

Critical Success Factors for Community Land Trusts in Canada

INTRODUCTION

Community Land Trusts (CLTs) have met with varying degrees of success in both Canada and the United States since their introduction as an affordable housing alternative. The goal of this External Research Program project was to identify the key factors that are instrumental in the success of a CLT. This was done by:

- profiling 12 CLTs across Canada and the United States
- demonstrating the range of CLT models available
- identifying the key challenges and successes CLTs are likely to experience
- sharing the key learnings each of the profiled CLTs has gained over time

COMMUNITY LAND TRUSTS

The U.S. Institute for Community Economics defines a CLT as “a non-profit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents.” While CLTs have a long-standing tradition in Europe and the United States, the tradition is less established in Canada, with only a handful operating across the country.

CLTs offer a means of meeting the affordable housing and community development needs of low- to moderate-income households. They acquire land in the community—either by purchasing land directly or through donations of land, land

and buildings, or money to purchase land. This land is held in perpetuity so that it can always be used for affordable housing. Access to this land is often limited to low- and moderate-income households and the non-profit organizations that serve them.

A number of key features distinguish CLTs from other initiatives that promote housing affordability. These include:

- Non-profit status: CLTs are non-profit organizations, incorporated either as a society or as a corporation. Several CLTs in Canada are registered charities.
- Democratic control: CLTs are typically formed at the grassroots level and controlled by their members.
- Ownership of land: CLTs retain ownership of the land, yet grant the right to use that land to third parties through long-term leasehold agreements. This structure allows the CLT to retain control over who has access to the land, and removes the land cost from the housing equation which enhances affordability.
- Perpetual affordability: CLTs ensure that housing remains affordable by limiting the resale value of the homes, maintaining control of all housing transactions, and retaining a portion of any appreciation on the house itself. These formulas are written into the leasehold agreements.

METHODOLOGY

The project used twelve case studies—eight from Canada and four from the United States—to identify and discuss the key success factors for a CLT. The source material for the case studies included a combination of surveys, communications with staff and/or proponents of each CLT, individual CLT’s websites and other internet-based resources, published studies and documents. In addition to providing background information describing the history and operations of each CLT, the case studies showed that CLTs in both countries have evolved in various models to meet a number of local housing affordability needs.

COMMUNITY LAND TRUST MODELS

The CLT is a flexible approach to affordable housing that has been used in a variety of communities, using different housing opportunities to meet a variety of community needs and goals. This flexibility has led to the evolution of various CLT models.

Co-operative CLTs

The goal of co-operative CLTs is to promote the long-term affordability of co-op housing and to help individual co-ops maintain their non-profit status. Case studies for this model included:

- Colandco Cooperative Homes Inc.—Toronto, Ontario
- Communauté Milton Parc—Montréal, Quebec
- Community Housing Land Trust Foundation—Vancouver, British Columbia

Key learnings from the case studies:

- The need for widespread support and buy-in from government and community stakeholders. Co-ops are often not overly eager to transfer title of their lands to the CLT. The complexity of the CLT model may also dissuade participation or support.
- A clear vision of the CLT objectives is necessary for ensuring commitment to this vision. The lack of a clear vision can create problems with securing buy-in from stakeholders to the goals of a CLT. Some CLTs invest in on-going education and outreach to maintain the commitment to a common vision.

- CLTs require credibility, both within the co-op sector itself and within the financial community. Strong credibility can enhance access to various levels of funding. Other supports for financial credibility include having a sound, sustainable financial model and/or a sustaining legal agreement.
- CLTs have greater potential within the co-op sector as a stewardship mechanism rather than as a development mechanism. Stewardship not only helps preserve the long-term affordability and non-profit status of co-ops, but also provides stability and allows networks to be built within the co-op sector.
- Co-op CLTs would benefit from an examination of options beyond the title-transfer model for ensuring perpetual affordability.

Lease-to-Own CLTs

Lease-to-own CLTs are premised on assisting low-income households move into homeownership. Such households pay a rental rate to the CLT over a given period of time after which they may choose to purchase the unit with a portion of the rent paid to date credited towards a down payment. The household takes ownership of the unit but continues to lease the land from the CLT through a long-term leasehold agreement.

Three examples of such CLTs are:

- Central Edmonton Community Land Trust—Edmonton, Alberta
- West Broadway Community Land Trust—Winnipeg, Manitoba
- Salt Spring Community Housing and Land Trust Society—Salt Spring Island, British Columbia

Key learnings from the case studies:

- Lease-to-own CLTs are a means of using affordable housing to promote community development and neighbourhood revitalization. The Edmonton and Winnipeg CLTs use a combination of grants and subsidies, donated skills, labour and materials to renovate substandard homes in the inner-city to house their members.
- The leasehold agreement is the key to ensuring the housing units remain affordable and accessible to low- and moderate-income households. The agreement typically sets out CLT control over housing transactions such as limits on the resale value of the home and/or a right-of-first-refusal on any sales, and stipulates the portion of the house appreciation remaining with the CLT.
- CLTs must develop a sustainable business model to remain viable. This includes maintaining affordable rental rates while covering ongoing operating costs. A CLT may be able to capitalize on good market timing and government support at their inception, but must be able to remain viable without support program funding.
- The lease-to-own model can be problematic in higher-cost centres. Households may not be able to contribute enough for a sufficient down payment even with affordable rental rates. Also, low-income households with long histories as renters may not possess the knowledge or attitude necessary to become successful homeowners.
- Lease-to-own CLTs are complex organizations that require substantial resources and technical expertise to set up. All three cases indicate that effective outreach is essential to build knowledge, credibility, and support for a CLT as an organization.
- Knowledge appropriate to Canadian CLTs needs to be developed and shared widely. The U.S. CLT model is not easily transferable to Canada.
- Municipal policies and zoning regulations may also act as barriers to the start-up of a CLT. Other such policy barriers include charitable status regulations and restrictions from Canada Revenue Agency (CRA) related to the unique ownership form of CLTs.

Facilitative CLTs

Facilitative CLTs bring together the tools and resources to provide affordable housing, but do not develop or manage housing on their land. Instead, the CLT partners with local groups possessing the organizational capacity, expertise and resources to successfully develop and manage housing projects. An example of this model is:

- Calgary Community Land Trust Society—
Calgary, Alberta

Key learnings from this case study:

- This model allows the cost of the land to be separated from the cost of the home, making the housing more affordable and accessible to low- and moderate-income households.
- Obtaining charitable status from CRA, while a great success for a Canadian CLT, also presents a challenge in balancing sound business practices with community development goals.
- Incorporated in 2002, this CLT was able to capitalize on the experiences of other CLTs in Canada.

Other key CLT learnings

The case study on the dissolved Fonds Foncier Communautaire Benny Farm in Montréal, Quebec (FFCBF) reinforces how vital government and community support is for a CLT. Although some politicians indicated support for the FFCBF project at the outset, that support was not sufficient in the face of strong NIMBY(not-in-my-backyard) opposition from the community. As a Key lesson, it is essential to remember not to overlook the importance of community outreach to build support for a CLT, and to use a collaborative approach for resolving issues.

CONCLUSION

The limited tradition of CLTs in Canada often presents barriers and many CLTs find themselves working in isolation. Documenting the key learnings from current and past CLTs is one means of sharing the potential of this innovative approach to affordable housing.

Based on the collective learnings of the CLTs examined in this report, the following elements are essential for ensuring the success of CLTs in Canada:

- a sustainable business plan
- strong leadership and administration
- community support
- education and outreach
- community partnerships
- funding and capitalization
- capacity building
- a national network and technical assistance
- government support

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