Community Land Trust
Homeownership Program Manual

A Resource Manual for Designing and Implementing a Perpetually Affordable Homeownership Program

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SUBJECT OF CED PROJECT

The creation of the "Community Land Trust Homeownership Program Manual: A How-to Resource Manual for Designing and Implementing a Perpetually Affordable Homeownership Program", for Community Land Trusts (CLTs) and other non-profit housing developers.

PROJECT BACKGROUND

The idea for this project grew out of a statewide CLT meeting held in January 1993, which included staff from the Vermont Housing & Conservation Board. My initial CED project was to develop a method of appraising leasehold values for CLTs in Vermont which would be satisfactory to lenders and appraisers. There is still a need for someone to tackle the leasehold appraisal issue, but at the January 1993 meeting, it was clear that a resource manual for CLTs addressing the ins and outs of the HOMELAND Program was critically needed, and the VHCB staff stated that they would be interested in funding such an endeavor. This project had a clear start and end date, and the level of interest in participation by all the CLTs, as well as the obvious need for such a resource, made it an attractive project for me.
THE PROBLEM

The Burlington Community Land Trust (BCLT) is one of the oldest Community Land Trusts (CLTs) in the country. Incorporated in 1984, BCLT has developed a wide variety of housing in order to address the diverse housing needs in the community in which it operates, and to create options all along the "housing ladder" -- from homeless shelters to homeownership.

In 1991, four Vermont CLTs, at BCLT’s lead, began a "buyer-initiated" homeownership program called HOMELAND (which stands for "Home Ownership Means Equity, Legacy, Affordability, Neighbors & Dreams), with funding from the Vermont Housing & Conservation Board (VHCB).

Background note: Buyer-initiated means that an income eligible buyer can select a home to purchase from the market, and receive a housing subsidy from their local CLT to make the purchase affordable. The shared appreciation (or limited equity) formula of the CLT protects the affordability of each home at resale. Any increase in value of a property is shared between the individual homeowner and the CLT (the community). In addition, the original subsidy remains with the property at each resale, enabling the CLT to pass on significant savings to each subsequent homeowner. This is how CLTs create and maintain perpetually affordable housing.

The start-up of the HOMELAND Program required attention in legal, marketing, and financing areas. BCLT was the only
organization which had a full-time staff person devoted to the program - myself. Therefore, BCLT staff took the lead on developing the program. The CLTs cooperated on some of the program development, legal, finance and marketing issues.

Even before the HOMELAND Program began, however, BCLT received numerous calls requesting technical assistance from other non-profits in Vermont, as well as from all over the country. Calls come from other Community Land Trusts, municipal officials, housing activists, and other non-profit housing groups. The need for technical assistance is clearly above and beyond the capacity of BCLT staff. Since the start of the HOMELAND Program, requests for assistance have only increased.

While non-profit community development efforts can identify start-up funds and receive project funding, operating and ongoing support, including appropriate technical assistance, is often the hardest to obtain. The sharing of resources and collaboration on project development which has occurred among Vermont CLTs is unique. Cooperation and resource sharing is critical, however, if we are to build new successful community development initiatives.

The Institute for Community Economics (ICE) provides technical assistance to CLTs nationwide. In this case, however, CLTs needed program-specific assistance, which was better provided locally so that it was in context and built upon the experiences of the CLTs working together.

The HOMELAND Program has been successful, but still there
are needs for technical assistance among the non-profit community. This project, the creation of a resource manual for CLTs developing homeownership programs, is the result of a participatory effort to address the technical assistance needs of CLTs (and other housing non-profits). The manual’s design and the process of its development are based on the goals of having a user-friendly relevant resource, adaptable to many community organizations. The manual not only addresses the HOMELAND Program in depth, it also addresses:

* CLT resales - the process by which CLTs exercise their option to purchase homes in the CLT system, and re-market them in the community;

* "Bargain sales" - different ways to approach seller donations of property or value in order to further the goals of affordable housing development;

* Resources for CLT "leaseholders" after they have purchased their homes and are members of the CLT;

* How to start a HOMELAND Program in another state - key ingredients of Vermont’s success, along with copies of relevant legislation.

PROJECT GOALS

The main goal of this project was to develop a technical assistance resource manual on developing and implementing a single family homeownership program for Community Land Trusts, detailing the program components, procedures, lender and
underwriting issues, legal issues, marketing, and homebuyer education materials for other CLTs’ use. This goal involved obtaining funding for the project, and soliciting and incorporating input from a variety of sources in order to ensure that the technical assistance needs of the community were being adequately addressed. See Exhibit 1 listing the Advisory Board members who critiqued the manual.

The second goal was to distribute the manual to other CLTs in Vermont and in other states through BCLT, VHCB and ICE. Participants in the project -- those who provided feedback and/or funding -- will receive one free copy each. Other individuals or groups will be charged $25 for a copy of the manual. The goal is wide distribution -- there are currently groups in Connecticut and elsewhere who are planning to develop HOMELAND-type programs, where this resource will be helpful. Advertisements about the availability of the resource will be placed in the BCLT and ICE newsletters, the state of Vermont’s Department of Housing & Community Affairs newsletter, Shelterforce journal, a national newsletter called Common Ground, and other local, regional and national magazines/newsletters.

These goals address the needs of CLTs and other non-profit housing developers for technical assistance regarding homeownership program development. It is the intent of this project to prevent other groups from re-inventing the wheel so that energies are used more efficiently.
METHODS

The methods used during the process of creating the manual involved: meeting and consulting with a variety of individuals and groups and incorporating feedback; practice and implementation of ideas and materials over the course of the past 17 months; developing and implementing a funding strategy; writing and editing incorporating feedback from my community; and research, resource collecting and organizing of materials.

Regular meetings, telephone and written communications took place over the past year between myself and other CLT staff, board and leaseholders, VHCB staff, and other non-profit housing organization staff members. During many meetings, conversations and written communication, I developed an outline of the manual, and began to shape its contents. Regular statewide CLT meetings were the primary basis for structuring content and incorporating feedback. This fall, I circulated a draft copy of the manual to all Advisory Committee members for their feedback. That feedback has since been incorporated - which was a long but interesting process.

During the past 17 months I organized and participated in homebuyer education workshops, created many materials for CLT homebuyers, presented at an ICE-sponsored workshop on "marketing limited equity housing," and provided technical assistance to two groups - Bennington Regional Affordable Housing Corporation and Lake Champlain Housing Development Corporation - regarding limited equity homeownership program development. These
experiences are all incorporated in the manual in the form of experience, trial and error, lessons learned, and marketing and educational materials for CLTs which have been tested and tried. Homebuyer workshops were a great arena for further developing materials and presentation skills. Two workshops for people learning English as a second language were great opportunities to further clarify materials. This opportunity was helpful not just for furthering outreach to ESL students, but also to semi-literate English speakers.

Developing and implementing a funding strategy required patience, persistence (thank you Sue Karant!) and further refining of the project.

My first attempt to obtain funding from VHCB was frustrating because I felt shot down. Even though VHCB had committed early on to fund the project, I felt as though they were constructing unnecessary roadblocks. One of their requests was that I work with a woman who had developed homebuyer education materials and programs in the past. Several meetings with her and many unanswered phone calls later, it became clear to me that she wanted me to finish her unfinished work for which she had previously obtained funding. Her materials and mine were not redundant, as mine were much more geared for CLTs and for low-to-moderate income people, whereas hers were for all non-profits, and for all income ranges. I knew from past experience that VHCB's "forced marriages" did not always work, and I resisted their efforts to create one out of my project.
Fortunately, a staff change at VHCB brought on someone who had previously been the director of a CLT, who was sympathetic to and knowledgable of the need for the project. This change of events, and VHFA’s and Vermont National Bank’s financial support for the project gave me the momentum and encouragement I needed. The process of requesting funding required me to present the idea clearly, providing background, describing the need, defining the market and costs associated with production, and giving compelling reasons why the project should receive funding. The strategy was altered as the project progressed, due to requirements and constraints of funders. This process was on the whole helpful, and receiving funding was thrilling. In the end, funding was obtained from Vermont Housing & Conservation Board ($2,000), Vermont Housing Finance Agency ($1,000), and Vermont National Bank ($500).

The writing, editing, incorporating feedback, research and collection of materials was the bulk of the project. It seemed unending, but I knew all along that the end product would be satisfying -- a compilation of many experiences, many people’s ideas, and a useable resource. It also feels like a life story of my past 7 years with BCLT.

I chose to copyright the manual so that as it is distributed widely, BCLT and I will retain some control as to how the information is used.
RESULTS

As of 1/17/94, the finished product is almost complete and is in the hands of the typesetter. Once it is typeset, it will be printed and distributed. Advertisements will be placed, as described previously, and ongoing orders will be filled by BCLT staff. Along with this paper I am submitting a draft copy of the manual.

The longer-term and more far-reaching results are many. The process of collaboration and consultation with many CLTs and others was helpful in further building cooperation between organizations. The Vermont CLTs have a good network, and this project helped to solidify it. The CLTs continue to meet regularly, and I hope the network will become a more professional and organized force.

The completed manual will help other organizations build their capacity. It will aid in their long range work developing homeownership programs, and in their day-to-day work meeting with and pre-qualifying potential buyers, organizing homebuyer workshops, marketing their programs, and understanding the legal issues involved. It is a user-friendly relevant resource, and will assist the work of community land trusts and other housing non-profits not just in Vermont but in other communities as well.

The process of creating the manual and soliciting and collecting data and critiques from others along the way improved the overall quality of the materials and information in the manual. More heads and experiences in this instance was
definitely superior to one.

Lastly, the manual lends credibility to all the work that has gone into developing the HOMELAND Program in Vermont. It also gives impetus for continuing to fund the program. As the housing crisis grows and the recession remains steady and takes its toll on quality of life, there is more discussion about funding rental assistance. The CLT approach to housing development is to control the cost of housing. It is not a band-aid solution. Unlike the rental subsidy strategy, CLTs require a one-time upfront subsidy, not ongoing subsidies. While the shelter industry has burgeoned, CLTs have struggled to maintain their capacity while focusing their efforts on long-term solutions and greater community control of land and housing. This manual will hopefully strengthen efforts to create long term affordable housing for people - housing which people own and control -- not rental housing owned by an absentee owner who collects a government rent subsidy check each month.

ANALYSIS/CONCLUSIONS/RECOMMENDATIONS

The local and participatory creation of a resource manual has in this case been a successful endeavor. Its success was dependent upon certain characteristics found in the Vermont context. There was a high degree of cooperation among groups, and a willingness to participate in the design and content of the manual, so that the resource would truly address the needs of each organization. The funders were also, on the whole,
enthusiastic and supportive of the concept, and together provided $3,500 for its completion. Because there is quite a bit of familiarity between community land trusts and other non-profit housers (due to the small size of the state), there is a level of trust and cooperation which is unique. Therefore, broad participation in a timely and comprehensive way was achievable.

The concept of creating local technical assistance resources makes a lot of sense, if there is the expertise, funding, and organizational capacity. In the case of CLTs in Vermont, locally created resources are in some cases more appropriate than the support a national organization like ICE is able to provide. Locally created resources can incorporate local information and experience and still be used and adapted in other regions. They are also a way for organizations to create saleable products, although they probably should not be seen as a major money making activity. If the product or service furthers the organization’s name and mission in a positive way, and at least breaks even, it may be a worthwhile endeavor.

However, creating technical assistance resources is a labor intensive process. I accomplished this project because of the support and rigor of the CED Program, and I’m not sure if I could have taken it on if I had not been in school and used to working all of the time! Though the experiences which shaped the manual happened in my workworld, almost all of the writing and incorporating comments occurred in my home, as my workplace is too busy and demanding to afford the quiet time to focus. It was
somewhat of a "luxury project", which wouldn't have been prioritized if I hadn't put so much of myself into it, simply because technical assistance to other groups is not a priority of BCLT (even though it is a huge need for other groups). The benefit is that the information is shared, and BCLT and the CLT mission is furthered in the housing world.

On the cautionary side, capacity funding and funding resources such as this one is meaningless if programs are not funded. The rental assistance debate briefly described above is a real and frustrating one. Currently the funding debate in Vermont is to support the development of more rental housing and rental assistance, at the expense of also funding homeownership programs like HOMELAND. While it's true that rental assistance is needed and prevents homelessness for many people, I don't think it should be a main strategy and focus for funders. The Community Land Trust movement in Vermont has a proven track record of using subsidies efficiently, and in providing decent and perpetually affordable housing. In addition, the mission of CLTs is resident controlled and/or owned housing.

Vermont CLTs have for years developed housing all along the "tenure ladder" from homeless shelters to homeownership. CLTs should not be forced to abandon homeownership programs in order to further develop rental housing. CLTs need to fight for the resources and support to develop all kinds of housing to serve the diverse housing needs of their communities. Innovative homeownership programs like HOMELAND shouldn't be funded only if
they are seen as "in style" at a particular time. In our capitalist system where housing is treated as a commodity, supports for low-to-moderate income households are needed to obtain security of housing tenure.

The families and individuals who were able to purchase their homes through the CLT's HOMELAND Program would not have had the opportunity to own otherwise. This is a growing number of people who have stable housing costs and ownership control of their housing. Many are single parents. Many are children, and in the words of one BCLT leaseholder, the program made a difference for her and her son: "a whole childhood better".

In summary, the creation of technical assistance resources alone will not boost organizations' capacity to develop affordable housing. There are also many political realities which must be faced, and one of them is who decides what the funding priorities are. The goal of creating affordable housing and decent communities will take many fights, struggles and efforts.

Recommendations for others who may want to take on the creation of a useable resource in their community:

- Check out the feasibility first. Is the proposed resource needed? Who will use it? What and/or who are local resources you can incorporate and learn from?

- Can you get proper funding? Can you "sell" the idea to funders who may be interested?

- Are there similar resources elsewhere that already exist
or that you can build upon? Or is this a new idea? Can you collaborate with others who have similar interests?

- END -