

- In Burlington, Vermont, the CLT has created a small community “pocket park” on the land that it owns. It has also created “incubator” space for nonprofit services, including a community technology center, a multi-generational center, and Vermont Legal Aid.
- The Lummi Island CLT, also in Washington, is pursuing the purchase of the only store on the island and an adjacent parcel to redevelop as a mix of housing and commercial development. This would preserve the ability of residents to purchase basic needs on the island and provide local employment.
- The Madison Area CLT in Wisconsin leases some of its land for community gardens.
- The master plan for the redevelopment of the Sawmill neighborhood by the Sawmill CLT in Albuquerque, New Mexico, includes the development of both commercial and recreational uses on CLT-owned land.

All these CLT activities share the common approach of using the CLT’s ability to remove land from the speculative market and dedicate it to meeting community needs. Many CLTs are also involved in community development and empowerment work outside the land stewardship arena, some of which is strongly related to smart growth goals. One example is the Sustainable Agriculture and Rural Development (SARD) program created by the Lopez CLT on Lopez Island in Washington. The goal of the SARD program is to increase the economic feasibility of small-scale, ecologically sound agriculture, to support a strong community-based food system, and to create new avenues for sustainable, land-based livelihoods in the San Juan Islands. They now have a United States Department of Agriculture–certified mobile meat-slaughtering unit, which makes it possible for local small farmers to process and sell their meat locally.

**Smart Growth and CLTs in Small Towns and Rural Areas**

Much of this paper has been framed in terms of metropolitan areas and their development patterns. Yet many rural areas are also experiencing sprawl and wrestling with how to grow “smart.” Many community land trusts exist in rural areas. A full exploration of smart growth issues and strategies in rural areas is beyond the scope of this paper, but this section gives a brief overview of the issues, particularly as they relate to the intersection between smart growth and CLTs, and a list of resources for those who want more information.

Fundamentally, the issues surrounding smart growth and sprawl and housing affordability are very similar in smaller towns and in the more rural areas. The engines for sprawl may be a bit different, however. For example, in some rural areas it is driven largely by second-home or vacation-home development, and in others by a desire to tap the economic power of travelers on the interstates through strip commercial development.
outside town. Still, many of the impacts are the same. Sprawl-type development uses up more land and eliminates agricultural uses, increases reliance on the automobile, shifts investment from existing communities and town centers to new, edge development, and creates less economically integrated communities. In the housing arena, lower-income residents are priced out of the market in some areas, and concentrated poverty is created in others.

I draw heavily on the work of the Vermont Forum on Sprawl in this section. Vermont is a largely rural state that has been actively wrestling with growth management for 30 years. It also has multiple community land trusts that are well supported by state policies and state funding. The approach to growth management in Vermont reflects some awareness of the affordable housing issue. The state’s approach to funding affordable housing reflects both an understanding of the importance of removing land from the speculative market to meet the goals of housing affordability, and also clarity that similar strategies are needed to preserve working farms and open spaces (see below). The Vermont Forum on Sprawl provides the following definition and description of sprawl in this rural state:

Sprawl is low-density development outside compact urban and village centers, along highways, and in rural countryside. This definition can be expanded, to include the following characteristics of sprawl, contrasted with the characteristics of compact development.

Characteristics of Vermont’s compact urban, town, and village centers:

- Higher density than surrounding areas
- Mixed uses
- Development with pedestrian, bike, transit, and auto access
- Public facilities, services, and spaces

Characteristics of sprawl in Vermont:

- Large-lot developments
- Low average densities, compared to town centers
- Development requiring an automobile
- Fragmented open space, with a scattered appearance and wide gaps between development
- Separation of uses into distinct areas
- Extension of public services to areas before they are filled in by development
- Lack of economic and social diversity in residential areas
- Lack of public spaces and community centers
- Repetitive, “big box” buildings without distinctive character, and
- Large paved areas: wide roads, more roads, large parking areas

From 1982 to 1992, Vermont’s population grew by 9.8%, while developed land increased by 25.3%, or almost 2.5 times as much. Forty percent of the newly developed land had been cropland or pasture. The impacts of sprawl identified in the Exploring Sprawl series produced by the Vermont Forum on Sprawl include higher infrastructure development and service costs, increasing commute times, loss of farmland and forestland, loss of rural and small town character, and others.

The Vermont Forum on Sprawl creates a framework for understanding the inequitable effects of sprawl by analyzing its impact on four kinds of communities:
1. Traditional Centers: Cities, regional centers, town centers, and some villages that are home to concentrations of residential population, and offer services to surrounding communities. These are the primary “downtowns” of Vermont.

2. New Growth Towns: Communities that have shown high shares of their counties’ population growth over the past 30 years. Lying mostly near traditional centers, these also can be called the suburbs or “bedroom communities” of Vermont.

3. Outlying Towns: The small towns and rural villages of Vermont. These are generally some distance away from the regional centers, have lower population growth rates, and are without significant resort development. In number, although not in population, this remains the largest group of Vermont communities.

4. Resort Towns: The homes of major ski areas and large concentrations of seasonal homes. In examining the impact of Vermont’s growth patterns on housing affordability and other issues, they found the following patterns, among others:92

- Family incomes. In 1979, median family income was 6.5% higher in New Growth Towns than in Traditional Centers. By 1989, this gap had widened to 17.0%.
- People in poverty. In 1990, the percentage of people living below the poverty level was 12% in Traditional Centers, 10% in Outlying Towns, 8% in Resort Towns, and just 6% in New Growth Towns.
- Single-parent families. Relatively more single-parent families are living in Traditional Centers than anywhere else in Vermont: 24% live in Traditional Centers, 15% each in New Growth Towns, Outlying Towns and Resort Towns.
- Affordable housing. From 1986 to 1998, despite the population shift to outlying communities, 75% of the growth in Vermont’s stock of subsidized, affordable housing units was concentrated in Traditional Centers. Only 20% occurred in New Growth Towns. Combined with the job-growth data, this trend suggests that while jobs are going to the New Growth Towns, affordable housing is going to the Traditional Centers, increasing commuting times and costs for many Vermonters of low and moderate income.

Vermont has a strong infrastructure in place for supporting the creation of permanently affordable housing, both rental and homeownership, and permanently protected open space. One quasi-governmental organization, the Vermont Housing and Conservation Board (VHCB), channels state and some federal funds to both activities.93 Their funding guidelines for affordable housing ensure that nearly all the housing created with VHCB's assistance is permanently affordable. The VHCB was created in 1987 in response to the demands of a broad coalition of environmentalists, farmers, and affordable-housing advocates (including CLTs). These groups have worked together as the Housing and Conservation Coalition on a variety of strategies to limit land speculation and the conversion of productive farmland and forestland to other uses (largely for second homes for people from the New York and Boston metropolitan areas) and to create funding streams for the preservation of farmland and forestland and the production and preservation affordable housing.

Owing in no small part to the political work done by this coalition, the environment in Vermont is conducive to the work of CLTs. Vermont has 11 CLTs scattered throughout the state in communities of many types and sizes. Several of those groups (Brattleboro Area CLT, Central Vermont CLT, and Burlington CLT) work on a regional rather than strictly local level and so address housing affordability in several kinds of communities.

As noted a few pages back, one of the more rural CLTs, Lopez CLT in the San Juan Islands, has
moved into a strong support role for local farmers, a role that goes well beyond land stewardship. It may be true that small-town and rural CLTs will take on a broader array of activities since generally fewer other organizations are doing community development and social service work in these areas.

WHAT CAN BRING THESE MOVEMENTS TOGETHER, AND WHAT MIGHT DIVIDE THEM

Before turning to more strategic questions about the integration of CLTs and smart growth, it seems useful to summarize in table form the issues that can bring the two movements together, or divide them. Since the smart growth movement is itself made up of a variety of constituencies with different interests, the following table is organized to show common ground and potentially divisive issues between these different constituencies, as they possibly intersect with the interests, goals, and constituencies of CLTs.

To do this sort of quick comparison, one must make some assumptions about the values and characteristics of these movements and groups. The table essentially takes at face value the value statement of the two movements, as described almost at the beginning of this paper. Not all CLTs, and not all the various subgroups described as smart growth constituencies will wholly embrace, or act from, all the values and characteristics assumed here. Yet they are unlikely to disagree overtly with the values assigned to them here, and if they are not living up to their rhetoric, it is important to call them on it.

The following are the basic characteristics, goals, and values of the constituencies of the CLT movement assumed as a basis for the discussion that follows.

- The focus is on meeting the needs of low- (and sometimes moderate-) income people.
- Social and economic equity are important goals (reducing disparities in access to resources and quality of life based on income, creating better economic opportunities for lower-income people).
- Mixed-income communities are valued: lower-income people should have safe, decent, and affordable housing opportunities, including the opportunity to own homes, in all communities.
- There is a desire that the communities lower-income people live in be good, safe places to live, have an excellent mix of jobs available, good services, infrastructure, schools, parks, a strong enough tax-base to pay for them without exorbitantly high tax rates, and a variety of housing to meet the needs of many kinds of households.

The bottom line for CLTs deciding whether to join forces with smart growth efforts might be:

- Is there an understanding within smart growth constituencies of the interrelated nature of land use, transportation, environmental protection, and social and economic equity issues? If not, are they open to this dialogue?
- Is there a commitment within smart growth constituencies to addressing social and economic equity issues and to involving low-income people in regional policy debates?
- Is there a strong interest within smart growth constituencies in housing affordability and a willingness to pursue public policies that will substantially increase the supply of affordable housing in the region as part of growth management strategies?
<table>
<thead>
<tr>
<th>Smart Growth Constituencies</th>
<th>Common Ground</th>
<th>Contested Ground</th>
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<tr>
<td><strong>Antisprawl Groups</strong> (i.e., 1000 Friends groups, sometimes city government, farm- and forest-protection groups, etc.)</td>
<td>• Desire to control sprawl and reinvest in existing communities, improving the infrastructure and quality of life in areas that have experienced disinvestment, making urban areas a more attractive place to live and work so people and businesses will choose to locate there. <strong>• Need to increase the number of housing units in existing communities.</strong> <strong>• Interest in jobs-housing balance.</strong> <strong>• Interest in removing barriers to efficient use of land and to creating efficient, fair, and cost-effective permitting processes.</strong> <strong>• Integration of housing, commercial and retail (bringing jobs back into existing communities that have experienced disinvestment, making neighborhoods more complete).</strong></td>
<td>• Antisprawl groups may have less or no concern for the involuntary displacement that can be caused by gentrification of existing “distressed” communities. <strong>• CLTs may want to put housing up in newly developing areas on the edges of the urban or suburban area, where land may be less expensive or jobs may be closer.</strong> <strong>• Antisprawl groups may lack awareness of the critical issue of housing cost vs. incomes in the jobs-housing balance equation. Rather than looking at whether people who work in a community can afford to live there, they may be looking only at total number of jobs vs. homes.</strong></td>
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<tr>
<td><strong>Environmentalists</strong> (Sierra Club, local Audubon chapters, local stream-protection groups, conservation land trusts, etc.)</td>
<td>• Antisprawl agenda (see above). <strong>• Preserving existing open spaces and natural resources near urban areas requires that people find urban areas attractive places to live and work rather than places they want to escape from.</strong> <strong>• There can be a lot of common ground here if the groups can come together around a discussion about where development is most appropriate and how it can be designed to meet common goals (cluster developments that integrate open space in less dense areas, high-density development in developed areas to limit sprawl).</strong> <strong>• The common desire to have existing urban areas include greenspaces of various kinds (watershed and habitat protection goals for environmentalists can overlap with recreation, livability, and environmental justice issues for CLTs).</strong> <strong>• Remediation of brownfield sites where there is soil and water contamination.</strong> <strong>• Land speculation/rapid land price increases are the enemy of both affordable housing providers and people who desire to protect open space, and farm and forest uses. Removing land from the speculative market is a tool used by CLTs and by conservation land trust to meet their goals. Other tools—transfer of development rights, current-use based taxation, etc.—can be helpful to both constituencies.</strong></td>
<td>• Same as antispawal above. <strong>• Conflicts are likely over the protection or development of particular pieces of land (which can happen in existing neighborhoods, in housing vs. parks and community gardens, as well as in newly developing areas).</strong> <strong>• There are generally major class differences between the constituencies of CLTs and the membership of most environmental groups. The language and communication strategies used by environmental groups and the lack of focus on the environmental issues that matter most immediately to lower-income people demonstrated by many environmental groups, leads to little if any relationship, and lots of distrust, between these groups. (The growing environmental justice movement is starting to bridge this gap.)</strong></td>
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<tr>
<td><strong>Advocates of Transportation Alternatives</strong> (i.e., mass transit, bicycle, pedestrian advocates)</td>
<td>• Creating compact, higher-density communities that integrate housing, jobs, retail, services, etc., so people can walk, bike, or take public transportation (the cost of owning a car is a major problem for many of the low-income people served by CLTs, as is the lack of jobs in their communities).</td>
<td><strong>• Transportation groups may be less concerned, at least initially, with the transportation needs of people who do not own cars than they are with people who need to be “tured out of their cars” for some trips. Often the transportation strategies required to meet these two sets of needs are slightly different.</strong> <strong>• CLTs may have constituencies that want badly to live in single-family homes with yards — to get their piece of the “American Dream” — and who will therefore resist the densities needed to support mass transit and more walkable, mixed-use communities.</strong></td>
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<tr>
<td><strong>Advocates for Less Fragmented Government, Tax-Base Sharing, and Other Strategies for Reducing Economic Disparities between Jurisdictions</strong> (local governments that are currently losers, tax-reform groups, etc.)</td>
<td>• Commitment to antispawal agenda (see above) <strong>• Commitment to redistribution of resources between jurisdictions creates additional funds for jurisdictions with more low-income people.</strong> <strong>• Openness to “fair share” strategies for affordable housing — opening up traditionally wealthier communities to a broader range of incomes.</strong></td>
<td><strong>• Often these groups are made up at least initially of largely of middle-class people and government representatives (sometimes church groups and economic justice groups are also involved early on). This can create problems with coalition building.</strong> <strong>• CLTs sometimes have trouble seeing or convincing the people who are their primary constituencies (mostly lower-income people and people concerned with neighborhood-level development issues) that these big-picture issues will really affect their lives.</strong></td>
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The bottom line for smart growth advocates deciding whether to court CLT involvement in their efforts or involve themselves in supporting the CLT agenda might be the following:

- Are CLT advocates big-picture thinkers (rather than single-issue-focused) who are interested in understanding the complex linkages between sprawl and disinvestment in existing communities, and between housing affordability and other social and economic equity issues, and land use, transportation, and environmental protection decisions?
- Is the CLT interested in being a player on the regional level in some way?
- Is the CLT sensitive to issues of environmental protection (willing to discuss siting issues openly, interested in clustered development, creation and preservation of greenspace as part of developments, etc.)?
- Is the CLT able to do community outreach or education about smart growth with constituencies that would not otherwise be involved?

The next section looks at the different ways that CLTs have, or could, become involved in smart growth efforts and some of the challenges faced by CLTs trying to have an impact on regional decision-making. The paper concludes with a list of the public policies and tools that CLTs could support to make smart growth more supportive of social and economic equity.

**WHAT CLT INVOLVEMENT IN SMART GROWTH COULD LOOK LIKE**

CLTs can and should be involved on many levels in the smart growth efforts. There are four basic roles that CLTs can play in smart growth efforts. Those roles are about stewardship and the creation of diversity, revitalization, fair share, and advocacy. Each of these roles is discussed briefly below, accompanied by examples of CLTs that have played these roles.

**Stewardship and the Creation of Diversity**

Community land trusts can preserve affordable housing, service facilities, affordable commercial space, and other community assets in areas experiencing rapid land price increases due to successful smart growth efforts (and other causes). The diversity of uses that the ground-lease model will support allows the CLT to be a vehicle for the creation and preservation of communities that include a mix of types and tenures of housing, a mix of residential, commercial and recreational uses, and a mix of classes and races of people. The fact that CLTs are committed to being sustainable organizations that will be around in perpetuity to steward the land they hold makes them ideal implementers for programs designed to create livable, mixed-income, mixed-use communities that are intended to stay that way over the long haul.

Community land trusts can also provide a way for a jurisdiction to do some land banking for future development by nonprofits (or for-profits if they are interested in building shared-equity projects). Land can be secured as opportunities arise (tax-foreclosure, sale offers, donations, etc.) and donated (or sold, if funding is available) to the CLT to hold in trust for meeting future needs (or, in most cases, meeting existing needs as soon as funding becomes available to do the development). The land would be developed at a later date for homeownership or rental housing, or to meet other important community needs consistent with the local CLT’s mission. This role may be particularly useful in neighborhoods likely to gentrify soon but with inexpensive land still available, and in newly developing communities on the urban edge, where securing sufficient land to meet affordable housing needs must happen quickly if it is to be integrated into the redevelopment or development that is moving forward.
Community land trusts based in particular neighborhoods are likely to develop community-based agendas for securing land to meet a diversity of community needs not being met by the market. For citywide or regional CLTs, the process for identifying these needs and the roles that the CLT should play in meeting them will likely be a more philosophical one. What individual CLTs do in this arena will depend a great deal on what other kinds of organizations exist in the region that may either already take care of some needs or be available to partner with the CLT to do so.

A few examples of CLTs that are strongly engaged in preserving diversity in areas experiencing rapid cost escalation are: the Thistle Housing Corporation (Boulder, Colorado), the Portland CLT (Portland, Oregon), the Sawmill CLT (Albuquerque, New Mexico), and OPAL (Orcas Island, Washington). Community land trusts that are mixing types and tenures of housing, mixing residential, commercial, and recreational uses, and mixing classes and races of people with ground leasing as the common ingredient include: the Burlington CLT, the Thistle Housing Corporation, and the Madison Area CLT.

Revitalization
Community land trusts can help redevelop inner-city and older suburban neighborhoods suffering from a history of disinvestment. While CLTs rarely have enough funding to do huge redevelopment projects, even modest investments in communities that have seen little investment can make a big difference in local perceptions and open up new possibilities for change. Community land trusts can help reclaim vacant and abandoned land and buildings, create new homeownership opportunities, and assist in other community development efforts. The use of the CLT model in the revitalization process ensures that at least some of the investments being made in land-based revitalization strategies (housing, commercial, etc.) are not improving the neighborhood at the expense of the low-income people who call it home. At least the properties redeveloped on CLT-owned land will stay affordable and accessible for lower-income people, small businesses, and other community members who might otherwise be priced out as the neighborhood revitalizes.

Some of the CLTs engaged in revitalization without displacement are: Time of Jubilee CLT (Syracuse, New York), Durham Community Land Trustees (Durham, North Carolina), the Community Land Cooperative of Cincinnati (Ohio), the Cuyahoga Community Land Trust (Cleveland, Ohio), the Dudley Street Neighborhood Initiative/Dudley Neighbors (Boston), and New Columbia CLT (Washington, D.C.).

Fair Share
Community land trusts can provide affordable housing opportunities in higher-income enclaves so that people can live closer to where most of the jobs are being created and so that the cost of providing services to the workforce is more fairly shared by all jurisdictions in the region. There is a wide variety of approaches that can be taken to secure land and housing units in these areas (see “Smart Growth Policies CLTs Could Support,” below, for a list of such tools), but without permanent affordability requirements, any such programs will have a very limited impact over time.

More generally, smart growth proponents need to find tools that will work to deliver housing affordability, both in areas still experiencing disinvestment and areas that traditionally exclude affordable housing. Community land trusts should be at the table when programs are being created to meet these needs, and they should be an implementer of some or all these programs. In some places, CLTs have chosen to partner with existing developers (sometimes nonprofit, sometimes for-profit) to get the housing development done rather than do it themselves.96
Examples of CLTs active in opening suburban areas to affordable housing are: the Burlington CLT; the Community Land Trust for Orange County (Chapel Hill, North Carolina); the Housing Land Trust for Cape Cod (Yarmouth Port, Massachusetts); and the Clackamas CLT (Portland, Oregon, region).

Advocacy
Community land trusts can play powerful roles in defining the public policies that help shape our communities. They can help shape smart growth efforts by bringing to the table their perspective on community land stewardship and the necessary balance between community and individual asset building; their understanding of the housing needs of their community; and the CLT ground lease as a tool for meeting smart growth objectives.

They can also work to engage local communities and people who are often uninvolved in supporting good growth management efforts, particularly if they are strongly community-based organizations (and not all CLTs are, despite being membership organizations). Opponents have made many attempts in the short history of smart growth to convince affordable housing advocates and providers that smart growth will be bad for them and their constituencies. Some of those attempts have been highly successful. Community land trusts can play an active role in educating people in their communities about the connections between sprawl on the edges of our regions and disinvestment in the older areas. They can talk about the value of smart growth to community livability, as well as the importance of ensuring that there are strong commitments to social and economic equity at the center of the growth management approaches used.

Finally, CLTs can build relationships with potential allies from the environmental, transportation, and land-use movements and be part of the development of coalition-based approaches to ensuring that smart growth strategies are based in a clear commitment to social and economic equity and to sustainability. (The appendix, The Portland Metropolitan Region Case Study, demonstrates that such alliances are powerful shapers of regional and local policy.) Specific tools that CLTs might advocate for and build into their programs are listed in the last section of the paper and are addressed at length in the companion piece to this paper, Integrating Social Equity and Smart Growth: An Overview of Tools.

Examples of CLTs strongly engaged in public education, policy, and coalition building that link affordable housing and smart growth are: all the Vermont CLTs (which participate in the Housing and Conservation Coalition and fight for annual funding for the Vermont Housing and Conservation Board) and the Portland CLT (see the appendix).

CHALLENGES TO INTEGRATING COMMUNITY LAND TRUSTS INTO SMART GROWTH EFFORTS
There are strong reasons for CLTs to become involved in smart growth efforts. However, some real challenges exist in integrating smart growth and community land trusts. This section will examine some of the key challenges and suggest strategies for addressing them.

Geographic Scale
In most places, community land trusts are being created in single neighborhoods, or in some cases, single towns and cities. Smart growth strategies must operate on a regional scale because decisions about how growth will (or will not) occur in one part of a region inevitably affects whether and how it will occur in others. For smart growth to live up to its potential to diversify housing choices throughout our regions, CLTs need to own land in many different communities in those regions.

Creating regional CLTs, however, may or may not be a good choice. John Davis’s analysis of the pros and cons of creating a CLT to serve an area larger than a neighborhood or cluster
of neighborhoods is extremely useful and is reproduced in its entirety below:98

The Advantages of a Larger Service Area

• Development: A wider service area presents more opportunities to find and to acquire sites on which affordable housing can be developed. Land costs, in particular, can be considerably lower outside of the urban core, making scarce dollars for affordable housing go further.

• Mobility: Affordable housing that is scattered throughout a region provides more choices for low-income people who are seeking better housing, better schools, or better jobs.

• Fair Share: “Opening the burbs” to affordable housing, as well as other enclaves that have traditionally excluded low-income people and people of color, is (or should be) intrinsic to a CLT’s social mission.

• Selectivity: A wider service area provides a deeper pool of applicants for CLT housing, allowing the CLT to be more careful and more selective in filling its units.

• Constituency: A wider service area allows the CLT to cultivate a more diverse membership and to build a broader constituency for affordable housing.

• Collaboration: There may be more opportunities for collaboration with other nonprofit providers of affordable housing and social services when a CLT encompasses a larger service area.

• Fundraising: A wider service area is preferred by many funders, public and private. It can also make grassroots fundraising easier by giving the CLT access to more communities and to more people as possible contributors.

• Smart growth: Working region-wide, a CLT may become a major player in removing land from the speculative market and mitigating the negative impact that growth management can have on the cost of land and housing for low-income people.

The Disadvantages of a Larger Service Area

• Cost of Management: Sites and projects that are widely scattered throughout a region can make for difficult and costly property management.

• Loss of Accountability: It is harder to keep the CLT accountable when its “community” embraces dozens of projects, hundreds of leaseholders, and thousands of members that are scattered throughout a wide geographic area. Leaseholder participation, in particular, may become harder to secure and sustain.

• CLT as Landlord: A more distant CLT, operating housing that is widely scattered, risks being perceived by leaseholders as a landlord instead of a partner.

• Competition: Staking out a wider territory can place the CLT in competition with other nonprofit providers of affordable housing operating within the same service area. Competition among nonprofits can antagonize funders and supporters.

• Conflict: The more jurisdictions and venues within which a CLT attempts to develop affordable housing, the more likely it becomes that the CLT will find itself under attack by people who oppose affordable housing in “their backyard” [and the] less likely it becomes, moreover, that the CLT will have a base of support to rebut such NIMBY opposition in every place in which it wants to develop affordable housing.

• Sprawl: Searching for the lowest cost land for affordable housing far afield of the central city, a CLT can find itself aligned with interests that are promoting sprawl rather than curbing it.

• Less Community Organizing: A service area that cuts across multiple jurisdictions can make grassroots community organizing more difficult — and less likely. People tend to be mobilized for fundraising, not for empowerment.
• Less Community Development: Organizations with a wider service area tend to elevate housing development over community development. The revitalization of a particular neighborhood becomes a much lower priority.

Community land trusts are membership organizations. The traditional CLT is intended to be strongly community-based, to give local residents a strong sense of ownership in the organization, and to be very knowledgeable about and responsive to specific local needs. This will be difficult to create in a regionwide CLT. There are several approaches to working regionally that may help give CLTs strong relationships with neighborhoods while having a regional impact. One approach is to create multiple local CLTs that work together in coalition to achieve regional smart growth goals and meet local needs. They could reduce overhead costs by sharing some resources (bookkeepers, risk pools, lawyers familiar with the model, etc.) and support each other in their learning and growth, while retaining the community base that is so critical to the model. Another approach might be to set up a citywide or even regionwide CLT but create mechanisms by which local organizations or neighborhoods have strong roles in decision-making about the CLT’s work in their communities. This could involve partnerships with existing organizations (CDCs, tenant groups, broader community organizing groups, etc.), or it could involve the CLT setting up a structure that builds this geographic representation and input into its governance process. All the CLTs that work beyond a neighborhood-level service area wrestle with the challenge of balancing ownership and accountability and meeting the needs of the larger area.

CLTs with a Regional Service Area, Nonmetropolitan
• Athens Land Trust (Athens, Georgia)
• Brattleboro Area Community Land Trust (Brattleboro, Vermont)
• Community Land Trust for Orange County (Chapel Hill, North Carolina)
• Central Vermont Community Land Trust (Barre, Vermont)
• Clackamas County Community Land Trust (Milwaukie, Oregon)
• Housing Land Trust for Cape Cod (Yarmouth Port, Massachusetts)
• Laconia Area Community Land Trust (Laconia, New Hampshire)
• Maine Homestead Land Trust Alliance (Ellsworth, Maine)
• OPAL Community Land Trust (Orcas Island, Washington)
• Story County Community Land Trust (Ames, Iowa)
• Two Rivers Community Land Trust (Woodbury, Minnesota)

CLTs with a Regional Service Area, Metropolitan-based
• Burlington Community Land Trust (Burlington, Vermont)
• First Homes (Rochester, Minnesota)
• Kulshan Community Land Trust (Bellingham, Washington)
• Madison Area Community Land Trust (Madison, Wisconsin)
• Northern California Land Trust (Berkeley, California)
• Thistle Community Housing (Boulder, Colorado)
The Portland Community Land Trust, in Portland, Oregon, serves the whole city, which has a population of a little more than a half million people, and is working with challenges similar to the other CLTs with large service areas despite being within a single jurisdictional boundary.

**Building the Partnerships**

Another challenge is the lack of awareness on the part of many CLTs of smart growth issues and, conversely, the lack of awareness on the part of many smart growth advocates of both affordable housing issues and the CLT model. Bridges will take time to build, and the opponents of smart growth and affordable housing will attempt to keep this coalition from coalescing. Smart growth advocates, CLT practitioners, and other affordable housing advocates will have to seek out one another, learn about one another’s issues and efforts, and identify common agendas on which they can work together.

Perhaps one of the biggest challenges to this kind of coalition building is the tension that can exist between CLTs as affordable housing providers and environmental groups, which sometimes oppose the development of affordable housing as part of their general opposition to building on undeveloped land. This tension can become particularly acute if the CLT is trying to create affordable housing in the suburbs, where undeveloped land is being built on at unprecedented rates (hence creating a strong reason for concern) and also where the language of environmental protection is sometimes used to hide desires for exclusivity. It can also rise in distressed neighborhoods that have a need for both redevelopment and for the creation of parks, community gardens, and other “green infrastructure.”

Similar tensions can exist between CLTs and farmers when development encroaches on agricultural lands.

Smart growth provides an excellent framework for understanding the ways in which environmentalists and affordable housing advocates and providers have overlapping and complementary goals and can provide the basis for the development of approaches to development that both can support. Sprawl and land speculation are the common enemies of affordable housing and the protection of greenspaces and farmland. Higher-density, more compact development patterns can benefit both causes. To build useful relationships between these groups, it is important to move the conversations beyond absolutes about whether development is good or bad and arguments about the “best” use of a given parcel of land. When the dialogue instead is focused on understanding common threats and on framing the question as “what kinds of development patterns would be healthiest for the region,” there is usually a lot of room for agreement. (The work of the Coalition for a Livable Future in Portland, Oregon, and the Housing and Conservation Coalition in Vermont offers inspiring examples of this kind of dialogue leading to strong public policy action.)

**Building Public Understanding and Support**

In many communities there is opposition to the creation of homeownership programs that do not give low-income people the “same chance as everyone else” to become full-equity homeowners in the market. Particularly before a CLT has gotten established, when people in the community are unfamiliar with the model, there can be nagging feelings that CLTs are depriving low-income people and people of color, in particular, of their chance to strike it rich in the real estate market. Given the history in this country of limiting access to property and wealth for low-income people and people of color, anything that looks like “second-class” homeownership is going to be greeted with suspicion. It requires education, dialogue, and the involvement of trusted community members to build an understanding that the CLT model, in fact, provides access to homeownership for people who would otherwise be at the mercy of the rental...
market and that it does build assets and wealth for individual homeowners and for the community as a whole. (As discussed earlier, CLT homeowners do build equity, many of them do use the purchase of a CLT home as a stepping-stone into market homeownership. The backstopping function of the CLT can protect vulnerable low-income homeowners from losing wealth when problems arise.)

Not Pretending That CLTs Can Do It All
A fourth challenge is the need to look beyond the CLT model to address the affordable housing problems that must be solved if smart growth is to reach its potential. Community land trusts cannot do the job alone. Affordable rental housing is as important as affordable homeownership for healthy communities, and often the people with the fewest housing choices are very low income people who are not in a position to become homeowners, even with substantial help. Some of those people’s incomes will rise, and they may be able to buy a home later in their lives. Others will never be able to do so (this is particularly likely for elderly people and people with substantial disabilities).

Because the assumption in this country is that homeownership is right for everyone, it is easy for policies and debates about affordable housing to get focused on homeownership to the neglect of rental housing. This is perhaps especially likely to be true in the context of smart growth discussions, which often start out focused on other quality-of-life issues (traffic, transportation choices, open spaces) that draw largely middle-class people to the table. Community land trusts are committed to revitalizing communities without displacing vulnerable residents. To succeed in that goal, CLTs and their smart growth allies need to support an array of antidisplacement tools, including those that ensure a sufficiency of affordable rental housing.

Although it is important not to assume that a local or regional CLT will be the best choice to meet all an area’s affordable housing needs, there are places where CLTs provide a variety housing tenures and types, beyond single-family homeownership. Examples include: Burlington CLT (rental; condominiums; co-ops; transitional housing; housing through Housing Opportunities for Persons with AIDS [HOPWA]); Central Vermont CLT (mobile home parks); Thistle Housing Corporation in Boulder, Colorado (condominiums; rentals); the Concord Area Trust for Community Housing (CATCH) in Concord, New Hampshire (co-op; rentals); Laconia (New Hampshire) Area CLT (rentals); the Northern California CLT in Berkeley, (co-ops; condominiums); and Durham Community Land Trustees (rentals; lease-purchase homeownership).

Several CLTs have chosen not to be developers themselves but to work, on a project-by-project basis, with other nonprofit (or for-profit) developers of affordable housing. They include the Portland CLT (Portland, Oregon), Ashland CLT (Oregon); Cuyahoga CLT (Ohio); and the CLT in Orange County (North Carolina). To move the equity agenda forward, it is important that CLTs and smart growth advocates build strong relationships with other affordable housing providers in communities where they exist. The Portland CLT is part of a citywide coalition of affordable housing providers that work together on public policy initiatives, peer support, and public education.

SMART GROWTH POLICIES CLTS COULD SUPPORT
A wide variety of public policy tools exists that can be integrated into smart growth efforts in order to increase the availability and affordability of housing. This section lists the subset of these tools most relevant to CLTs. The companion piece to this paper, Integrating Social Equity and Smart Growth: An Overview of Tools, provides an overview of each of those tools and outlines the rewards and cautions for CLTs that consider advocating for them.102 It is designed with the CLT audience in mind but will also be useful for smart
growth advocates and practitioners committed to integrating housing affordability into their efforts.

The public policy tools can be divided, somewhat arbitrarily, into five basic categories. Many of the tools listed can be useful in more than one category. Those tools are listed in the category in which they are most useful or most often used.

1. Tools 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 to Affordable Housing and the Adoption of “Inclusive” Zoning Codes. Examples of zoning barriers are minimum-lot sizes and prohibitions on multi-family housing. Examples of proactively inclusive zoning codes are minimum-density requirements and requiring some multi-family zoning in every community.

- The Revision of Codes and Permitting Processes To Make the Creation of Affordable Housing Easier. Examples include making codes more understandable, making permitting processes faster and more predictable, and making it easier for cluster development and other nontraditional approaches to affordable housing to move through the system without requiring time-consuming variances or special permits.

- Inclusionary Housing Requirements. Sometimes called inclusionary zoning, these policies require that a certain percentage of the residential units in any development of larger than a certain size be priced to sell or rent to households at or below a certain income level. The requirements can be tied to the zoning code, to the creation of urban renewal districts, to government funding, or to special development permits.

2. Tools focused on preventing the displacement of existing low- (and sometimes moderate-) income residents from gentrifying neighborhoods:

- Housing Replacement Ordinances. These ordinances require developers undertaking a project that removes affordable housing from the community, either through demolition or conversion, to make a significant contribution toward replacing that stock.

- Condominium Conversion Ordinances. A special form of replacement ordinance, they regulate the conversion of multi-family rental housing to ownership. They generally require that a percentage of the condominiums being created be affordable to, and be offered first to, the tenants currently occupying the building being converted. They often include other tenant protections as well (notification requirements, coverage of move-out costs, etc.).

- Speculation or Land Gains Taxes. These are graduated taxes on the profit made between the sale and resale of the same housing, pegged to the length of time the property is owned. The shorter the period the land is held, the higher the rate of taxation. It is designed to discourage the rapid “flipping” of real estate for quick profit, and thereby to slow housing price inflation, or to return to the community a significant portion of the excess value of short-term gains made by the rapid turnover of real estate, which is then dedicated to affordable housing.

- Displaced or Local Resident Preferences. In situations where government policies are causing or contributing to the displacement of local low- (and sometimes moderate-income residents, preferences could be established in all publicly funded housing programs that prioritize longtime residents and people already displaced from the community. A couple of examples of such government policies are the creation of urban renewal districts and the up-zoning of land.
• **No-Net-Loss Mandates.** These commitments by a city or other government entity to having the same amount of affordable housing, at the same level of affordability, in a given neighborhood or larger area in the future as exists in the present, are especially useful in urban renewal districts.

• **Land Banking.** The purchase of land by government or nonprofit entities to be held for future development is a strategy that can be useful for preserving sites for affordable housing and other public needs at the early stages of gentrification, when land is less expensive, thereby reducing the total amount of public subsidy needed.

3. **Tools focused on reinvestment in existing communities:**

   • **Transfer of Development Rights.** TDRs direct development from one site to another in order to preserve a valued resource and focus or intensify development where it is desired. The development rights transferred from one site to another generally take the form of additional height, floor area, or number of units permitted.

   • **Redevelopment of Brownfields.** The redevelopment of existing abandoned sites that are, or are perceived to be, environmentally contaminated, is a complex and expensive process. There are, however, a growing number of programs to support this work and strong examples of its success as a critical piece of the redevelopment of “blighted” areas.

   • **Reuse of Vacant and Tax-foreclosed Real Estate.** Programs have been created in many places to transfer vacant and abandoned properties foreclosed on by government entities to nonprofits to meet community needs, including the development of affordable housing.

4. **Funding tools:**

   • **Linkage Fees.** Linkage ordinances require developers of office buildings or other commercial, retail, or other institutional uses to build affordable housing or to pay into a housing fund in order to offset the need for affordable housing that is created by the operation of their business or their real estate investments, or both.

   • **Profit Sharing.** In instances where government is choosing to invest public funds in market-rate housing projects, commercial redevelopment, and industrial development, profit-sharing arrangements could be created by which the city or county becomes an equity investor in the projects and a fixed portion of the profits returns to the government partner. Those funds could then be dedicated to affordable housing.

   • **Tax-base Sharing.** In tax-base sharing each city in a region contributes a given percentage of its total tax base to a regional pool. That pool is then redistributed among those same jurisdictions in a way that favors those that have fewer local resources. It is designed to redress the inequities created by the highly fragmented taxation system that exists in most of our regions.104

   • **Other Dedicated Funding Strategies.** Dedicated funding is funding that is allocated to a particular use when it is created, rather than being fought for year in and year out in competition with many other uses. There are many possible mechanisms for dedicated funding for affordable housing. The most common include exactions required of developers, real-estate transfer taxes, and document recording fees. Creating funding sources that are regional in nature can help provide both the impetus and a necessary tool for increasing the distribution of affordable housing.
5. The two most fundamental tools, cutting across all the other categories:

- **Creation of a Regional Framework of Housing Affordability Expectations (if not requirements).** Regional approaches to affordable housing need to have two components. The first is the acknowledgment that local-, regional-, and state-level decisions about urbanization, transportation, the preservation of farmland and forestland and other open spaces, economic development, and so on, all have strong effects on housing affordability at both local and regional levels. Public policies in these arenas must therefore reflect that impact. The second is that job and housing markets are regional in nature, and therefore all jurisdictions in a region must be part of solving the region’s affordable housing problems. In most cases, since there is no regional entity with decision-making authority to create and coordinate regional efforts, this work must be done at the state level and implemented locally, perhaps with the involvement of regional coalitions or advisory committees.

- **Permanent Affordability Requirements for All Government Mandated or Funded Affordable Housing.** Without this requirement, most of the policies listed above will fail to create stable, mixed-income communities over the long haul, since much of the affordable housing created will be lost to the market when the affordability requirements expire.

Most of these tools are already in use in communities around the country. However, no single community has yet implemented enough of them to succeed in producing and preserving sufficient affordable housing to prevent involuntary displacement and create healthy, diverse communities in every part of a metropolitan region.

The majority of these tools, if adopted, 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. This latter set of tools would, however, be important indirect support of the work of CLTs since 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. (And, as noted, to be effective advocates for development without displacement, it is crucial that CLTs support strategies for preventing the displacement of renters and existing non-CLT homeowners in the communities they serve.) 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*, the National Neighborhood Coalition’s *Smart Growth, Better Neighborhoods*, and the aforementioned *Integrating Social Equity and Smart Growth: An Overview of Tools* (Harmon, 2003).

**COMMUNITY LAND TRUSTS AS IMPLEMENTERS OF SMART GROWTH PROGRAMS**

The most important function CLTs can play in the creation of smart growth in their communities is to do what CLTs do best: take land and buildings off the speculative market and use them to provide affordable housing and other facilities and services needed by a community. There are several specific programs and approaches CLTs should consider in developing their goals and programs in regions working on smart growth.
Multi-Family as well as Single-Family Housing
Increased-density and transit-oriented housing will be important goals in smart growth areas. To contribute to these efforts, CLTs will need to have the capacity to create homeownership opportunities not only in detached, single-family housing but in multi-unit projects as well, structured as limited-equity cooperatives or limited-equity condominiums.

Buyer-initiated Programs
The emphasis of smart growth on reinvestment in existing communities means that CLTs may need to have ways to work in neighborhoods where there is not a lot of vacant land. In buyer-initiated programs, the CLT approves a qualified homebuyer for a grant to help her buy a home. The homebuyer, who has also pre-qualified for a mortgage from a bank, has the sum of those two amounts and whatever down payment she might have with which to purchase an existing home in her community. When she finds one she likes, the purchase moves forward, with the CLT owning the land and the homebuyer the house, and with the standard shared-equity deed restriction in place.

Ensuring the Permanent Affordability of Units Created through Regulatory Mandates
The use of some of the tools described above can result in the creation of housing units by the private sector that are required to stay permanently affordable. Tools with this result include density bonuses, tax abatements, inclusionary zoning and other inclusionary mandates, the transfer of development rights, and others. Community land trusts can play the critical role of being the mechanism through which these affordable units stay affordable in perpetuity. This may require slightly modified documents and approaches from what the CLTs may be doing on projects they create themselves, and it will certainly require the creation of strong partnerships with both for-profit developers and the government agencies that administer these programs.

Cluster Development
Many CLTs are already conscious of the advantages of clustering the units in larger housing projects, thus providing additional open space amenities as part of their developments. This may become particularly important in the smart growth environment.

Open Spaces, Parks
Community land trusts sometimes preserve land for parks, open spaces, or community gardens. The smart growth framework leads to thinking in more integrated ways about the wide variety of amenities that contribute to the livability of communities: housing, open spaces, community gathering places, and so forth. Working within smart growth efforts should thus provide more opportunities for CLT involvement in providing for a wide array of community needs. In some communities, CLTs may want to partner with other organizations that have the provision of open spaces, parks, and community gardens as their central goals.

Economic Development
Smart growth’s goals of revitalizing communities and creating a better jobs-housing balance could facilitate action around local economic development. Community land trusts can play various roles in this arena. The most obvious is to hold land under local enterprises. This could be mixed-use buildings (housing-commercial, office-commercial, community facilities–commercial), business incubators, or small economic development supportive uses like community kitchens. Several CLTs are involved in supporting local agriculture. This is an issue we do not always think of as connected to smart growth, because it is so often framed as being about
urban development. However, food access and food security are important livability issues for any region, and in many urbanizing regions, agriculture is still an important part of the local economy. As community-based nonprofit organizations, CLTs may also get involved in supporting local economic development in ways that are less land-based.\footnote{198}

**CONCLUSION**

The potential for collaborative relationships between smart growth efforts and community land trusts is enormous. There are some parts of the country where collaboration is already happening. There are other places where this opportunity is being missed, to the detriment of both movements and the health of the communities in question. It is my hope that this paper will provide a framework for the development and deepening of these collaborations, toward the goal of creating healthy, diverse regions where people of all incomes have good places to call home.
NOTES

1. Smart Growth Network (SGN) and the National Neighborhood Coalition, *Affordable Housing and Smart Growth*, p. 21.
2. Manhattan and San Francisco are glaring examples, but even areas like the Portland, Oregon, region are seeing high demand for high-cost apartments and row houses both near Portland’s downtown and in wealthy suburbs like Lake Oswego.
4. SGN and NNC, *Affordable Housing and Smart Growth*, p. 21.
5. Many other authors are also writing about the need for regional strategies to address poverty. See particularly the works of John Powell, Manuel Pastor, Myron Orfield, Douglas Massey, and Nancy Denton, some of which are cited in the bibliography.
6. See Nelson et al., especially section III (pp. 8–9).
7. Rusk presents data showing that from 1950 to 1990, the mean population growth in 58 urban areas was 80%, while the growth in urbanized land in those areas was 305%, a land-to-population growth ratio of 4 to 1. (Inside Game, Outside Game, table A-4, pp. 344–346.)
8. Nelson et al., p. 8; and Wright, chapter 13, especially pp. 247–248.
9. More information on 1000 Friends of Florida’s work can be found at <www.1000friendsofflorida.org>.
10. 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 (ICE) has several publications available that explain the model, including John Davis’s *Options and Issues in Creating a Community Land Trust* 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.
11. This list is adapted from “Community Land Trusts: Changing the Way We Own Land, Shaping the Way We Build Communities,” produced by the Northwest CLT Coalition, and *Introducing Community Land Trusts*, available from the Institute for Community Economics.
12. There are widespread examples of the separation of land and building ownership in the private sector. Shopping centers, for example, are often set up this way, with one company owning the land, the parking lots, and common areas and leasing the land under particular buildings to other companies (like Sears or J. C. Penney) that own the improvement (the building).
13. Many CLTs do require owner-occupancy and place restrictions on subletting. Some also place limits on capital improvements that might make the home unaffordable to the people the CLT serves.
17. Ibid.
19. See the work of John Powell and the Institute on Race and Poverty.
20. These include Smart Growth America, the National Neighborhood Coalition, PolicyLink, the Institute on Race and Poverty, and others. See References and Resources section for more information on these organizations and their publications, many of which include more detailed definitions of smart growth.

21. Adapted from her presentation and a personal communication with the author, July 2002.

22. See in particular the work of PolicyLink. <www.policylink.org>

23. See Massey and Denton, Nelson et al., Orfield, powell, and Rusk in the bibliography.

24. See the sections of The Link between Growth Management and Housing Affordability based on the work of Rolf Pendall (Nelson et al., 2002.)

25. For a good description of these policies, see the Institute on Race and Poverty’s “Regionalism: The Creation of Urban Dysfunction and Strategies for Recreating Metropolitan Communities.”

26. Ibid., p. 9, includes recent data on discriminatory mortgage rejection rates.

27. For more discussion of these dynamics and ways to address them, see Myron Orfield’s Metropolitics and David Rusk’s Inside Game, Outside Game.

28. See also Massey and Denton, the Institute on Race and Poverty, and john powell.


31. Ibid., p. 74.

32. Ibid., p. 324.

33. Ibid.

34. According to Rusk, in 1950 there were 168 metropolitan areas (usually one larger “central city” and the county that contained it), covering 208,000 square miles in 304 counties and housing 84 million people, 56% of the nation’s population. Sixty percent of these residents lived in central cities, and those 50.4 million people were governed by just 193 city managers or mayors. By 1990, these 168 metro areas had grown to include 345,000 square miles in 536 counties. More than 66% of the nation’s population (159 million people) were housed in these metro areas, but the central cities housed only one third of them. This pattern of sprawl created enormous balkanization of governance, with 70% of the population in these metropolitan areas now spread out over approximately 9,600 “suburban cities, towns, villages, townships, and counties.” (In addition to these hugely expanded urban centers, 152 additional urban areas have grown big enough to be called “metropolitan areas”) (Inside Game, Outside Game, pp. 66–67.)

35. Descriptions are taken from American Metropolitics, pp. 2–3.

36. Ibid., p. 3.


38. SGN and NNC, Affordable Housing and Smart Growth, p. 8.


40. As noted above, the language in this area is still very much evolving. Some proponents of smart growth are defining the term growth management to mean rigid, antigrowth strategies (like development moratoria) and smart growth to mean integrated attempts to shape growth in better ways. In this document, I use the term growth management as a broad term, inclusive of all attempts to consciously shape growth and to address its impacts on natural systems and quality of life, including smart growth efforts.
41. The first of these arguments is addressed at some length in this paper. The quick rebuttals to those criticisms I do not address in this paper are: (1) Smart growth–oriented zoning is no more, or less, social engineering than our current form of zoning, which forces many people to live in homogeneous, autodependent communities. (2) There are a fair number of strategies being explored by Metro to address the issue of how to protect natural resources and biodiversity without depriving existing landowners of the use or value of their land. Metro’s regulatory actions have not reached a level that deprives landowners of enough land value to make a takings ruling likely, though takings law is shifting. And, in many cases, land values that abut protected greenspaces are significantly higher than those that do not, so in some cases Metro’s actions are a “givings” rather than a takings. (3) There is no evidence that planning for the accommodation of the increasing population of the region is directly causing that growth, and the natural extension of that argument — that Metro should ignore the growth that is happening and not plan for how and where those households will live — is ridiculous. (4) Some of Metro’s actions can indeed be viewed as “unfunded mandates,” as can many government actions, and Metro should share the responsibility with local jurisdictions for figuring out how to fund the regional vision. However, using affordable housing as an example, if Metro does not take action to force jurisdictions in the region that are not currently housing their own workforce and elders to do so, those jurisdictions are functionally creating an “unfunded mandate” for the jurisdictions in the region that are providing the housing and services for those households. For more on many of these issues, see my article in the NIMBY Report.

42. This support is demonstrated in a variety of ways, from the defeat of several anti-Metro and/or antimanagement ballot initiatives in the past several elections, to the results of the regular surveys Metro undertakes, to citizen involvement in Metro’s hearings and decision-making processes. In a 1997 survey an astounding 73% of the population surveyed said they knew what growth management was, and 46% said they felt “strongly positive” or “somewhat positive” about it, with only 17% saying they felt “somewhat” or “strongly” negative. Ninety percent of the population surveyed said they “agree strongly” (67%) or “agree somewhat” (23%) that “planning for growth is necessary if we want to keep our livability.” Support for the urban growth boundary is also strong, though less unanimous, with 58% of those surveyed saying they thought it was “good” or “very good,” and 15% saying it was “bad” or “very bad.” (1997 Growth Management Survey Summary, David and Hibbitts, February 1997, available on Metro’s website: <www.metro-region.org>.)

43. From 1950 to 1990, David Rusk’s analysis of data for 58 metropolitan regions in the United States showed that urbanized land expanded by 305%, while the urbanized population grew by only 80% — an almost 4–1 ratio. (Portland’s total during that period, with the UGB in place only for the second half, was 2–1.) Data from David Rusk’s Inside Game, Outside Game, p. 69, and appendix table A-4.

44. Regional Affordable Housing Strategy, Metro, June 2000 (figure 2, p. 11).

45. Table 4, “Benchmark Affordable Housing Need to 2017,” Regional Affordable Housing Strategy, p. 18. The Regional Affordable Housing Strategy was accepted by Metro in the spring of 2000, and sections of it were adopted into Metro’s Urban Growth Management Functional Plan and Regional Framework Plan in January 2001. All three of these documents are available from Metro: 503–797–1700 or <www.metro-region.org>.
46. System development charges can include direct payment for the development of a portion of the sewer and water, roads, and other infrastructure needed to make development possible and payment into funds to support schools, parks, and other larger community infrastructure needed as an area develops.

47. While median income and some wages increased rapidly in this period, incomes for low-income people remained quite depressed. This polarization of income is exacerbating the housing affordability gap for those least able to afford it.


49. Oregon’s 19 Statewide Planning Goals and Guidelines, Goal 10: Housing, can be found at <www.lcd.state.or.us>.

50. State of Oregon, Administrative Rules, 660–007–0000, Division 007: Metropolitan Housing. Can be found at <www.lcd.state.or.us>.

51. See appendix, “The Portland Case Study,” for a more detailed description of these benchmarks.


53. Table 4, “Benchmark Affordable Housing Need to 2017,” Regional Affordable Housing Strategy, p. 18.

54. See the Coalition for a Livable Future’s “Displacement: The Dismantling of a Community,” and Harmon, 2001, for discussions of this dynamic in Portland, Oregon. For a larger discussion of the impacts of growth management on distressed neighborhoods, see publications from PolicyLink cited in the bibliography.

55. Nelson et al., p. 27.

56. Ibid. Based on the work of Rolf Pendall.

57. These links have been brought into sharp focus in recent years in the writings of John Powell, Myron Orfield, David Rusk and others, and also in the dialogues created by organizations including PolicyLink, the Institute on Race and Poverty, the National Community Building Network, the Coalition for a Livable Future, the National Neighborhood Coalition, the Fannie Mae Foundation, and others. See the bibliography for specific citations and contact information for these organizations. For a discussion of regional tax-base sharing as an approach to addressing a fragmented property tax system, see Orfield, and also Harmon, Integrating Social Equity and Smart Growth.


59. There are also huge social costs to high concentrations of pollution in low-income neighborhoods, to poor schools in low-income neighborhoods, lack of parks, poor transportation linkages, etc. This paper focuses largely on housing, but similar arguments can be made around many related growth management issues.

60. There are several new studies available that compare the cost of providing supportive housing services with the cost of not doing so for people who are homeless or at risk of homelessness.
The website of the National Alliance To End Homelessness, <www.naeh.org>, is a good, continuing resource. They reported in their *Alliance Online News*, August 16, 2002, the results of a recent study in California showing a substantial cost savings from a supportive housing program (full report can be found at <www.dmh.cahwnet.gov>). Also see cites in the bibliography for the Surgeon General’s 1999 mental health report, and Denise Culhane’s article on this issue published in *Housing Policy Debate*.


62. For more discussion of these dynamics and policies to address them, see Kennedy and Leonard, 2001, and many other materials on the PolicyLink website: <www.policylink.org>.

63. See the work of powell, Orfield, Rusk and PolicyLink.

64. Indeed, these issues are central to how we need to evaluate all growth, managed or not. However, for purposes of this paper, I focus on how they play out for smart growth.


67. I am now speaking generically of the dynamic in this neighborhood, using Eli’s house as an example only in the sense that it is easier to describe possibilities in this concrete example. I do not know anything about who occupied the home before he purchased it.

68. Often low-income people have trouble securing new housing when they get a lump sum payment (i.e., sell a home), but their monthly income does not increase. This can be a particular challenge for longtime homeowners who owned the home outright and therefore had very low monthly payments.

69. See the Coalition for a Livable Future’s “Displacement: The Dismantling of a Community.”

70. Strategies to ensure that existing residents still have housing opportunities in revitalizing neighborhoods and that new affordable housing options are created throughout our regions are the focus of much of the rest of this paper. The issue of how to integrate existing neighborhood residents into the new economic activity generated by revitalization strategies will be touched on, but a full discussion of this equally important issue must be saved for another paper.

71. It is almost always easiest, at least using traditional tools, to build affordable housing in places where land is cheap and there are already many lower-income people.

72. It is indeed a challenge at both the neighborhood level, which is being addressed here, and at the jurisdictional level. Rusk’s work, as described earlier (see the “Segregation” section above), shows clearly that there are strong tendencies in many regions (particularly those centered around cities he labels “inelastic”) toward large income disparities between jurisdictions, while regions with “more elastic” cities have smaller disparities at the jurisdictional level. It would be an interesting follow-up study to examine income segregation within jurisdictions in these different kinds of regions to see if there are differences at that level as well.

73. As discussed earlier, racism, government fragmentation, and infrastructure investments also play strong roles in this dynamic.
74. See the Lincoln Institute of Land Policy’s “Land Policy.”
75. In some cases, a third factor is that construction of high-density multi-family housing can be significantly more expensive than building lower-density housing. There are flip-points, where the reduction in per-unit land costs are wiped out by new construction-type costs, as, for instance the adding of the one extra floor that requires a developer to switch from wood-frame to concrete- or steel-frame construction, or to add an elevator system.
76. As discussed earlier (see “Making Smart Growth Smart for Low-Income People and Communities,” above), there are some situations in which this “filtering” of stock does not occur.
77. A term developed by Christopher Leinberger of Robert Charles Lesser and Co.
78. Orfield, Metropolitics.
79. From Schuman, Going Local.
80. For an excellent description of the polarization of income in America, read Economic Apartheid in America by Chuck Collins and Felice Yeskel with United for a Fair Economy.
81. For a more indepth discussion of these regulatory strategies, see the companion paper, Harmon, Integrating Social Equity and Smart Growth: An Overview of Tools, available from the Institute for Community Economics.
82. While some of these co-ops continue to provide affordable homeownership opportunities, many were converted to market-rate housing in the past 15–20 years as the founding owners were replaced by new owners who did not share the philosophical commitment to limited equity. This conversion is possible in these cases because the board of the co-op, which controls the bylaws that set resale prices, are made up of all the residents of the co-op and no one else. Hence, when enough owners decide that it is in their best interest to have the resale restrictions disappear, they can make that happen. In some places (Burlington, Vermont, Lopez Island, Washington, and others), limited-equity co-ops are being developed on CLT-owned land to ensure that this will not occur. See John Davis, Options and Issues.
83. CLTs developing limited equity condominiums include the CLT of Cape Ann, the Madison Area CLT, Thistle Community Housing, the Burlington CLT, and the Northern California CLT. Outside the CLT movement, the most common examples of limited equity condos are to be found in those jurisdictions with inclusionary zoning. Most of the 10,000 inclusionary zoning units developed in New Jersey since the Mt. Laurel decisions have been condominiums, with resale restrictions. Deed-restricted owner-occupied homes are to be found in dozens of jurisdictions, wherever a Housing Trust Fund, a state-funded housing development program, or a municipal program has insisted that its subsidies for the development of owner-occupied housing be retained instead of recaptured. (See Brooks in The Affordable City.) Perhaps the strongest example of such programmatic restrictions come from the Vermont Housing and Conservation Board.
84. Basic information on CLTs nationally and help setting up a CLT can be obtained from the Institute for Community Economics, 57 School Street, Springfield, MA 01105, 413–746–8660.
85. Some places have homestead exemptions or other property tax limitations that make this less of an issue.
86. With rare exceptions, CLTs generally do not use their tax-exempt status to not pay taxes on the land they own. Philosophically, it makes more sense to CLTs to raise enough funds up front to ensure that the cost of their housing, including fairly assessed property taxes, is affordable to the people
they want to serve since property taxes help pay for needed community services. In each place where the CLT model has developed, the tax-assessment issue must be worked out with the local assessor’s office. The specific ways that CLT homes are assessed therefore vary from place to place, with many variations, some of which are not as reflective of the resale restrictions as they should be. See Davis, *Options and Issues*, for a more thorough discussion of this issue.

87. The Vermont Forum on Sprawl has an exceptionally good website, with many publications available to download or read on site. I particularly recommend *Exploring Sprawl, The Vermont Smart Growth Scorecard: A Community Self-Assessment Tool*, and *Growing Smarter: Making Smart Growth Work*. They also have an excellent and well-sorted bibliography of sources on a variety of smart growth and smart growth–related topics that is an excellent resource for anyone wanting to go more deeply into these issues in rural areas.


91. See n. 89.


93. For more information on the Vermont Housing and Conservation Board, contact them at 802–828–3250 or <www.vhcb.org>.

94. Many, but not all, of these comparisons would also hold true for CLTs and smart growth efforts in more rural areas. The table would be too complex to be useful if it attempted to call out these potential differences.


96. See Davis, *Options and Issues*, for a good overview of the pros and cons of this arrangement.

97. One such example is the conflict between affordable housing providers and advocates for an urban growth boundary in Colorado over Amendment 24, on the ballot in November 2000. Subsequent to the defeat of that fairly narrow bill, smart growth and affordable housing advocates in the state have built stronger relationships and understandings of each others’ issues and are now working together on various smart growth and affordable housing measures. More information can be obtained through the Colorado Public Interest Research Group (CoPIRG) and the Colorado Affordable Housing Partnership.


99. There are several good examples of CLTs and other community development organizations pooling resources and supporting each other in these ways. In Burlington, Vermont, the Champlain Valley Mutual Housing Federation (the Co-op Federation) formed in the early 1990’s to promote and support tenant cooperatives. The support included advice on management and maintenance as well as on training in setting up and using bookkeeping systems. The federation also held operating
and replacement reserves for all co-ops. Around 1996, the Burlington CLT took over the essential operations of the federation, including managing the pooled reserves, managing and maintaining a waiting list and providing training for potential cooperators. In the Northwest, there is a three-year-old coalition of community land trusts that share their knowledge and materials and work on joint projects that increase the visibility of and support for the CLT model in the Northwest. (For more information on the Northwest Community Land Trust Coalition, contact Tasha Harmon at 503–239–1949 or tasha@hevanet.com.)

100. I am not sure who first coined the excellent term green infrastructure to describe the natural systems, parks, gardens, etc., needed to make communities healthy and livable, but I first heard it used by Mike Houck, an urban naturalist for the Audubon Society of Portland and founding member of the Coalition for a Livable Future.

101. In Inside Game, Outside Game, David Rusk cites data showing that “blacks make up approximately 11% of the nation’s population and earn about 7% of the nation’s income, but own only 3% of the nation’s accumulated wealth” (p. 93). He goes on to note that one major reason for this is that segregation leads to black homeowners owning homes that are worth far less than that of white homeowners. “In the Baltimore metro area, for instance, the average black homeowner had an income of $39,000 and a home worth $69,000. By contrast, the average white homeowner . . . had an income of $55,000 and a home worth $133,000” (p. 94). See the writing of John Powell and the Institute on Race and Poverty in the bibliography for more discussion of this issue.

102. Available from the Institute for Community Economics.

103. Local resident preferences are in place for the Portland Community Land Trust’s buyer-initiated program in the Interstate Corridor Urban Renewal District.

104. See Orfield.

105. For a good overview of these and other development options for CLTs, see Davis, Options and Issues.

106. Ibid.

107. One of the attractions of this model for public agencies is that the administrative burden of monitoring and enforcing affordability controls is removed from the shoulders of government and placed in the hands of the CLT.

108. As I noted in the CLT definition section, the existing and potential roles for CLTs in economic development deserve a much more indepth discussion than has been possible in this paper. I hope that this will happen in the near future.
APPENDIX

Community Land Trusts, Housing Affordability, and Smart Growth: The Portland Metropolitan Region

The case of the Portland Metropolitan Region illustrates how the goals and work of smart growth advocates and affordable housing providers and advocates can shape public policy together. It also illustrates how good smart growth policy work can provide a strong impetus and support for the work of CLTs.

In the metropolitan Portland region, two recently created community land trusts, the Portland CLT and Clackamas CLT, resulted in great part from the collaboration of affordable housing providers. Acting together as the Community Development Network (CDN), these providers include community development corporations (CDCs), nonprofit housing developers, and the Coalition for a Livable Future (CLF), which consists of members of the smart growth movement. The Portland CLT and the Clackamas CLT (PCLT and CCLT, respectively) are now moving into roles and relationships created by older nonprofit housing providers.

The choice of both the CCLT and PCLT to be large-scale organizations — not neighborhood-level, but city- or county-level — has significant implications for their ability to both influence growth management policy and be a major participant in implementing it. It also creates challenges for them as they seek to build an active membership base with a sense of real ownership. Membership building and community involvement are the focus for both the organizations at this stage in their development.

Information for this case study is from my personal knowledge, based on my involvement with the Portland CLT throughout its history and before, my role as executive director of the Community Development Network from 1994 to 2001, my involvement in the founding and development of the Coalition for a Livable Future, on whose steering committee and then board I served from 1994 to 2000, and my service on the Affordable Housing Technical Advisory Committee, convened by Metro, which drafted the Regional Affordable Housing Strategy. Additional nonwritten sources include interviews with PCLT staff and with Trell Anderson of the city’s Bureau of Housing and Community Development.

BUILDING THE RELATIONSHIPS AND SHAPING PUBLIC POLICY

Portland's growth management framework as it relates to housing affordability is discussed in some detail in this paper in the section “The Impact of Managing Growth on Housing Prices.” What is not discussed there is the role of nonprofit housing developers in the development of public policies integrating housing affordability into the growth management framework in the region and in supporting growth management efforts.

The Coalition for a Livable Future

In the fall of 1994, the newly formalized Community Development Network — an association of community development corporations and other nonprofit housing developers operating in Multnomah County (the county that includes Portland) — was invited to join 1000 Friends of Oregon, the Audubon Society of Portland, the Bicycle Transportation Alliance, Citizens for Sensible Transportation, and a couple of other organizations to discuss how the work of Myron Orfield might shape the growth management agenda for the region. Orfield presented the relationship between sprawl on the peripheries of metropolitan regions and disinvestment in the urban cores and older suburbs. The result of the conversation that followed was the formation of the Coalition for a Livable Future (CLF, or “the Coalition”).

The Coalition’s stated goal was, and is, to create a “just and sustainable” region. Its first three tasks are listed below.
• To undertake an intensive internal education process to bring member organizations up to speed on one another’s issues and develop a common understanding of how they interact
• To create a set of principles or objectives that all member organizations would actively support, and
• To submit testimony that would influence the Regional Urban Growth Goals and Objectives (RUGGOs), at that point in a public review process prior to adoption by Metro Council (the region’s elected regional government, charged with managing the urban growth boundary).

It was successful on all three fronts.

Coalition for a Livable Future Objectives

After many weeks of internal discussions and presentations about issues, the objectives the Coalition created include:

1. Protecting, maintaining, and restoring the social and economic health of our urban, suburban, and rural communities, especially the distressed parts of the region
2. Developing a more sustainable relationship between human residents and the ecosystems of this region
3. Ensuring a fair distribution of tax burdens and government investments within the region
4. Promoting a tolerant and diverse society
5. Increasing public understanding of these regional growth management issues, developing effective democratic discourse, and promoting broader citizen participation in decision-making regarding growth in our region.

Each of the first two objectives includes several specific goals. Of particular interest to affordable housing advocates and providers are “preventing displacement of low and moderate income residents and people of color as neighborhoods improve” and “promoting the preservation and development of housing affordable to low and moderate income people throughout the region.”

The requirement for organizations wishing to join CLF is that they pledge to actively support all the Coalition’s objectives, not just the ones most relevant to their own mission.

Shaping the Regional Urban Growth Goals and Objectives

In their first six months, building on these principles and working together to forge a common agenda and advocate for it, CLF succeeded in having incorporated into the RUGGOs:

• Language on the importance of focused reinvestment in distressed areas and on economic vitality
• A whole section on affordable housing (which was barely mentioned in the original draft), including the introduction of a “fair share” approach to affordable housing across the region, and
• Stronger language on integrated watershed preservation and water quality, and on transportation options

Building the Coalition and Expanding the Regional Policy Work

Over the eight years since then, CLF has grown to include 60 nongovernmental organizations working together on the connections between affordable housing, environmental protection, urban design, transportation choices, food security, economic vitality and community involvement. The lion’s share of the funding CLF raises goes to support the work that its member organizations do on regional issues. It has a small staff to coordinate this work, help raise money, build relationships, and educate the public. Nonprofits involved in affordable housing development have been strongly involved in these efforts from the beginning. Both the CDN and individual CDCs have participated,
as have such other housing advocacy groups as the Community Alliance of Tenants, Elders in Action, and the Oregon Law Center.

The Community Development Network spearheaded the Coalition’s affordable housing work for the first six years of its existence. Its staff did much of the analysis of existing and proposed Metro policies and the development of new policy proposals for Metro’s consideration. In the mid-1990’s, these efforts successfully incorporated affordable housing goals into the Urban Growth Management Functional Plan and the Regional Framework Plan, documents that strongly influence the shape of growth in the region. From 1999 to 2000, CDN and several of its members and allies served on the Affordable Housing Technical Advisory Committee, working with the 26-member committee to craft the Regional Affordable Housing Strategy (RAHS), which was accepted by Metro in June 2000. Many of the recommendations in the RAHS were then adopted as part of major planning documents in the months following. (See the box for a brief overview of the RAHS.)

The strength and success of CLF can be traced directly to its ability to bring together people focused on a variety of issues. Metro found it compelling that environmentalists were advocating for affordable housing benchmarks and

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**Metro’s Regional Affordable Housing Strategy**

The heart of the RAHS is a regional analysis of affordable housing need in various income ranges, projected to the year 2017, and distributed across the 24 jurisdictions in the region based on a fair share formula. The fair share formula projects how many units of affordable housing would be needed in each jurisdiction in the year 2017 if the distribution of income (by household) in each jurisdiction matched that of the jurisdiction as a whole. The total identified housing need in the region by 2017 is approximately 90,000 units, 66,000 of which need to house people at or below 30% of area median income. From this analysis was developed a linked set of affordable housing production benchmarks, in five-year increments, for each jurisdiction in the region. Each five-year increment represents 10% of the total housing need (the 90,000 units). The benchmarks represent a compromise between the need and what appears possible. While achievement of these goals would only produce about 35% of the total units needed, it would create a net gain of more than 30,000 units of affordable housing.

The RAHS also contains an overview of 18 strategies that local jurisdictions can use to increase the supply of affordable housing. The strategies are on a broad spectrum, from cost reduction options, to land-use and regulatory tools, to funding mechanisms. Some require regional cooperation (or would work best that way), but most are easily adopted on the local level.

The portion of the RAHS incorporated into the Urban Growth Management Functional Plan requires that each jurisdiction consider these strategies and report to Metro about which they intend to adopt and why. The Regional Framework Plan requires that Metro review these reports, which will also contain an analysis of the progress of each jurisdiction toward meeting their first five-year benchmark, and determine whether Metro needs to take further action to address the affordable housing shortage in the region. There are currently no penalties for jurisdictions not meeting their benchmarks. However, there will be strong peer pressure exerted if some jurisdictions move far more quickly to address their goals than others, and there is the possibility that Metro could create more mandatory approaches if this voluntary one fails.
transportation alternatives, and affordable housing advocates for water-quality language and compact growth. In pushing for growth management strategies that focus on equity and sustainability, CLF has been able to mobilize far more people than any one of these constituencies could have. Although the emphasis in this analysis has been on affordable housing work, significant gains were made on many other fronts during this period.

**City-level Public Policy Work**

In a parallel process, the CDCs worked together as the Community Development Network to advocate with local Portland allies for important public policy changes at the city level. Their victories included:

- Requirements that some city funds be focused on housing for people who are at or below 30% of median family income
- The requirement that all subsidized rental housing be affordable for at least 60 years
- The creation of a $30 million housing investment fund
- Substantial commitments of tax increment funds for affordable housing in urban renewal districts, and
- A preservation ordinance focused on keeping expiring project-based Section 8 buildings affordable

All this city-level advocacy work was done in the context of the larger smart growth framework. The Community Development Network argued again and again that these kinds of public policies needed to be seen as integral to Portland’s goal of creating healthy, attractive, vital neighborhoods, and a city center that could anchor the compact, livable region that was Metro’s vision. Allies from the Coalition for a Livable Future, particularly Mike Houck from the Audubon Society of Portland, actively supported several of these initiatives.

The existence of CDN as an organized association of the CDCs and other nonprofit affordable housing developers has made it possible to focus a great deal of energy on policy analysis and development without overburdening any one nonprofit that did not have that as its basic mission. It has also made it easier to take more radical stances, since the individual nonprofit developers are somewhat insulated from political reactions to the policy agenda.

All the local victories were also made much more possible by CDN’s regional work. The Portland city council has been deeply frustrated by how many of the suburban communities do not do their “fair share” to address the affordable housing needs of the region. They have been far more willing to move to improve their own efforts on the issue, knowing that CDN and CLF were working with them to set a regional agenda that would create strong expectations for other jurisdictions.

**Public Policy Support for CLT Work**

Many of the public policies advocated for (and in many cases successfully) by the Coalition and CDN have helped create openings for the work of the CLTs. The issue of how long subsidized housing should or will stay affordable has been of critical concern to activists at both the regional and city levels for many years. This concern is reflected in several public policies, the most CLT-related of which are:

- Metro’s Regional Affordable Housing Strategy includes a discussion of the benefits of subsidy retention and permanent affordability requirements. CLTs are listed in the RAHS as one of the important tools jurisdictions should consider using to meet their affordable housing benchmarks. The RAHS also includes a strong discussion of the importance of implementing antidisplacement strategies in neighborhoods undergoing gentrification, a role PCLT is now taking in the Interstate Urban Renewal District.
The city of Portland’s adoption of a 60-year affordability requirement for rental housing (in response to advocacy efforts to require permanent affordability) also sparked public discussion of subsidy retention and permanent affordability requirements for subsidized homeownership. While both subsidy retention and subsidy recapture models are still funded by the city, this dialogue increased support for the CLT model.

The link between smart growth efforts and the development of CLTs in the region is also visible at the relationship level. Most of the people who were involved in the early work to form both CCLT and PCLT were strongly involved in the Community Development Network and the Coalition for a Livable Future. They saw the CLT model as a tool needed to prevent displacement in gentrifying neighborhoods and provide affordable housing in areas where it was traditionally excluded. The link to the growth management agenda is apparent in their choices to create organizations that work countywide and citywide.

Community Land Trust Involvement in Smart Growth
All the local CLTs have been involved in the efforts to create public policy supportive of smart growth. Sabin CDC, a community-based housing development organization based in a couple of neighborhoods in northeast Portland, created a small CLT program in the mid-1990’s to compliment its affordable rental housing and neighborhood development programs. Sabin is a long-standing member of the Community Development Network.

Since it was incorporated in December 1999, the Portland CLT has been a member of both the Community Development Network and the Coalition for a Livable Future. The Clackamas CLT, formed earlier in 1999, is a member of the Coalition for a Livable Future. Since both PCLT and CCLT are fairly young organizations, they were not involved in most of the work described just above, but they quickly became involved in those efforts. The Portland CLT is currently working with CDN and the Coalition on antidisplacement advocacy efforts in a newly formed urban renewal district in northeast Portland and with CDN on various city-level advocacy efforts around tax increment funding and the underwriting of subsidized housing projects. It has also been active in national dialogues on development without displacement with PolicyLink and others. This national involvement has been helpful in formulating policy proposals for local work. The Clackamas CLT is working with the Coalition on a design workshop focused on a potential new urbanization area in Clackamas County. Both groups are likely to be involved in an upcoming effort to create a regional real estate transfer tax to fund affordable housing. This financing strategy is outlined in the Regional Affordable Housing Strategy and is now endorsed by a range of local elected officials (including many in “suburban” communities) as an important tool to help them meet their assigned affordable housing production benchmarks.

THE CLTS AS AFFORDABLE HOUSING PROVIDERS AND STEWARDS OF LAND TO MEET COMMUNITY NEEDS
All three of the region’s CLTs are also affordable housing providers, helping to implement affordable housing goals in the region. They function within the framework of a larger affordable housing delivery system that includes the housing authority, nonprofit and for-profit providers, and strong government involvement.

Sabin CDC
Sabin CDC was the CLT trailblazer in Portland, negotiating with public agencies to ensure that the CLT model could receive public funding for ground-leased projects and introducing the
CLT idea to the city. Sabin CDC’s program has remained small. It has about ten houses in trust. Sabin CDC also produces and manages affordable rental housing and is involved in other community building activities in the neighborhoods it serves in northeast Portland — inner-city neighborhoods that are undergoing rapid gentrification.

The Clackamas Community Land Trust
The Clackamas CLT is a countywide CLT, created in 1999 by Northwest Housing Alternatives (NHA), a long-established nonprofit affordable housing developer with an excellent track record and strong relationships. Clackamas County is located south and west of Portland, and much of it is inside the urban growth boundary for the region. The county includes a diverse collection of small cities (“suburbs”), a great deal of commercial development, a small amount of industry, and many working farms and rural residential areas. Several potential urban growth boundary expansion areas are in Clackamas County. The CCLT’s decision to work countywide gives it the flexibility to create housing choices in a wide variety of communities and circumstances. It can both help to increase and preserve affordable housing opportunities in existing small communities, and be part of the creation of largely new communities if and when the urban growth boundary is expanded to allow the urbanization of areas that are currently rural in nature. As of June 2002, CCLT had 12 homes in trust (7 new construction, 5 buyer-initiated) and was negotiating a new construction project that would create 14 more in duplexes.

The Portland Community Land Trust
The Portland CLT is a citywide CLT created through a long collaborative process between CDN and the city of Portland. In the late 1990’s, it was the consensus of CDN’s voting membership that the CLT model would be an asset to community development efforts in the city. They also felt that there was no need to create another nonprofit developer since sufficient capacity existed already. None of the existing CDCs (including Sabin) wanted to expand its scope and structure to incorporate the CLT model citywide, nor was there interest among multiple CDCs in taking on this role in their service areas. Therefore, the CDN endorsed the creation of a new citywide CLT that would partner with the existing groups, allowing them to do the development while focusing on stewarding the land, marketing CLT homes, and building a strong membership organization. Community Development Network member organizations served on the start-up board (along with representatives of the for-profit sector, government, and potential homeowners), and CDN was the fiscal sponsor for the new organization for the 16 months between incorporation and being awarded tax-exempt status.

The city’s Bureau of Housing and Community Development (BHCD) became a strong proponent of the CLT model in the late 1990’s and actively supported PCLT’s creation. City agency staff served on the start-up board, and BHCD committed $100,000 a year in operating support for the first two years. Agency staff from BHCD and the city’s urban renewal agency, the Portland Development Commission, wrote long-term affordability expectations into their request for proposals for Rosemont Commons, a large mixed-housing development project on land the city owned, that strongly encouraged applicants to include a partnership with PCLT. The Portland CLT has grown quickly as a result of its base of relationships with nonprofits and city officials.

As of August 2002, PCLT had clearly demonstrated its ability to be a strong development partner. It had successfully sold 16 single-family homes built by two nonprofits at Rosemont Commons. It is the owner and steward for the land under a 100-unit senior rental housing project and 18 family rental units owned by Northwest Housing
Alternatives at Rosemont. This project is a stellar example of the reuse of an existing site (an old convent) to increase housing choices and enhance an inner-city neighborhood. The PCLT has also created a successful buyer-initiated program in a new urban renewal district created in the rapidly gentrifying neighborhoods that include the heart of the African-American community in Portland. Using an antidisplacement grant from the city, it has made homeownership possible for eight low-income families that are long-term residents of these neighborhoods. Two of those families, plus one at Rosemont, were at 40% of area median family income. (All PCLT housing serves people below 80% of area median family income, and most buyers are below 65%.) The buyer-initiated program has residency criteria to ensure that it helps existing residents who are at risk of displacement to stay in their community.

**Moving beyond Housing, Other Directions**

To date, none of the CLTs in the region has focused much on efforts that go beyond affordable housing, though small initiatives are beginning. The PCLT is working with Growing Gardens, a nonprofit organization that helps start gardens in low-income communities, to help residents of the senior housing at Rosemont Commons plant vegetables, herbs, and flowers on site. The Portland CLT has plans to link several of its homeowners with Growing Gardens next spring to get gardens started in their yards. Discussions are beginning about the roles that PCLT might be able to play in helping small local businesses remain and thrive in neighborhoods undergoing gentrification. The PCLT is also at the early stages of exploring the development of shared-equity multi-family homeownership leases (condominiums and cooperatives). This would allow them to play a much stronger role in ensuring that there is a stock of affordable owner-occupied housing in the big downtown urban renewal districts, to support transit-oriented development initiatives throughout the city, and perhaps to reach even lower income people (using the co-op model).

**Challenges and Next Steps**

The choice of both CCLT and PCLT to be large-scale organizations — not neighborhood level, but city or county level — has significant implications for their ability to both influence growth management policy and be major participants in implementing it. It also creates challenges for them as they seek to build an active membership base with a sense of real ownership. Membership building and community involvement are a focus for both the organizations at this stage in their development.

Many successful smart growth–based policies are being implemented in the Portland region, yet many challenges to smart growth exist at this writing — too many to discuss at length in this case study. Some of the equity-focused smart growth work in the next couple of years is likely to include: a campaign to create a regional real estate transfer tax as a dedicated funding source for affordable housing; efforts to ensure that areas newly brought inside the urban growth boundary are developed in ways that include a full mix of incomes; and battles to move local jurisdictions toward meeting their affordable housing benchmarks. The latter two efforts may require the strengthening of regional mandates, which will be an uphill battle.

The Coalition for a Livable Future is also struggling to redefine its role as its work moves from focusing on establishing policy language at Metro to the implementation of those policies at the local and regional levels. CLF has never had any illusions about itself as a grassroots organization; its role has always been that of the umbrella organization working at the regional policy level to support and coordinate the work of local organizations. There is, however, a lack of grassroots organizations that can mobilize
large numbers of local people to fight for the implementation of policies that support affordable housing and other equity issues in many of the key jurisdictions in the region. The Coalition is, therefore, beginning to consider how to be (at least) a catalyst for that work.

Many parts of the region still do not have CLTs and have little in the way of other affordable housing production infrastructure. The creation of one or several community land trusts in Washington County, and another in Gresham or East Multnomah County — or in both counties — in the near future would be an important addition to the implementation of a regional approach to affordable housing.
NOTES

1. Then called STOP.

2. For more information on the Coalition for a Livable Future, contact its office at 503–294–2889 or at <www.clfuture.org>, and see the pieces by Walljasper and Finkel in the bibliography.


5. For more on Metro’s plans, see Harmon in the National Low Income Housing Coalition’s NIMBY Report: Smart Growth and Affordable Housing, spring 2001.

6. The Regional Affordable Housing Strategy, along with other planning documents cited in this paper, can be found on Metro’s website: <www.metro-region.org> or obtained from the Growth Management Department at Metro, 600 NE Grand Ave., Portland, OR 92132, 503–797–1700.

7. The Community Development Network has more than 20 voting members (nonprofit developers) and almost 80 affiliate members, including financial institutions, government agencies, businesses, and individuals committed to support community development efforts. The CDN provides forums and processes for nonprofit developers to build relationships; learn from one another; educate stakeholders, decision-makers, and the public; and advocate for public policies that support their work to meet the housing and related needs of low- and very low income people. For more information contact them at 2627 NE Martin Luther King Jr. Blvd, #202, Portland, OR 97212; tel. 503–335–9884; by email at info@cdnportland.org, or at <www.cdnportland.org>.

8. In buyer-initiated programs, a household interested in CLT homeownership obtains a mortgage from a bank and a grant from the CLT and finds an existing home through the regular market. The CLT buys the land and the household buys the home, using the same kind of shared-equity deed restriction used for new construction. This is a particularly effective strategy in areas without much empty land on which to build.

9. See n. 8.

10. 1000 Friends of Oregon has regular publications that address these challenges. They can be reached at 503–497–1000 or <www.friends.org>.
This is a joint bibliography for the companion papers *Integrating Social Equity and Growth Management: Linking Community Land Trusts* and *Smart Growth and Integrating Social Equity and Smart Growth: An Overview of Tools.*


Boyce, James K., and Manuel Pastor, “Building Natural Assets: New Strategies for Poverty Reduction and Environmental Protection.” A publication of the Political Economy Research Institute’s Natural Assets Project (at the University of Massachusetts, Amherst) and the Center for Popular Economics, 2001.


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———. *Housing at a Snail’s Pace*. August 1996.


