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Policy Paper

February 2019 | No.01

COMMUNITY LAND TRUST: A CONCRETE SOLUTION FOR AFFORDABLE HOUSING IN FRANCE

Lessons from Boston and the San Francisco Bay Area

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Acknowledgements

As this two-years project's end approaches, I would really like to warmly and deeply thank the few people who had been so important and helpful to make it possible and let me achieve this fellowship.

My first thanks go to Shana Aelony, my Angelinos and urban planner cousin, who encouraged my commitment after spending wonderful moments under the Californian sunshine. She connected me to Eric Eidlin, GMF Fellow, whose support, text editing skills and friendship were crucial to enter the Urban and Regional Policy program and the San Franciscan French-friendly network of planners and scholars. Egon Terplan and Ratna Amin at SPUR, Doug Johnson at the City of San Francisco, GMF Fellow Natalie Bonnewitt were resourceful to make me discover San Francisco, Berkeley, and Oakland, not only under the urban and housing aspects!

People at the German Marshall Fund of the USA played, of course, a key role if this report touches its target. They were precious to me in their confidence and exigence, support and transatlantic overseeing: Geraldine Gardner, Anne Marie Brady, Dyvia Khanke were a capital and permanent help.

I want to add my contacts and friends in France that also took part in the project: Sonia Lehmann-Frisch at Université Paris 10 Nanterre whose research about San Francisco was a useful basis, and Denis Bocquet at Ecole Nationale Supérieure d'Architecture de Strasbourg for our discussion in Bilbao's BUILD 2016. Obviously, René Dutrey at the Haut Comité pour le Logement des Personnes Défavorisées whose intuition about CLTs and commitment towards disadvantage people always raises my admiration, and Gilles Bouvelot, CEO of Etablissement Public Foncier d'Ile-de-France, whose determination to find efficient solutions for land policies is incredible. Former city of Montreuil administration chief officer Michel Namura also trusted my ability to combine my local commitment as a Director of Urban Planning and Housing Policy and a transatlantic GMF Fellowship, I must thank him for this.

I finally found an amazing welcome in Boston and the San Francisco Bay Area. I was astonished by everyone's availability and interest for meeting me and explaining their role, action, and projects. I met awesome nice and skillful professionals who did not count their time to answer my questions, repeated things I did not understand the first time, made me visit their town and gave me access to many necessary documents. Very warm thanks to all listed in the interviews list at the end of this report, and especially to the California Community Land Trust Network whose members opened their doors to me for their internal working session in Oakland during the latest Grounded Solutions National Conference in October 2017. I really hope I will be able to return their great support!

Executive Summary

Finding an affordable home has become one of the most pressing issues facing households in European and American cities. The metropolization and financialization of housing markets has pushed up real estate prices to standards that are disconnected from average monthly earnings and inflation. This has resulted in medium- and low-income households struggling to find affordable housing in urban centers. The challenge is that the role of the federal (U.S.) and the national government

(France) in the development and provision of affordable housing has changed. Some would argue that retrenchment has happened at a time when national leadership is still very much needed

in financing, developing, and providing affordable housing. The French social housing model is deeply questioned for its cost/ efficiency ratio, even though the system provides homes for 19 percent of the French population. Public subsidies have decreased for 30 years, and so have the number of units produced. The result is a growing gap between private market prices and the ability of social housing programs to offer an affordable housing alternative. Absent national government financing in France, we must now explore other means to accommodate people who otherwise do not have access to the private market.

As the director of urban planning and housing policy for the City of Montreuil (pop. 105,000), adjacent to Paris, I am faced with a classical problem that many transatlantic cities encounter: the gentrification of

“*Drafting regulations and implementing a new model of housing provision are two separate challenges.*”

working-class suburbs. Close to public transportation with available land due to industrial decay, Montreuil attracts middle-income families that have been priced out of the housing market in Paris. Despite an ambitious land and housing policy, strong regulations, and tough negotiations with property developers, the influx of middle-income families has resulted in rising housing prices and displaced families. That is why we decided to consider the community land trust (CLT) model, created and developed in the United States, as a possible model to replicate. CLTs are nonprofit organizations created with the explicit intent to hold title to land to preserve its long-term availability for affordable housing and other community uses. Between 2014 and 2016, the French government implemented a series of regulations that essentially transposed the CLT model under the concept of *Organisme de Foncier Solidaire* (OFS). However, drafting regulations and implementing a new model of housing provision are two separate challenges. We needed a better understanding of how the model works in the United States in order to incorporate it in France.

This report, funded by the Urban and Regional Policy Program of The German Marshall Fund of the United States, compares the French legal framework implemented in a few OFS projects with two CLT cases, one in Boston and one in the San Francisco Bay Area. After a section on why CLTs are an effective solution to urban market failures in the United States, this report is divided into two parts:

Part One describes the implementation of the CLT model in Boston and the San Francisco Bay Area. Part Two proposes five practical recommendations for developing the CLT model in France, with an eye toward improving local housing practice in United States cities as well.

Community Land Trust: A Concrete Solution for Affordable Housing in France

Lessons from Boston and the San Francisco Bay Area

ROMAIN PARIS

In recent years, finding an affordable home has become one of the most pressing issues facing households in European and American cities. The Organization for Economic Cooperation and Development (OECD) reported in December 2016 that “Access to good-quality affordable housing is a fundamental need and key to achieving a number of social policy objectives, including reducing poverty and enhancing equality of opportunity, social inclusion and mobility. Housing needs are frequently unmet, and today a significant number of people across the OECD are homeless and too many households live in low-quality dwellings or face housing costs they can’t afford.”¹ Between 2000 and 2013, housing costs increased in almost every European country. For example, in Spain, average housing costs increased from 15.2 percent to 24.3 percent of household income. In the United Kingdom, housing costs increased from 18.3 percent to 24.9 percent, in France households are spending on average 26.7 percent of their income on housing, and in Denmark, this increased to 30 percent — the highest in Europe. In 2014, U.S. households were spending 25 percent of their disposable income on either a mortgage or rent. That is a snapshot of some national averages. The focus on cities, though, points to an even more dramatic situation.

- In Paris, from 1993 to 2013, prices in the real estate market increased almost 290 percent from €2,840 per square meter to €8,140 per square meter. ² Between 1993 and 2016, rents rose from €14 per square meter to €24 per square meter (+75 percent).
- In San Francisco, the graphic below illustrates that real estate prices in the last 20 years

have almost quadrupled, while the median household income doubled (from \$47,000 in 1998 to \$96,000 in 2016).

- The curve is similar for Boston. Although home values are significantly lower than in San Francisco (€430,700 for an average home), average rent is high at \$2,362 (vs \$3,376 in San Francisco), while the median household income in Boston was \$78,800 in 2015 and has only increased by 4 percent in the last ten years.

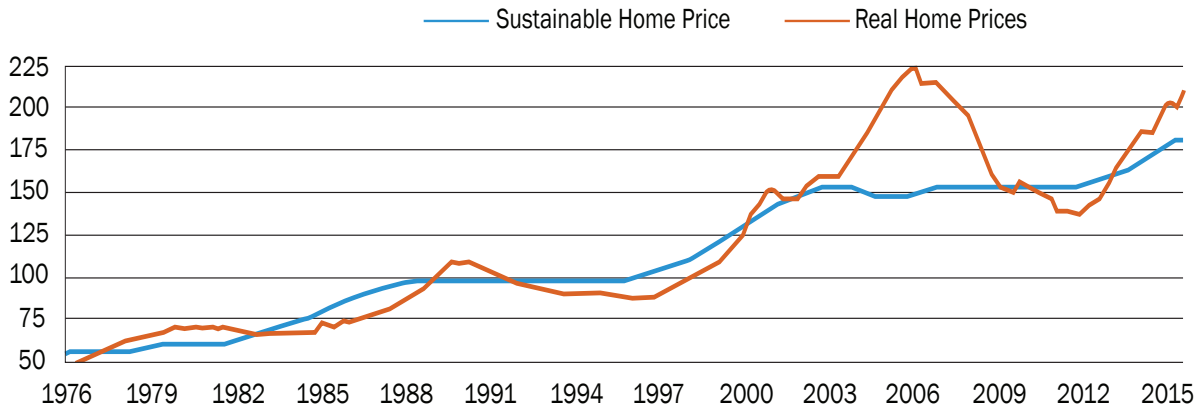
Paris, San Francisco, and Boston are examples of “hot markets” and constitute paroxysmal situations in Western countries. It is also important to note that these figures are based on averages, which do not capture the toughest cases of housing insecurity for low-income individuals and families. Homelessness, long on the rise in the United States, is increasing in Paris as well. The increase in Paris is linked to the affordable housing crisis for low-wage workers and refugees who cannot afford to cover their housing costs with their earnings. Pictures of families living in Paris parks and streets at the same time the Municipality discussed the role of Airbnb rentals in diminishing the number of apartments available for long-term rental, sent shock waves through the system. However, even without mentioning those living in the worst conditions, working individuals who do not earn enough to cover housing costs (or are unable to afford an apartment close to where they work) is a known problem and cause for great concern.

If we refer to the story of urban real estate markets and housing issues in Western countries' cities during the last three or four decades, the present situation is maybe different or unseen because of the globalization of real estate and an extending process of economic

¹ <http://www.oecd.org/social/affordable-housing-database.htm>

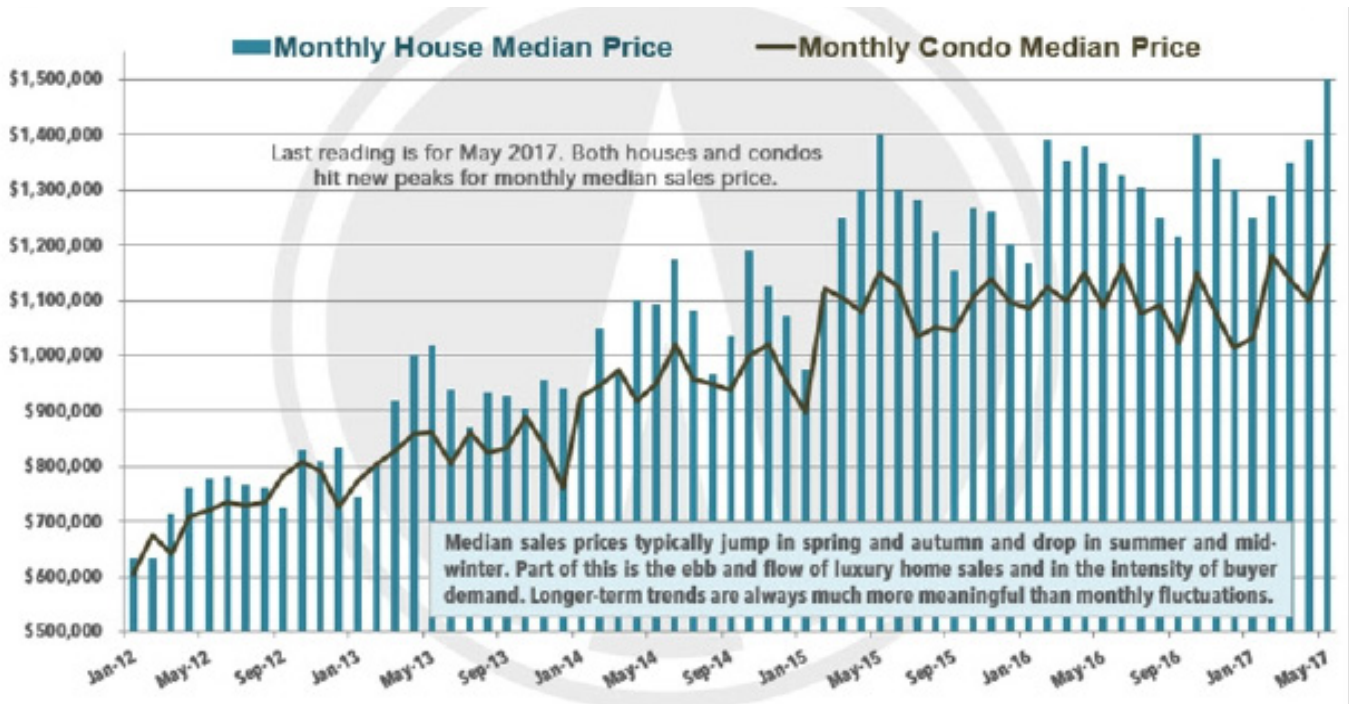
² Source: chambre des notaires de Paris et d'Ile-de-France and <http://www.cgedd.fr/prix-immobilier-presentation.pdf>

Figure 1: San Francisco Home Prices



Sources: CoreLogin, Case Shiller, and Fitch Ratings

Figure 2: San Francisco house and condo median sales prices



Source: Paragon Real Estate Group

inequality between people.³ The debate about market failures to provide acceptable housing conditions is as old as spatial and land economics, and the major role of public welfare in correcting these failures should not need to be demonstrated again. However, as we face major housing issues in almost all advanced countries' metropolises, we must re-examine various solutions to reduce or even solve this crisis.

The Failure of Past Public Policies

Historically, the provision of affordable housing, referred to as public housing in the United States and social housing in Europe, was the responsibility of the federal government in the United States and the national government in France. In France and the United States, it operated within different historical frameworks which have resulted in a different set of outcomes. The United States started to curtail its role as the sole developer, provider, and asset manager of public housing in the 1970s and 1980s, while France's national and local governments still play a crucial role in the development and provision of social housing. Indeed, whereas targets of public provision have decreased in the United States (or shifted to the public/private partnership through the Low-Income Housing Tax Credit, for example), France has increased its target. In 2000, 20 percent of all developed housing had to be affordable in cities with more than 3,500 inhabitants; in 2014, this number increased to 25 percent. Yet while these targets have increased, successive French governments have continued to decrease national public subsidies, leaving government money to cover only a small portion of the project budget, usually 5 to 8 percent of the operating costs. As a result, it takes many actors to cobble together the financing for a housing project. Beyond the financing that comes from regional and local authorities, two stakeholders are relevant to this discussion because they symbolize the French model in all its originality and complexity.

Action Logement is an organization whose governance is shared among workers, unions, and business unions. It is responsible for managing the mandatory financial

contribution paid by every company with more than 20 employees.⁴ This contribution is 0.45 percent of total paid wages and represents a yearly sum of €1.5 billion dedicated to funding housing policies; in exchange for a portion of the developed units being reserved for their employees. It is the main shareholder of 70 companies that together own 980,000 units of social housing in France.

Caisse des Dépôts et Consignations is a public bank established in 1816 in charge of general interest missions such as managing public savings accounts or holding shares of strategic national companies.⁵ Its annual revenue is €165 billion manages €400 billion of savings and distributes approximately €15 billion in long-term loans for social housing companies. Like Action Logement, it is also the main shareholder of three social housing companies that own 185,000 social housing units.

In addition to providing social housing units, France also offers a cash benefit called **Aide Personnalisée au Logement (APL)**. The equivalent of the U.S. Section 8 Housing Choice Vouchers, APL was created in 1948 but unlike the Section 8 program in the United States, which is capped, APL is open to everyone based on need (such as income). APL can be used to cover rent in social housing as well as private rentals. Today, 6.5 million households receive APL; about half are social housing tenants. But APL is not without its costs; the national government spends €18 billion or 43 percent of its total governmental expenditure on housing.

Presently, the efficacy of the French social housing model is being questioned for its cost/ efficiency ratio. This is happening despite the fact that the French social housing model has successfully provided housing for 19 percent of the population while responding to demographic and social change since the 1960s. The original objectives of the French social housing model, like the U.K. and, to a great extent, the United States, was that at a time of housing shortage, the government stepped in to develop

⁴ <https://groupe.actionlogement.fr/>

⁵ <http://www.caissedesdepots.fr/fileadmin/sites/ra2015/mediatheque/>

³ T. Piketty, *The Capital In The Twenty-First Century*, Belknap Press, 2013 is a very clear and full explanation of that historical process.

and supply housing for the majority of the population who needed it, irrespective of income. But, like the U.K. and the United States, in the face of ever decreasing financing over the years from the national government, French social housing now targets mainly the lowest-income households, more than 70 percent of whom are theoretically eligible for social housing but do not receive it. While social housing is not an entitlement, the need for it clearly exists.

On the other hand, private development and ownership of social housing has, for a long time, been on the rise and stepped in to fill the void left as the national government retrenched funding over the years. Similar private financing measures are used in France as in the United States: tax credits, first-time buyer's programs, and government-subsidized loans and grants used to leverage private equity in the development of social housing. But private developers provided affordable housing as long as the land and real estate prices were connected to average incomes. This is no longer the case. As a result, there is a growing gap between private market prices and the ability of these types of tools to offer affordable prices and/or low production costs to develop social housing.

Section Two will compare affordable housing development in France and the United States. This section unpacks respective strengths and weakness of policies and tools used in the United States and France to develop affordable housing, and where there are commonalities in policy application that present opportunities for cross policy pollination. The objective of this paper is to explore alternative solutions to developing affordable housing, with a particular focus on how the current provision meets the needs of those who cannot afford housing through the private market.

“ Can we find some sustainable solutions to change our paradigm and get out of a vicious cycle when “more” housing does not really improve the situation?”

This section will point out some of the most pressing issues within these areas and highlight some less obvious challenges.

From Montreuil to Boston and San Francisco

As director of urban planning and housing policy for the City of Montreuil (pop. 105,000), the fourth-largest city in the Paris region, I witness the daily creep of gentrification. We face the classical issue of a traditionally working-class suburb being subsumed by gentrification. Close to public transportation, with available land due to industrial decay, we attract middle-income families that cannot afford to purchase a home in Paris. This has increased housing prices in Montreuil, which has led to the displacement of families. But with 38 percent of the housing stock being dedicated as social housing — the result of eight decades of Communist local government, with strong social ambitions — Montreuil is in the unique, if not enviable, position to maintain housing for a mix of incomes (i.e., keep low-income residents from being displaced). But the challenge for Montreuil is not in the stock but in the flow. High private market rents mean that residents of social housing are less likely to leave, resulting in a low turnover rate and thus low availability. Despite an incentivized zoning code combined with high construction of housing in the last few years,⁶ we still need to deal with two parallel phenomena:

- The waiting list for social housing is still increasing (about 7,000, with an average waiting duration of five years).
- The increasing real estate prices exclude even middle-income households from homeownership.

So, can we find some sustainable solutions to change our paradigm and get out of a vicious cycle when “more” housing does not really improve the situation? To that end, should we conceptualize our land strategy

6 Between 7 and 11 units for 1000 inhabitants, compared to 4 at the regional level (source: INSEE)

differently? The classical model of real estate production (either social or private) is based on a land ownership transfer when housing units are built and sold. This leads to a chain of value capture by private stakeholders even if the building incentives and authorizations come from community decisions. Is there any way to maintain a public value to steadily lower the housing prices? Although France has a long experience of real estate set-ups with land/building splitting, based on long-term land leases, called bail emphytéotique, but these questions prompted us to look overseas to the Community Land Trust (CLT) model developed in the United States for possible answers to our questions.

What Is a Community Land Trust?

There is a wealth of American academic and professional literature on CLTs that explores this alternative model for land ownership and affordable housing. The following definition best summarizes them:

- A CLT is a nonprofit organization formed to hold title to land to preserve its long-term availability for affordable housing and other community uses. A land trust typically receives public or private donations of land or uses government subsidies to purchase land on which housing can be built. The homes are sold to lower-income families, but the CLT retains ownership of the land and provides long-term ground leases to homebuyers. The CLT also retains a long-term option to repurchase the homes at a formula-driven price when homeowners later decide to move.⁷

This emphasizes the purpose of CLTs and the legal articulation established between the land and the physical property on the one hand, and the CLT, the public authorities, and the homebuyers on the other hand. The definition stresses who can create a CLT (a community development organization, a municipality, housing activists, citizens), what kind of housing (rental, cooperatives, single-family homeownership), and who can

benefit from this model.

What is striking about the CLT model is its adaptability to different local contexts. From the first development of an urban community land trust in Cincinnati, Ohio in 1981 to its wide geographical dispersion and adoption today. In the United States there are now more than 260 CLTs, consisting of 15,000 homeowners and 10,000 rental units. What makes CLTs unique is the reasons for their existence: some CLTs sprang out of local community mobilization efforts to improve living conditions in both poor and gentrified neighborhoods, others are municipal initiatives that offer an alternative to market-rate rental properties, while some are grassroots organizations that focus on homeownership.

Several events in the last ten years have been important for the CLT movement. According to John E. Davis,⁸ “the Foreclosure Crisis illustrated two key issues: one, the fragility of homeownership in the United States, especially for low-income households; and, two, the importance of the sort of stewardship services provided by CLTs, which not only protect affordability when housing markets are hot but also protect security of tenure and prevent deferred maintenance when housing markets are cold”. These protections came to be known as “counter-cyclical stewardship” among CLTs and other providers of resale-restricted homeownership. This is where the CLT model comes in. Because of the way CLTs are designed, they face very few cases of evictions throughout the country, making them financially strong. Indeed, four to five CLTs are created each year. The national network has been enhancing its organization and resources under the leadership of Grounded Solutions,⁹ a nonprofit advocating the viability of the model while sharing best practices. Of course, the phrase “drop in a bucket” often comes to mind. The number of affordable housing units developed each year (whether rental or for purchase) is very small relative to need and compared to other programs that develop affordable housing on a much larger scale (for example, the Low-Income Housing Tax Credit). However, CLTs represent an interesting alternative to classical home

⁷ The City-CLT Partnership, J. E. DAVIS and R. JACOBUS, Lincoln Institute of Land Policy, 2008

⁸ I quote his personal communication to my text, he kindly enriched with this remark.

⁹ <https://groundedsolutions.org/>

ownership, on the one hand, and traditional housing policies, on the other. Indeed, its originality and a strong guarantee of affordability is the reason why countries like France are looking to adopt and adapt the model to address current affordability challenges.

Community Land Trust and Organisme de Foncier Solidaire

In France, the CLT model was first mentioned in 2011. In 2013, it was transposed into law and in 2017 the first CLT, referred to in France as Organisme de Foncier Solidaire, was incorporated in 2017. The actual legal creation of the CLT into French law deserves some explanation. It is a story about how CLTs first came to the attention of French housing experts and how they were then written into the French housing legal framework through the Organisme de Foncier Solidaire.

Strong Activism

The dissemination of the CLT model originated from doctoral research lead by Jean-Philippe Attard, a specialist of land policies working at the Etablissement Public Foncier d'Ile-de-France (EPFIF), a national agency created in 2007 in charge of land banking in the Paris region. EPFIF decided to develop innovative solutions for lowering land prices according to its objectives to contribute to the development of residential and business real estate. In 2011, with the support of EPFIF and a Fulbright scholarship, Attard studied the CLT model on the U.S. East Coast. His work was summarized in articles between 2011 and 2013¹⁰ before he joined a group of professionals and activists in participatory housing, land policies, and community planning. Together they formed an association called CLT France, pour un foncier solidaire (CLT France for a solidarity-based land) which served as an advocacy organization to promote the CLT model in France. Meanwhile, the Fédération des Coopératives HLM, a network of social housing companies incorporated under

10 Attard Jean-Philippe, 2011, « Une solution pour un logement abordable ? Echos d'une conférence sur les community land trusts », Etudes foncières, n° 152, p.2 ; Attard Jean-Philippe, 2013, « Un logement foncièrement solidaire : le modèle des Community Land Trust », Mouvements, n° 74, p.143-153

the status of cooperatives, was an important advocate of OFS because of the opportunity to develop a new form of social homeownership, as the existing models were complex and difficult to use. During the presidency of François Hollande, the ecologist Minister of Housing Cécile Duflot and the Socialist Member of Parliament of the north of France, Audrey Linkenheld supported exploring a new model of housing development, especially interested in the idea of perpetual affordability. Housing affordability was one of the policy areas that President Hollande was determined to enhance. Cécile Duflot drafted the legislation, Accès au Logement et Urbanisme Rénové (Housing Access and Renovated Urbanism) or ALUR that was then voted into law in June 2014. It was this legislation that introduced the new type of nonprofit organization entity called the Organisme de Foncier Solidaire (OFS).

The Legal Framework of the OFS

The law did the following:

- It created a nonprofit organization status dedicated to OFS.¹¹
- It created a ground lease introducing the notion of perpetuity in the differentiation between land and real estate ownership.¹²
- It created a reference to previously existing social ownership and governmental regulations which determine the level of home prices and the corresponding income levels that allowed households access to social ownership.
- It created reductions on property tax, Value Added Tax (VAT), first-buyer mortgage and real estate transaction tax that are strong incentives for non-profit organizations

11 law n° 2014-366, 2014 March 24 / executive order n° 2016-985 2016 July 20 / national ordinance n° 2017-1037 2017 May 10

12 law n° 2015-990, 2015 August 6 / national ordinance n° 2017-1038 2017 May 10

developing the model.

The law enabled a public housing agency to use the OFS model as its own subsidiary. In order to maintain that status, the OFS must remain a non-profit entity. To clarify, in the United States a public housing authority cannot be involved in a CLT. In France, prior to ALUR, public housing authorities could not be involved either, but ALUR now enables/allows French public housing authorities to be involved. What is the advantage of having the French public housing authorities involved with CLTs? France has very strong public housing authorities that are well resourced. This means that there is the technical know-how on site to help develop and manage the CLT model — so there is money and human resources that can be mobilized in ways, that are currently not possible in the United States. CLTs in the United States are quite small, and they are hard to scale up because they lack the financial and human resources.

One of the main innovations with OFS its ability to lease which, in turn, allows for a long-term and replicable relationship between landowners and homeowners that before ALUR was not legal. The challenge with the old regulations is that when the contract, which lasted anywhere between 50 and 99 years, for the ground lease expired the building itself reverted to the landowner. This is less a problem for social housing or public facilities on city-owned land and more of a home ownership problem, because homeowners would lose all their equity, and thus their rights after the covenant expired. This policy resulted in a weak incentive to use the land for homeownership since the incentive structure was built around leasing and now ownership. ALUR makes it possible for the investor to hold the property rights of buildings for perpetuity and thus use the land for homeownership, which was illegal until the law changed.

That said, French legislators created very precise legal text that explicitly clarified the limits of OFS:

- **Limitation of incorporation due to a national agreement:** participating entities must receive an agreement by the national administration in charge of housing before the OFS debuts. This

is to ensure compliance with national regulations.

- **Limitation of land use:** an OFS can only be used for housing.¹³
- **Limitation of households having access to OFS:** household eligibility is restricted by strict income limits. The law does take into consideration the economics of the project or the needs of the neighborhood when determining eligibility.
- **Limitation of resale formulas:** regulation text is established by the Ministry of Housing that sets a maximum increase of resale prices, according to a maximum price for social homeownership.

First Attempt to Implement Organismes de Foncier Solidaire

Currently, several OFS projects are underway, but only a few of them have received governmental agreement and have been incorporated.

The city of Lille has the first OFS, at the behest of former member of parliament Audrey Linkenheld. Lille (pop. 225,000) is part of a larger metro-region that consists of 1.2 million inhabitants. Lille, which sits in the center of the metro-region, has a high proportion of small apartments that house very few families. Lille implemented a strong housing policy framework that has funded social homeownership for many years with the objective of attracting low- and middle-income households by providing attractive real estate prices. Since 2008, the city of Lille has developed 2,159 moderately priced housing units. The problem is that the affordability of the unit is lost when the first resale occurs, ironically at market-rate prices. The CLT model is seen as a realistic way to keep those units of housing off the market and thus maintain their affordability.

¹³ CLTs in the US can serve for nature preservation or economic development.

Lille OFS obtained the government agreement in February 2017 and has since begun operation on the first two CTL sites. The two projects consist of mixed-use private-market and social housing units. The development of the project is complex. The land upon which the development will be built is from a city-owned land tenure that was sold to a private developer.

In exchange for the authorization to sell market-rate units, the developer donated part of the land to the CLT on which affordable housing units are located and can be leased. Twenty percent of the units are part of the OFS deal, while 40 percent to 50 percent are social housing. The remaining units are market rate condominiums for purchase.

“ *The objective is to find a way to marry local groups and associations against property development in residential areas who fear gentrification and exclusion.* ”

The second project was led by Comité Ouvrier du Logement¹⁴ (COL or Workers Housing Committee), a social housing co-op in Anglet (pop. 38,000), a small city in south-west France located in a larger urban area that consists of 130,000 inhabitants. The challenge with this area is large amounts of tourism. COL was established in 1951 to help low-income workers find housing. COL is founded on the principles of cooperation and solidarity. Most of the housing units built are social housing, in shared-equity coops. COL recently decided to incorporate an OFS-function into its organization. This is similar in many ways to CLT because the board consists of owners and tenants, local authority representatives, community members, and financial institutions. This case must be considered as an attempt by the Fédération des Coopératives HLM to implement the CLT model, as they seek to do the same in the Paris region.

These are two of the first OFS projects with Rennes, Paris, and Lyon currently working on creating an OFS for 2018. While this movement is only beginning, it is clear that the

CLT model is catching on, with Montreuil forerunners.

What We Intend to do in Montreuil

Citizenship and Community Engagement

The City of Montreuil is committed to creating an OFS and decided to take the time to explore possible alternative and/or complementary models to developing social housing equitably. The foundation for this is Montreuil's strong commitment to enhancing residents' involvement in the community with the objective to place residents at the table as important stakeholders who have a crucial voice in determining what change should look like in Montreuil. For instance, Montreuil sits on the executive board of a national network of cities supporting participatory housing that aims at ensuring that residents develop 5 percent of the new housing units for a specific project. Montreuil has also recently implemented a participatory budget, authorizing residents to propose and decide by local ballot how the city will invest 5 percent of its city budget.

If this last point is a question of urban form, the first one clearly deals with land policy issues and can be answered by the perpetual affordability guarantee that CLTs provide. The objective is to find a way to marry local groups and associations against property development with their expressed agreement that there needs to be a solution to the housing crisis. The hope is that the OFS model is the tool that will bridge the two concerns and will get residents to view development less as an intrusion and more as an opportunity to create inclusive communities. One key way to do this in addition to land price stabilization is for the OFS model to create inclusivity through membership to the organization and thus a role in the governance process.

A Glimpse at Our OFS Progress

The principle of creating an OFS is outlined in the Urban and Sustainable Development Plan of Montreuil,

¹⁴ <http://le-col.com/>

a part of the comprehensive plan and zoning code.¹⁵ In partnership with CLT France, a study was conducted to explore the feasibility of developing a plot of land next to one of the newly developed subway stations that is set to open in 2023 and owned by EPFIF.¹⁶ The study concluded that it is feasible to develop 53 units of affordable housing with a purchase price between €2,950–€3,430 per square meter, or between 12 percent and 24 percent below-market-rate prices, according to estimates of city subsidies and the land lease fees for the OFS. The next step is to engage the National Agreement file, which once decided would limit the geographical action limits of the CLT and its governance.

The Research Project

The research project leading to this paper sought to answer the following three questions.

- What role do CLTs play in developing and maintaining affordable housing in hot real estate markets cities such as Boston and San Francisco?
- How has France adopted and adapted the CLT model?
- What can Montreuil (and more generally the Paris metropolitan area) learn from the role of CLTs in developing affordable housing in Boston and the San Francisco Bay Area?

This report is divided into two parts. Part One explores in detail the four CLT case studies. Part Two outlines five practical lessons learned from an analysis of the findings. Summarizing the case studies in detail is meant to provide policymakers on both sides of the Atlantic with sufficient background information to better understand the challenges and barriers as well as the successes of the CLT model for affordable housing production.

¹⁵ Which is a unique document in France, called Plan Local d'Urbanisme

¹⁶ Etablissement Public Foncier d'Ile-de-France

The Boston metropolitan area and the San Francisco Bay Area were chosen because both are grappling with how to provide affordable housing in what have become incredibly “hot” real estate markets. San Francisco is well known for its unaffordability. Boston is following a similar path. It is in the context of high-income cities, where politics, power, and people collide that advocates for CLTs are fighting to demonstrate not only the relevance of the model but to see it come to fruition as well.

Four Situations, Four Solutions

During my research, it was common for people to ask me why I came to the United States to study affordable housing production in a country that is well known for failing to adequately meet affordable housing need. This question became a real cause of torment, on the one hand, and interrogation, on the other — for me as well. The U.S. structures its social and urban policies differently from Europe generally and France especially. Indeed, one of the fundamental differences between the two countries is the degree to which France turns to the public sector to manage the risks of market failure in ways the United States does not. The U.S. government once played a fundamental role in financing, developing, and managing a large portfolio of affordable housing for the public — later known as “public housing” — but since the 1970s and 1980s, the federal government has shifted from public to market-driven solutions to develop affordable housing. The question is, how successful has the United States been at providing affordable housing, especially in high-income cities? Some argue that it has failed to adequately meet the need. If this is the case, what is the benefit of studying “good practice” in a country that has largely failed at meeting demand? Is it useful to examine what can roughly be considered a failure?

On the other hand, it seems that France has adopted which have resulted in housing markets that have been highly unaffordable for low and very low income residents the past 20 years. Homelessness has become a political topic for general (or what we call national) elections in 1997, 2002, and 2009. Several nongovernmental organizations frequently point out the

issues of over-occupancy, cost-burden, and/or poor housing conditions many residents are faced with. In 2017, Fondation Abbé Pierre reported 4 million people have no permanent home. Between 2001 and 2017, this number increased by 50 percent. Fondation Abbé Pierre also noted that 12.1 million — or 18 percent of the total population — live in poor housing conditions¹⁷. If social housing in France was supposed to be the solution to affordability for middle- and low-income households, it nevertheless has not succeeded in solving housing needs even with special regulations and established programs. This failure to “solve” the housing problem in France can be attributed to two main factors that echo the U.S. situation. First, there is a constant need for massive government subsidies to pay for asset management that otherwise cannot be funded through low-rents. Second, NIMBYism¹⁸. Local rejection for housing a socioeconomic diverse mix of residents is as present in France as in the United States.

There is also convergence in financial policies. Europe, France specifically, has increasingly adopted more individualistic or market-driven policies. Successive EU treaties have required member state countries to dedicate less and less of GNP to social expenditures in health, unemployment insurance, transportation, and housing. The national government, which clearly considers the cost burden for housing too high, is also currently questioning the efficacy of the social housing funding system. The Secretary of Housing recently proposed¹⁹ longer loans to social housing agencies and encourage them to sell a part of their portfolio to current leaseholders. But the idea that the existing tax credit system, that is meant to stimulate private-equity in the development of affordable housing in exchange for a tax credit, is more economically efficient.

Thus, the United States and France, may seem culturally, socially and politically different, are in fact not so distinct from one another. Both countries are facing

¹⁷ <http://www.fondation-abbe-pierre.fr/nos-actions/comprendre-et-interpeller/23e-rapport-sur-letat-du-mal-logement-en-france-2018>

¹⁸ Not In My Back Yard—or Nimby

¹⁹ http://www.lemonde.fr/logement/article/2017/10/24/julien-denormandie-veut-changer-le-financement-du-logement-social_5205165_1653445.html

similar affordability problems. If CLTs, deed restrictions or inclusionary zoning are excellent tools at a city’s disposal to address the affordability crisis in the United States, then it is important for France to learn about how and why these tools work well. Both the United States and France can learn from their respective weakness and failures, in order to learn how to improve.

Boston and the San Francisco Bay Area: Vibrant Cities with a Housing Crisis

Boston (pop. 673,000) is the 23rd largest city in the United States and is situated in an urban area of more than 4 million inhabitants. The Greater Boston area is ranked tenth in population. With its world-class universities and a booming biotech industry, Boston is deeply embedded in the “knowledge economy” and, as a result, has attracted high-skilled, high-paying jobs in the last ten years. In short, the city is thriving. It is predicted that Boston will see a 15 percent increase in residents in the next 15 years alone.

Boston also has the highest number of public housing units compared to other U.S. cities: 12,000 public housing units and 11,000 publicly assisted but privately-owned units. One Bostonian in ten is housed by the Boston Housing Authority. If other affordability solutions (inclusive zoning, tax credit, etc.) in privately owned units are included, then one in eight Bostonian lives in an affordable housing unit.

Yet, despite the fact that 19 percent of all housing in Boston is considered “affordable” by these measures, a recent study by the Brookings Institute²⁰ found that Boston has the highest income inequality of any major city in the country, due in part to its lack of affordable housing. There are 40,000 households on the Boston Housing Authority’s waitlist and according to the Metropolitan Boston Housing Partnership, the Section 8 waitlist is currently 11 years long. The demand for affordable housing in Boston far exceeds the city’s supply. Meanwhile, Boston’s hot real estate market

²⁰ Berube, A., & Holmes, N. City and Metropolitan Inequality on the Rise, Driven by Declining Incomes. Washington, D.C. Brookings Institute, 2016

is only getting more expensive, driven by a 40 percent increase in land prices since 2000. Housing prices reached new highs in 2016, with particularly strong price growth in the condominium market. The median condominium sales price in 2016 was \$585,000, an increase of 10 percent in real terms over the 2015 level. According to the Greater Boston Housing Report Card for 2014–2015²¹, more than half of tenants spend greater than 30 percent of their income on housing, and 25 percent of this group spends more than 50 percent of their income on housing. Meanwhile, 38 percent of homeowners are paying greater than 30 percent of their income on mortgages and taxes, up from 27 percent in 2000.

“ *The housing stakes are high and getting the policy response to the problem correct is crucial.*”

San Francisco, on the other hand, is roughly the same size as Boston with 870,000 inhabitants but situated in a metropolis of 4,679,000 people. The housing crisis in the Bay Area has kept pace with the economic boom of the last two decades. Home to Silicon Valley, Google, Apple, Facebook, Amazon (GAFA), Netflix, Airbnb, Tesla, and Uber (NATU), the San Francisco Bay Area's GDP grew three times faster than the national average in 2016 according to the Center for Continuing Study of the California Economy.²² The high performance of the region's economy and its effects on the real estate market are well known.

As the Bay Area Council Economic Institute reported in 2016, “Bay Area housing costs have historically been among the highest for any region in the country.”²³ But affordability concerns have grown following the 2008–2009 financial crisis. Average rental costs for the region topped \$2,500 per month in 2016 and the median single-family home price reached \$841,500 in the second quarter

21 <https://cssh.northeastern.edu/policyschool/2017/11/9891/>

22 <http://www.ccsce.com/PDF/Numbers-Sept-2017-CA-Regional-Economy-Rankings-2016.pdf>

23 Bay Area Council Economic Institute, *Solving the Housing Affordability Crisis*, October 2016, p.5

of 2016. Nearly half of the region's leaseholders are considered burdened by housing costs; the percentage of Bay Area leaseholders spending more than 30 percent of their income on rent; an increase from 28 percent to 49 percent between 2000 to 2014. The housing affordability issue is most acute in San Francisco proper. The California Association of Realtors reports that only 13 percent of San Francisco households can afford to purchase the median-priced home, far below the 57 percent affordability average for the U.S. on a whole. In San Francisco, the median home sale price of \$1.25 million in November 2017 set an all-time high, while the median one-bedroom apartment rental cost of \$3,590 priced many would-be residents out of the market. High home prices and rental costs are also pushing many San Francisco workers to leave the city in search of affordable housing.

For these two dynamic metropolises, the housing stakes are high and getting the policy response to the problem correct is crucial, especially since it takes a considerable amount of resources (financial and otherwise) to invest in developing affordable housing. Community Land Trusts (CLTs) are one of the policy tools used to help solve the affordability problem. But what is their exact role? How do advocates for CLTs boost their impact on the political agenda in order to get tangible results? The following sections provide some answers.

Boston: Between Community

Organizing and Affordable Housing

Cambridge: A City Leads a Comprehensive Action Towards Affordability

From a French perspective, Boston's neighboring city of Cambridge, Massachusetts is an interesting case. The city developed a wide scope of programs based on a budget envelope dedicated year after year to better control of the housing market with the objective of maintaining a diverse population in gentrified (or gentrifying) neighborhoods. Of the cases studied for this paper, the case of Cambridge is most similar to France's in that a

process is in place that is led by the public administration that is focused on centralized solutions.

While small compared to its neighbor Boston, Cambridge nevertheless has encountered similar housing challenges as Boston. With 110,400 inhabitants and 46,500 students who attend the Massachusetts Institute of Technology and Harvard University, Cambridge is a prime location for investors and companies. Indeed, the job to housing ratio is 2.6 and there is great demand for housing — greater than any other area in Greater Boston.

Thus, unsurprisingly the price for a single-family home has increased from less than \$600,000 in 2000 to \$1.2 million in 2016 and from \$420,000 in 2006 to \$630,000 in 2015. The City of Cambridge Community Development Department regularly publishes a housing affordability index that indicates how much money a family earning a median income would need to make to afford housing in Cambridge. The index illustrates the extent of the affordability crisis and its enduring legacy on families and individuals' inability to purchase housing.

In response to the escalating housing affordability crisis that resulted in a severe shortage of affordable housing for many low- and moderate-income residents, the Cambridge Affordable Housing Trust (CAHT) was established by the City Council in 1988 with the mission to create and preserve affordable housing opportunities. The Trust has continued to be active in responding to the increasing need for affordable housing in the years since the end of rent control in the mid-1990s.²⁴

There are five types of affordable housing in Cambridge.

Non-Profit Affordable Housing: one hundred percent affordable housing projects developed using public funds from the CAHT and/or other City funds. Most of these projects also use funds from the State of Massachusetts. These include both homeownership and rental projects. Most units are restricted to households at or below 80 percent Area Median Income (AMI).

Inclusionary Housing: This was created under the City's Inclusionary Housing Ordinance of 1998, which requires that a certain proportion of units (about 15 percent, depending on a density bonus allowed to developers) in any project of more than 10 units are made affordable. These units are intended to serve households between 50-80 percent AMI, but are also available to lower-income households who receive rental subsidies.

Scattered site purchaser assistance: The City provides a direct financial subsidy to individual buyers to purchase homeownership units on the open market. The subsidy is used to permanently reduce the price, creating a unit that will be affordable for several decades. Each buyer enters into an affordable housing restriction held by the City.

Public Housing: Owned and operated by the Cambridge Housing Authority. This is an independent and federally chartered entity. This housing is targeted towards low-income households, who typically need to be below 80 percent of Area Median Income to qualify.

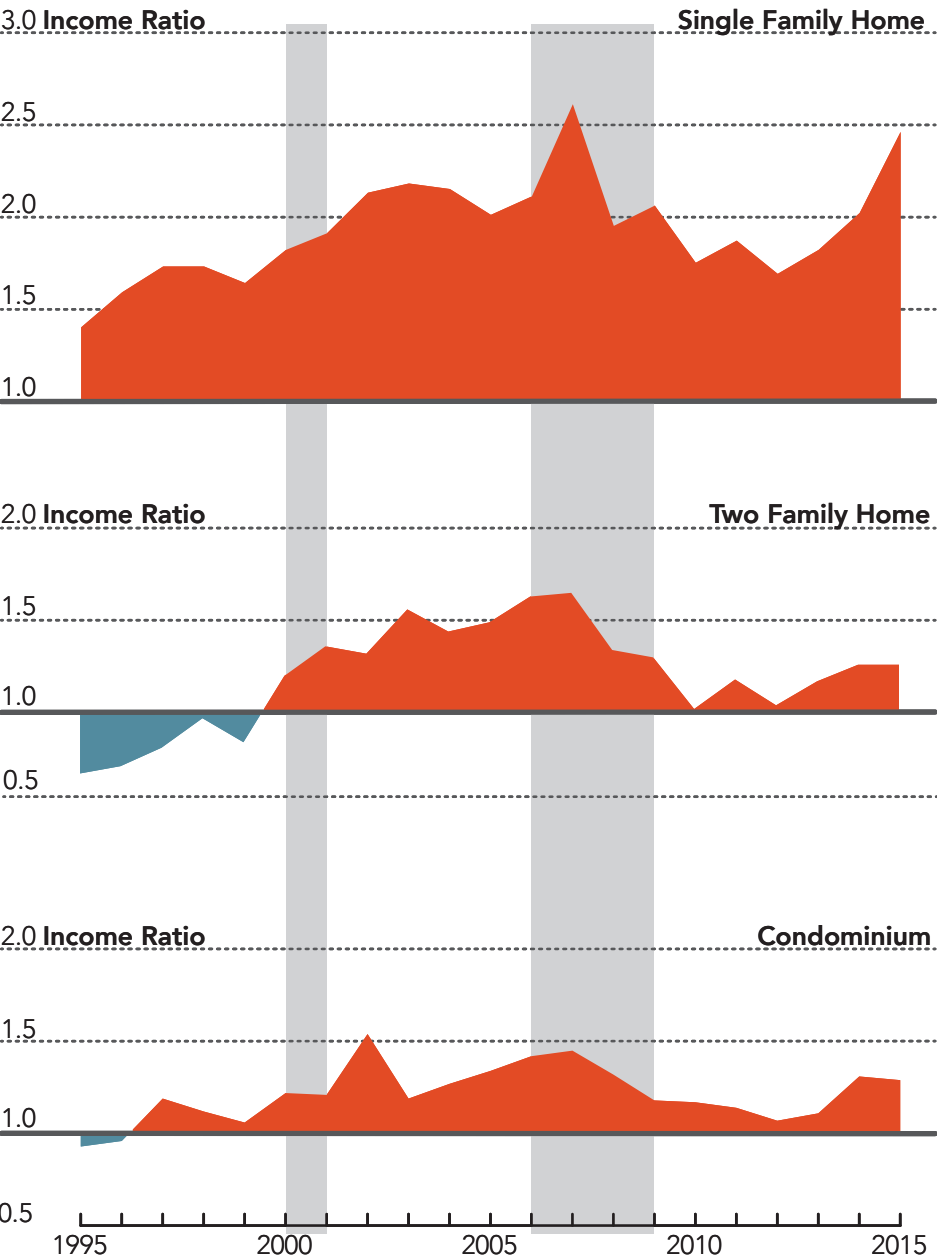
Privately owned (for- or non-profit) affordable housing: These rental properties were developed without city assistance. Typically, these properties were made affordable decades ago using Federal programs with time-limited affordability. When the affordability expires, the City works to preserve the affordability, typically providing funding to the owner or to a non-profit developer who then purchases the property.

The Cambridge Affordable Housing Trust is not considered a CLT because of its organization. Even by its mode of action. Nevertheless, it pursues similar objectives as a classical CLT, except perpetual affordability.²⁵ The Trust provides funding to assist non-profit housing organizations and the Cambridge Housing Authority in creating new affordable housing, preserving the affordability of existing housing, and rehabilitating multi-family housing.

²⁴ Rent control was ended in the City due to a statewide referendum in 1995 that eliminated rent control across Massachusetts.

²⁵ At least officially. The deed restrictions have a time limitation linked with the "duration of the project", which can be read as a perpetual constraint as long as the building exists.

Figure 3: Income Required to Purchase Median Priced Residential Property (1995-2015)



HOW TO READ THESE GRAPHS

These graphs illustrate the ratio of the income necessary to purchase a median priced residential property to the median income of the area as determined by HUD.

A ratio of 1.0 indicates that the median income to purchase is equal to the area median income (AMI) for the area. For example, if the median income to purchase is \$75,000, a ratio of 1.0 means that the AMI is \$75,000.

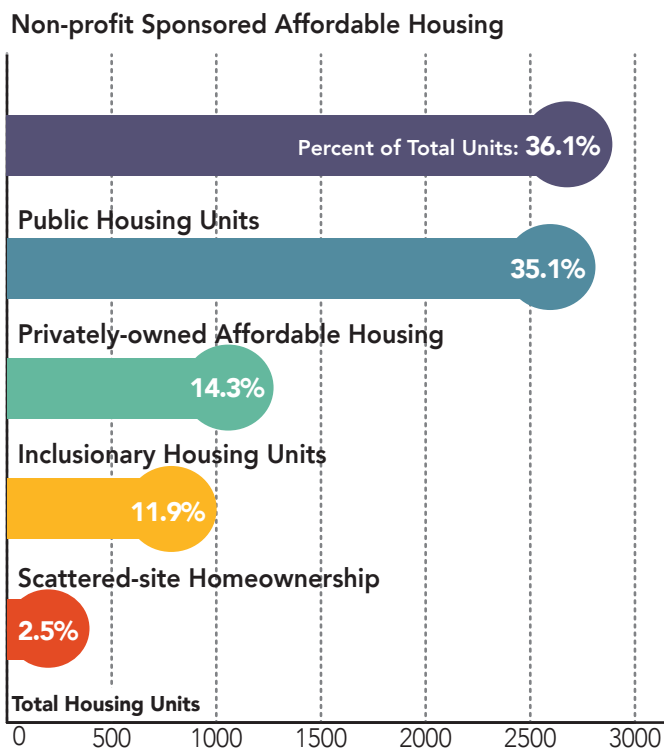
A ratio above 1.0 means that the income necessary for purchase exceeds the AMI. Conversely, a ratio below 1.0 indicates that the AMI exceeds the minimum income required to purchase a median priced unit.

Affordable price calculations assume 24% of income for mortgage financing with a 30 year term and a 10% down payment. The interest rate, private insurance, and real estate taxes are calculated annually at the then-current rate. Condominiums also include a condominium fee. For two family homes, 75% of the average annual rent from the second unit is applied towards the mortgage.

- HUD Median Income
- Ratio Below Median
- Ratio Above Median
- Recession Year

Source: City of Cambridge Community Development Department

Figure 4: Affordable Housing by Type (2016)



Non-Profit Sponsored Affordable Housing

Housing sponsored and/or owned by non-profit developers.

Public Housing

State- and federally-subsidized public housing (including RAD conversion) properties controlled and managed by the Cambridge Housing Authority.

Owned Affordable Housing Privately-

Privately-owned and/or sponsored affordable housing properties, including limited equity cooperative and excluding Inclusionary Housing.

Inclusionary Housing

Privately-owned affordable housing created under the Inclusionary Housing provisions of the Cambridge Zoning Ordinance and similar zoning-based provisions; includes buildings under construction.

Scattered-Site Homeownership

Affordable homes purchased by first-time home buyers, excluding those created through Inclusionary Housing and other developers.

Source: City of Cambridge Community Development Department

Table 1: Affordable Housing Inventory (1997-2016)

	1997	2008	2011	2012	2013	2014	2015	2016
Affordable Housing Units	6,492	7,082	7,240	7,294	7,546	7,670	7,674	7,770
Total Housing Units	42,073	45,544	47,400	47,500	48,400	50,100	51,904	52,822
Percent Affordable Units	15.4%	15.6%	15.3%	15.4%	15.6%	15.3%	14.8%	14.7%

Source: City of Cambridge Community Development Department

The City holds the affordable housing restrictions for the first three types. The restriction serves the same purpose as the ground lease in a traditional land trust model in terms of outlining the requirements for affordable housing such as income limit, occupancy, and the purchase right.

Dudley Neighbors Inc., a Bottom-Up Model of Affordable Housing Development

Dudley Neighbors Inc.²⁶ (DNI) is one of the most exemplary CLTs in the United States, largely considered by members of the National CLT Network (or Grounded Solutions) as a model of a community-based organization, born as a response to urban decay in Boston's Roxbury and North Dorchester neighborhoods.

In 1984, resident mobilization and organizing around issues of arson, disinvestment, displacement, and illegal dumping led to the establishment of the Dudley Street Neighborhood Initiative (DSNI). According to the current staff of DNI,²⁷ this engagement was basically a protest against the deterioration of the neighborhood and the feeling that local authorities and politicians had no action in response. DSNI as a membership-based organization led

a fight against city projects aiming at redeveloping the neighborhood and carried out community organizing to raise alternatives, including social work, education, and job assistance, but they also understood the importance of maintaining community control of the land and its physical development and use. Through a comprehensive organizing and planning initiative, Dudley residents were able to establish community control over a critical mass of the 1,300 parcels of abandoned land that had come to characterize the neighborhood.

As part of this effort, the City of Boston adopted the community's comprehensive development plan and granted the power of eminent domain over much of the privately-owned vacant land in the 62-acre area known as the "Dudley Triangle." Subsequently, in 1989, DSNI launched Dudley Neighbors Inc., a community land trust, to guarantee this long-term community stewardship. DNI transformed abandoned land into 226 new affordable homes, a 10,000-square foot community greenhouse, an urban farm, playgrounds, gardens, and other amenities of a thriving urban village. Today, 50 percent of homeowners on the land trust earn between \$20-40k/year and 80 percent of families less than \$70,000. Most of the residents have been there since the beginning of the project, and their rents have been stabilized thanks to it.

²⁶ <https://www.dudleyneighbors.org/>

²⁷ Interview with Benjamin Baldwin, August 8, 2017

Dudley Neighbors Inc. is still a kind of subsidiary of DSNI whose board counts 33 members re-elected every two years, living in the neighborhood, with a representative from churches and communities. DSNI board appoints a nine-person board for DNI, not necessarily living in the neighborhood, nor a member of DSNI board.²⁸ The link to the community development missions are strong and helpful for residents.

However, the evolution of DNI's action, its financial model and its organization must be observed. DNI could not have worked without having received city-owned land at zero value and without having received eminent domain authority from the City.²⁹ The first land plots of the project were given by the City of Boston and the latest purchases of private land were funded by a City acquisition fund with no interest. The future projects the staff is working on will be made after the City published its Request for Proposal for mixed-use developments, one-third of them targeted to affordable housing with very cheap or free land.

The ability to acquire land below-market-rate or for free seems an essential condition of DNI success. Moreover, the staff — that consists of two employees — depend heavily on external grants because the operational fees paid by homeowners and tenants do not balance the structure costs. These two elements make it look like the financial model of DNI is fragile, despite obvious accomplishments. Members of the organization are aware of this and a development strategy has been implemented to diversify the types of real estate that includes extending the existing portfolio to include a broader geographical area for action. For instance, DNI is developing a commercial building with retail and offices in the core of the neighborhood. DNI also developed three multifamily rental units. DNI has also become a partner of the City as the Department

“CLTs are considered by the local authorities to be a stimulating solution.”

28 Today the DNI board has 3 land trust homeowners, 3 community developers and 3 non voting seats (1 state representative, 1 state senator, 1 city counselor)

29 Peter Medoff and Holly Sklar. *Streets of Hope: The Fall and Rise of an Urban Neighborhood*. Boston: South End Press, 1994

of Neighborhood Development initiated a request for proposals (RFPs) for public-owned land in or near the Dudley Triangle, where DNI will compete with other non-profit developers.

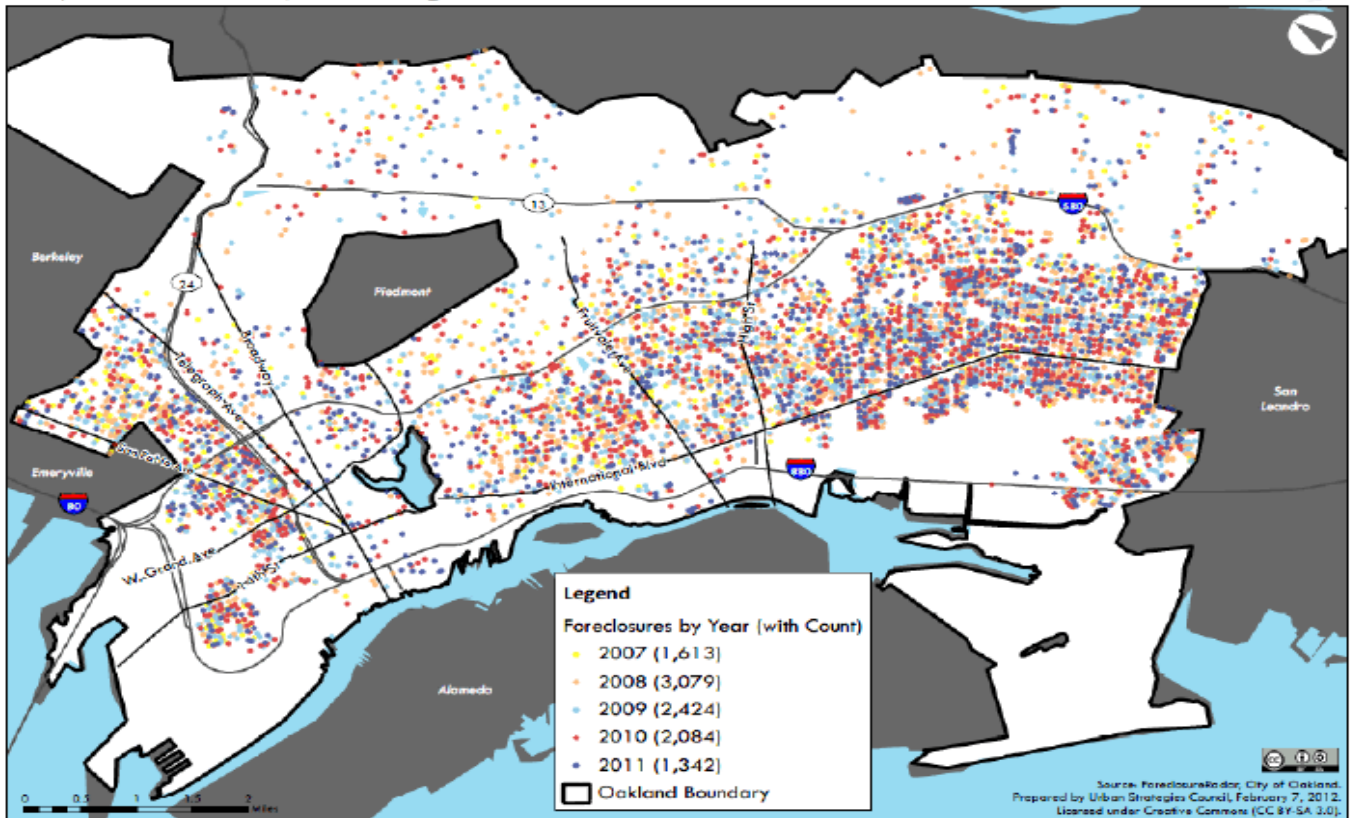
Community Organizing vs Mass Production?

Ironically, an organization started out of protest against a city's lack of affordable housing has now become a part of the housing policy landscape. This is, in some ways, inevitable when activists move from protest to action. I wanted to better understand how the community land trust (CLT) model, created essentially in reaction to the city's lack of affordable housing, could become more than a minor stakeholder of affordable housing policy. Dudley Neighbors Inc., with its 226 units, is the only CLT in the Boston region to have reached a greater level of development. The two other incorporated CLTs, Chinatown CLT and Commonwealth Land Trust, have failed until now to purchase land and start developing a portfolio. This is in part because the policy response of choice to the affordability crisis in Boston and Cambridge is inclusionary zoning. Like Cambridge, Boston has implemented a multi-pronged policy response based largely on market-driven, inclusionary zoning solutions:

The Inclusionary Development Program (IDP) that has been in effect today since 2000 requires that each project provides affordable units in an amount not less than 15 percent of the number of market rate units. Rental units are available to households earning up to 70 percent of Area Median Income (AMI) and homeownership units are made available to households earning 80 percent and 100 percent of AMI. In January 2016, IDP created almost 2,300 income-restricted housing units in Boston since it was enacted in 2000.

The City has inventoried its entire portfolio of City-owned property, allowing available real estate to support the production of new affordable housing. Since 2014, the City has designated 837,910 square feet of City-owned real estate that will, when built, create 580 new units of housing, including almost 300

Figure 5: Foreclosures in Oakland (2007-2011)



Note: This map shows the localization of the foreclosures by year from 2007 to 2011: more than 10,000 households lost their home during the five-year period, or almost 15 percent of all single-family home-owners in the city. In some neighborhoods, especially in East and West Oakland, almost every home in one block was foreclosed.

low-income units.

In the spring of 2016, the Acquisition Opportunity Program was launched with \$7.5 million of Inclusionary Development funds. This program helps community-based developers acquire rental buildings as they come on the market and convert them into affordable housing.

The Neighborhood Housing Trust is a linkage program: every non-residential development (commercial, offices, etc.) exceeding 100,000 square feet is required to pay a fee which contributes to funding the City's housing policy. From its inception in 1986 — through 2013 — the trust has committed more than \$133 million in funds that have helped to create or preserve 10,176 affordable units in 193 projects.

These figures well exceed and thus cannot be compared with CLTs achievements. Nevertheless, CLTs are considered by the local authorities to be a stimulating solution. CLT advocates organize an outreach and development program to increase their impact:

Mayor Walsh, elected in 2014, commissioned a new housing plan to guide Boston's housing development, entitled *Housing a Changing City: Boston 2030*³⁰. Beyond ambitious objectives for production and preservation, implemented through some of the programs noted above, this plan also introduces CLTs as a solution countering the adverse effects of gentrification. "In gentrifying neighborhoods, the City will work with non-profit and quasi-governmental funding entities to

30 <https://www.boston.gov/departments/neighborhood-development/housing-changing-city-boston-2030>

help community-based organizations acquire land. This land will then be held for future affordable and mixed-income housing development. Community land trusts have been used in Boston with proven success.”³¹ The City officials I met with,³² for whom the quantitative objectives are clearly a priority, and those which justify a commitment of resources confirmed this perspective. However, city officials interviewed conceded that the interests of CLTs in some neighborhoods — supported through strong community engagement — do not always align with the City’s goal to increase affordable units available given the complexity of developing affordable housing units through the CLT model. On one hand, the city is supportive, even if it means a more complicated and longer process for the City. But on the other, the perpetual affordability and community engagement provided by CLTs are not always worth the subsequent delay due to the complexity of the development, as the City’s main goal is to increase the number of affordable housing units for the whole city.

To improve CLTs’ visibility and efficiency, and in order to gain a more central position in housing policy, CLTs launched the Greater Boston CLT Network in April 2016. The network creates a space to help each other with technical and legal aspects of housing development, to share data and information, and to put pressure on city government to develop resources for CLTs. A report released by Tufts University’s Urban and Environmental Policy and Planning Department³³ included recommendations for the City to increase its support by prioritizing city-owned land for CLT stewardship, establishing a CLT loan fund or line of credit, providing technical assistance, and exploring the establishment of a citywide multi-CLT “central server” hub. Penn Loh, a professor at Tufts University, said “You’d be hard-pressed to find a successful land trust without some municipal support. Land trusts really do require partnership with government”.³⁴

31 City of Boston, *Housing a Changing City: Boston 2030*. 2014, p.99

32 Marcy Ostberg, Director at the Mayor’s Housing Innovation Lab and Christine O’Keefe, Neighborhood Housing Division, interview July 31, 2017.

33 Tufts University - Practical Visionary Workshop Working Group on Community Land Trusts, *Development Without Displacement: The Case for Community Land Trusts*, 2014, 80p.

34 Larson, Sandra, *Land Trust Network Launches in Boston*, Next City web site, May 5, 2016

Oakland After the Foreclosure Crisis

The Oakland Community Land Trust was incorporated in 2009 as a response to the foreclosure crisis. The foreclosure crisis changed the face of the city considerably — proving to be both the culmination of tragedy and the beginning of a new era. As Ian Winters, executive director of Northern California CLT says, “Oakland saw one of the biggest transfers of wealth in its history”.³⁵ Historically, Oakland was a blue-collar industrial city with a preeminent port. This dynamic has changed, and especially after the financial crisis, Oakland is now “recognized as the nation’s most exciting city, the top “turnaround” town, and a top-five city for tech entrepreneurs”³⁶. The city is in the heart of the East Bay, close to San Francisco and Berkeley, with a large amount of former, unused industrial land and high potential for growth and development. With the influx of the tech industry, rents and housing prices have risen to the point that many low-income households have had to leave Oakland on account of the unaffordability of housing. Those who stay often encounter poor housing conditions and rising costs. Local authorities are now looking to develop affordable housing policies but are leveraging policies and tools that are different from what San Francisco has implemented, for instance. It is between these two consequential periods — the disastrous effects of the financial crisis and the rise of the tech industry that the roots of Oakland’s CLT movement took hold.

Like Dudley Triangle, that was created out of the collective movement in Boston in the 1980s, the Oakland CLT movement started with a collective protest against foreclosures by residents of East Oakland, supported by the Urban Strategies Council.³⁷ Oakland CLT was created to take advantage of the Neighborhood Stabilization Program (NSP), established by the U.S. Congress for the purpose of stabilizing communities that suffered from foreclosures and abandonment. ³⁸ Oakland CLT’s

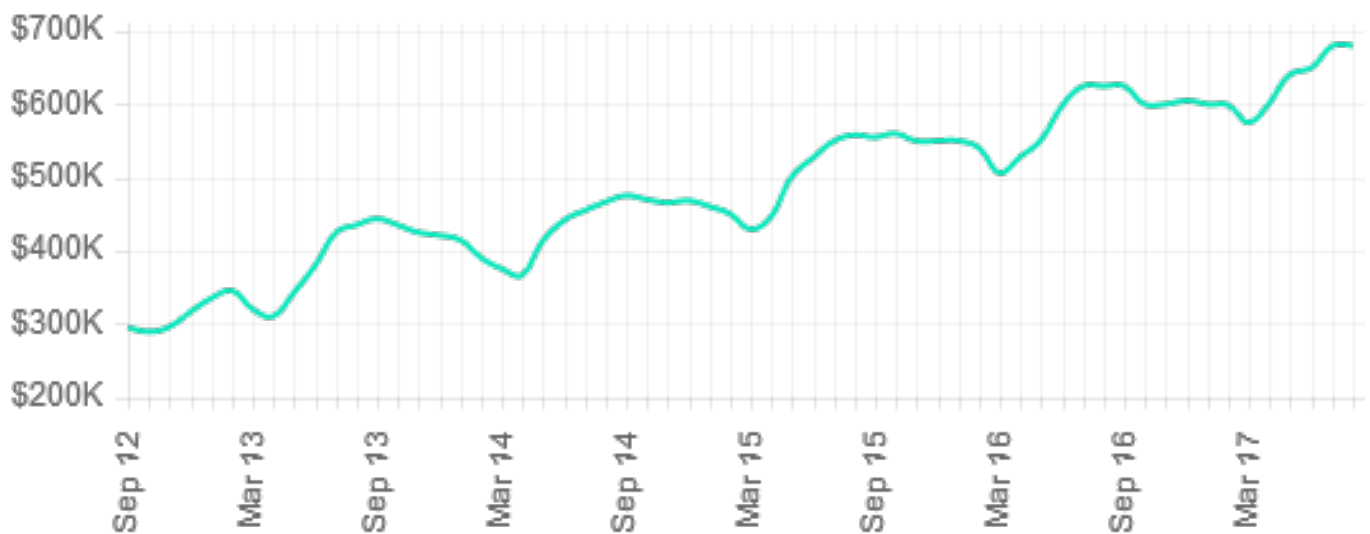
35 Interview August 8, 2017

36 PolicyLink/City of Oakland, *A Roadmap Toward Equity: Housing Solutions for Oakland, California*, 2015, p.5

37 <https://urbanstrategies.org/about/approach/> Urban Strategies is a regional research and advocacy organization dedicated to social, economic and racial equity, which had a long partnership with DSNI, notably thanks to Gus Newport, former Mayor of Berkeley (1979-1986), member of the staff of Urban Strategies and who had counseled DSNI when he was visiting scholar at the MIT.

38 <https://www.hudexchange.info/programs/nsp/>

Figure 6: Real Estate Market Trends in Oakland, California



Source: www.trulia.com/real_estate/Oakland-California/market-trends

objective was to purchase as many foreclosed family homes as possible and put them under community control. As a recipient of those funds, Oakland CLT was funded with \$5 million from the Neighborhood Stabilization Program to acquire 20 homes. As Steve King, executive director, explains “it was a drop in the bucket but it gave the opportunity to create the administrative structure of the CLT”.³⁹ The Oakland CLT is based on the classical model that consists of a tripartite board composed of one-third residents, one-third community members, and one-third experts, all of whom are representatives of the municipality and have voting rights. That said, Oakland CLT is not yet a membership organization.

From King’s perspective, the community is still recovering from the foreclosure crisis, but to recover fully, Oakland needs to change the structure of land and real estate property deals. According to King, “the landowners are now private investors, firms from Wall Street, hedge funds, many homes are the property of absentee landlords, as in California single-family homes are exempted from tenant protection.” Most of Oakland’s housing stock consists of low-density multifamily housing and as such, housing policies, should then focus on small multi-unit buildings. Policies need to counter with incentives for

owners to house tenants with a range of income levels. The situation in Oakland went from one extreme to the other — from mass foreclosures to a mass affordability crisis. Higher percentages of lower-income Oakland residents, than in previous decades, are burdened by housing costs, paying far more than 30 percent of their income for housing. Moreover, housing production between 2007 and 2014 met only 25 percent of its regional housing need allocation production goals; the average homes prices in 2017 largely exceed the pre-2008 values.

Meanwhile, resources for affordable homes are increasingly constrained. While Oakland produced or rehabbed 4,382 affordable housing units between 1999 and 2009, the recent loss of redevelopment funds reduced the city’s annual affordable housing budget from \$20–25 million to \$5–7 million.⁴⁰ State and Federal funds decreased from \$2.5M in 2007 to \$0.5M in 2013, while City funds decreased from \$31M to \$10M. These decreases are mainly the result of a loss of redevelopment funds after the State of California dissolved the Redevelopment Agencies in 2012. Moreover, the municipality failed to use common tools for developing affordability, such as inclusionary zoning — defeated in

³⁹ Interview August 15, 2017

⁴⁰ PolicyLink/City of Oakland, A Roadmap Toward Equity: Housing Solutions for Oakland, California, 2015, p.14

court after having been sued by a powerful lobby of private developers. As a result, the ratio of affordable housing in the new developments is incredibly low, less than 2 percent.⁴¹

Nevertheless, Oakland CLT intends to enhance its development of and play a role in the supply of affordable housing, even though the Mayor of Oakland principally supports non-profit developers, as opposed to community land trusts, to increase the supply of affordable rental stock. The Consolidated Plan for Housing and Community Development established in 2015 does not mention community land trust⁴². However, Oakland CLT is currently developing three new projects through the purchase and rehabilitation of a former public housing property, the development of 30 multi-family housing units on top of commercial space, and the development of artists workshops. In November 2016, voters passed the Oakland Infrastructure Bond, a \$600 million infrastructure bond that includes \$100 million set aside to acquire existing affordable housing.⁴³ Oakland CLT hopes they will be able to take advantage of the new measure to further their goal of developing and preserving more affordable housing.

Northern California Land Trust: From “Back to The Land” to a Federative Tool

The Northern California Land Trust (NCLT), incorporated in 1973, has its roots in the late 1960s “Back to the Land” counterculture. NCLT’s first asset comprised of a Central Valley farm purchased in 1976. Fifteen years later NCLT shifted its focus to urban housing issues with the development of six-unit multifamily housing property in Oakland in 1987. But the development of the affordable housing began in earnest in the 1990s when NCLT purchased a 150 unit property by leveraging a \$203,000 Federal Housing Administration (FHA) loan specifically

41 <http://www.eastbaytimes.com/2017/06/02/affordable-housing-almost-entirely-absent-in-oaklands-building-frenzy/>

42 City of Oakland, Consolidated Plan for Housing and Community Development 2015-2020, July 2015, 252p. Nevertheless she mentioned the high interest of CLTs as innovative solutions when she introduced the Oakland’s Grounded Solutions conference in October 2017.

43 <http://www.spur.org/publications/urbanist-article/2017-08-30/oakland-takes-steps-address-its-housing-challenges>

designed to enable the purchase and repair of foreclosed homes. Using Community Development Block Grant⁴⁴ money, NCLT also purchased another 200 units between 1998 and 2007. NCLT changed its purpose, as Ian Winters, the executive director, says “from a way for people to try something else in matter of home-ownership, an alternative form of property at a time when the real estate market was completely different than it is today”⁴⁵ toward finding a more comprehensive solution to the housing affordability crisis.

The NCLT is not linked with one community organization and its geographical field is much broader than many other CLTs, covering two counties — Alameda and San Mateo. Ian Winters explains “most of our projects are set up with different organizations, and whether it is rental or condominium, these organizations are autonomous. The residences elect their own officers or board. They are locally strong and have links with their community but the whole CLT is not close with these communities.”⁴⁶ Today, NCLT’s portfolio consists of 200,⁴⁷ one-third is single family ownership mostly condominiums, one-third is affordable rentals owned by the CLT, and one-third are cooperatives with a long-term ground lease. In addition, NCLT owns two community gardens, the office building where its main office is located and one transitional housing project for those with mental illness and substance abusers.

The NCLT also believes in fostering the development of critical technical assistance skills. NCLT helped found the Bay Area Consortium of CLTs, created to promote the CLT model, put CLT on the political agenda, and foster local authorities in their endeavor to develop new funding and technical programs for CLTs. This form of support is vital to building out the CLTs

44 The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States. Source: https://www.hud.gov/program_offices/comm_planning/communitydevelopment/programs

45 Interview August 16, 2017

46 Interview August 16, 2017

47 Most of the units purchased in the FHA 203K were resold to increase the CLT cash equity.

model in the Oakland metropolitan area.

San Francisco CLT, Preserving Social Diversity

San Francisco's booming real estate market has become a cause for concern during this last decade. San Francisco has long since been an interesting case study in urban planning due, in part, to its tenant protection regulations and rent control that emerged in the 1960s. Today, the city of San Francisco is committed to developing 25,000 units of affordable housing in urban redevelopments areas through the inclusive zoning ordinance. San Francisco's Affordable Housing Trust Fund has stepped in to subsidize projects after the State of California abolished the Redevelopment Agencies 2012 that had provided circa 25 percent of the resources for developing affordable housing.⁴⁸ Between 2006 and 2016, 5,717 out of 24,620 new affordable units were developed,⁴⁹ or 23.2 percent compared with 12 percent of affordability demanded in inclusionary zoning mandated by the City.

Nevertheless, 4,192 units were removed from the status despite the Residential Rent Stabilization and Arbitration Ordinance,⁵⁰ which demonstrates the fragile contribution of developers building in the private rental market that still excludes people from affordability. The San Francisco Community Land Trust (SFCLT) addresses the loss of affordability by leveraging the Small Site Program implemented by the San Francisco Mayor's Office of Housing and Community Development (SFMOHCD). The Small Site Program is a community stabilization program based on the acquisition and rehabilitation of tenant-occupied buildings susceptible to eviction and displacement.

SFCLT was incorporated in 2003 and purchased their first building in 2006 in Chinatown to preserve affordable housing from being lost. The next 13 purchases between 2013 and 2017 were existing buildings (8 rentals and 5 coops for a total of 107 units). Each project SFCLT has developed is an exciting experience — a story of individuals and

collectives working through the labyrinth of real estate laws and regulations and operating in the face of greedy speculators⁵¹. What must be described though is the position of SFCLT in the local strategy for affordability?

SFCLT was one of the leading partners to leverage the Small Site Program. As Tyler McMillan, executive director, note, Small Site was a "factor for accelerating our development, with its "soft debt" product, which has been some kind of magic, making possible to buy homes and rehab buildings."⁵² Initiated in 2014, it is essentially a loan granted by the city, in addition to a private first mortgage, used to purchase and rehabilitate buildings with 5–25 occupied units, including a maximum \$350,000 subsidy per unit. The repayment conditions are very attractive to affordable housing developers and providers because they can be postponed to the end of life of the project if affordability is maintained by the owner.⁵³ SFCLT took advantage of this program for its operations in 2014 and 2015, but since then failed to access to it, mainly because of insufficient financial capacity and the unforeseen length of time it took to develop the project. Other non-profit developers, such as the Mission Economic Development Agency (MEDA)⁵⁴ are now current sponsors of the program and have increased the size of their portfolio.⁵⁵

Due to a lack of public funds, SFCLT is now experimenting seeking funding through other sources, namely from community funds and crowdfunding. A first test to see if this method of fundraising works for affordable housing development is the Sausage Factory project. The Sausage Factory is an acquisition in progress that was a restaurant and residential building⁵⁶. With the mobilization of the LGBT community in the Mission neighborhood combined with the use of Kickstarter, a crowdfunding app, SFCLT hopes to attract altruistic investors and

51 The following sites describe some of those local stories : <https://sfclt.org/properties>; <https://www.sfgate.com/bayarea/article/Chinatown-land-trust-helps-low-income-housing-3294145.php>; <https://pigeonpalace.org/about/>

52 Interview, August 17, 2017.

53 i.e. the repayment could never be demanded - Interview with Ruby Harris, SFMOHCD, Small Site project manager, August, 23, 2017.

54 Mission Economic Development Agency, Interview with Karoleen Feng, Director of Community Real Estate, August 21, 2017

55 MEDA developed 19 projects for 142 units in three years.

56 <https://missionlocal.org/2017/06/six-story-building-to-replace-former-mission-st-sausage-factor>

48 Rosen Marcia and Sullivan Wendy, From Urban Renewal and Displacement to Economic Inclusion: San Francisco Affordable Housing Policy 1978-2012, Poverty and Race Research Action Council and Nation Housing Law Project, 2012, p.7

49 San Francisco Planning Department, Housing Balance Report N°4, memo to the Board of Supervisors, September 29, 2016, 27p.

50 Still protecting tenants in 175,000 units

successful Tech businessmen who view investment as a way to give back to the community. SFCLT crowdfunding campaign seeks to obtain a loan from the investors with a 2 percent interest rate, with a return on investment based on real estate market gains. SFCLT argues the risk is very low and results in results in community land. Time will tell if it works. This is, nevertheless, a very good example of how CLTs have the creativity and flexibility to pursue their fundamental objectives in ever evolving contexts.

To conclude this section, the Boston and the Bay Area cases demonstrate the degree to which CLTs have to work in order to compete with more obvious or classical methods of developing and supplying affordable housing. Nevertheless, Community Land Trusts are recognized as relevant and unique because they combine community organization, civic engagement, land policy with the objective to create perpetual affordability of housing. The next step for the CLTs ecosystem in the United States is to enhance their capacity and through this counter arguments that as activists-based organizations, they are too complex and slow to be efficient. Next section will summarize the practical lessons France can learn the CLT model in the US as well as explore what the U.S. cities can learn from France's experience with improving its affordable housing systems.

Five Practical Lessons

Social Housing in France: A Model to Secure! A Model to Export?

In 1974, President Richard Nixon's administration declared a moratorium on the U.S. federal government developing public housing, and with that, shifted the nation's housing assistance mechanism to the then-new Section 8 rental assistance voucher program. The United States still manages 1.1 million units of public housing that serves 2.6 million residents and is administered by a network of more than 3,100 local public housing agencies. But the role of United States as the sole developer of affordable housing has long since ended. And yet, the demand for public housing far exceeds the supply. In many large cities, households may remain on waiting lists for years.

In France, 742 agencies own 4.9 million units where

more than 10 million residents live. Despite this figure, 1.9 million households are on a waiting list for social housing. With an average rent of €5.70 per square meter, its more than two times cheaper than the national average rent, €13.00 per square meter.

Compared to the U.S. situation, the French model of social housing satisfies the basic needs for almost 20 percent of the population, but this is under threat. The French government is rethinking a system of affordable housing provision that it considers too costly and investment of private-equity too low. But at the opposite end, a purely market-driven system of affordable housing production has its limits too, as is demonstrated in the U.S. case. While there is currently no general consensus in France to fundamentally change our model, some housing experts view the national government's recent changes that resulted in decreased rental assistance and rents as a method that will weaken the housing agencies ability to manage their assets and limit their private-equity. By limiting funding, the national government is, in essence, forcing housing agencies to merge in order to generate economies of scale and to force the introduction of private investors in the development and management of affordable housing. Thus, essentially forcing housing agencies to introduce market mechanisms into the provision of affordable housing.

The current French model depends on a mix of public and private money to fund housing. In addition to public subsidies (5 to 10 percent) and long-term loans based on public saving (50-60 percent), **the private sector plays an important role** with Action Logement. Action Logement is a mandatory financial contribution the private firms (30-40 percent) must make toward the development of affordable housing. The question is, **could this model work in the United States?** Instead of relying only on bonds measures paid by households when passed through ballot initiatives, especially in California, private companies, recognizing the shortage of affordable housing available to their workforce or tech companies partially responsible for gentrification, could be mobilized to fund the development of affordable housing. Thus, the development of housing would not only rely on sources of funding from tax credits, for example, but with **a source of funding from the very private corporation in exchange for meeting the housing needs and priorities for their own employees. A win-win agreement.**

Funding Affordable Housing in the United States: A Complex, Expansive, and Inefficient Public-Private Mechanism

As France debates the best way to fund social housing, analyzing the United States most important resource for creating affordable housing important. The Low-Income Housing Tax Credit (LIHTC) funded 45,905 projects and 2.97 million housing units between 1987 and 2015. It is a complex system: Developers receive money project by project from investors (mainly banks or companies) in exchange for tax credits that last ten years. These funds cover between 30 percent and 70 percent of the development costs of affordable units in new buildings or transforming existing private market units.

An investigation by National Public Radio and Public Broadcast Service in May 2017 revealed the rising cost of this program for a diminishing output.⁵⁷ According to this, in 1997, the program produced more than 70,000 housing units at a \$4.1 billion cost. But in 2014, fewer than 59,000 units were built at \$6.8 billion, according to data provided by the National Council of State Housing Agencies. At the very best, in 2010, 79,170 units were provided for \$10.6 billion or \$133,000 per unit. In France, with a population, five times smaller than in the United States, about 70,000 social housing units were built between 2014 and 2016⁵⁸ with a public cost of €64,000 per unit.⁵⁹ As Rosalind Greenstein, a professor at Tufts University explained to me: “At the federal level in the US we spend about \$70 billion dollars a year on tax deductions for paying interest on mortgages and less than \$1 billion of that is targeted for low- and moderate-income households. Moreover, we spend about \$40 billion dollars on social housing with less than \$10 billion going to public housing and the rest going towards market-oriented supply-side solutions that add more rental units for the poor through subsidies to private developers to build inclusionary housing or private

developers to build inclusionary housing or private landlords to accept rental vouchers”⁶⁰. The system is costly and the lack of oversight has resulted in some cases of abuse and cheating. But it is also inefficient because the affordability of LIHTC-assisted projects is allowed to lapse after 15 years or, at best, after 30 years in most states.

Since 1984, France adopted the equivalent to the LIHTC system, frequently adjusted over time through new laws and modifications to the tax code.⁶¹ The main difference between the two models is that in France, the tax credit targets investors who must be individuals and not companies. Moreover, the subsidy targeted middle-income and not low-income households. The annual cost is about €600 million, for 60,000 units per year. Like in the US, if the tax control system works, there is no real assessment of its efficiency to produce affordable housing, with no real check on rent or household income compliance.

These observations lend credit to calls for better control of the tax credit system, which can be very effective as a complementary tool to produce affordable rental housing to both low- and middle-income households.

Inclusionary Zoning and Deed Restrictions: A Bold Constraint on Property Rights

Inclusionary zoning was introduced into French law, at the same time cities with more than 3,500 inhabitants were obligated to designate 25 percent of their housing stock as affordable (i.e., social housing). Local zoning ordinances can require developers to set aside a portion of their development for social housing. Montreuil, for instance, requires that in certain neighborhoods for a building permit to be issued, every building that exceeds 10,000 square feet must set aside

57 <https://www.npr.org/2017/05/09/527046451/affordable-housing-program-costs-more-shelters-less>

58 Source: French Housing Secretary, <http://www.statistiques.developpement-durable.gouv.fr>

59 Source: Union Sociale pour l'Habitat (French union of social housing agencies), *Le financement du logement social: généralités*, 213, 5p. It is very complicated to compare housing costs and public expenditures between those two systems because of their complexity and the lack of consolidated data at the National level.

60 Interview August 9, 2017

61 More than 10 successive tax credit programs were passed in 30 years. This volatility makes difficult an assessment.

30 percent for social housing. However, this only works for buildings that have a public subsidy attached to them. It is not applicable to homeownership or private rentals. In that case, a deed restriction can be held by the funder for a maximum ten years.

The inclusionary zoning, especially in Boston and Cambridge, appears to impose stronger constraints on property rights than the French system. If the percentage of affordable housing is lower than it is usually the case in France, the principles could be positively transposed.

The determination of eligible households is based on a formula where eligibility is based on the area median income (AMI), published by the national Census Bureau, 50 percent, 80 percent and 120 percent of AMI. It is simple and understandable formula compared to the complex formula in France. The formula in France is published by the Housing Secretary which established five types of geographical zone, each one corresponding to a list of cities with different maximum income levels according to six types of construction funding and based on household size.

Rent levels are set at 30 percent of household income. This means that the cost of housing (rent or mortgage) should not exceed 30 percent of household income.

Deed restrictions held by the city can have a longer duration than in France. In Boston, as Christine O’Keefe explains: “loan agreement documents and restrictions are attached to the project: if it is a rental project, it is automatically perpetual affordability, if it is homeownership, it is affordable for 30 years plus an option of extending to 20 years.”⁶² In Cambridge, the term of the restrictions in the standard covenants between the developers and the city is 99 years or it is attached to the building and exists for the life of the building, therefore it is considered permanent. This is an important axis of work to try and develop in

“As the Boston and the Bay Area cases demonstrate, CLTs are an interesting alternative to classical affordable housing development.”

France, where the term of affordability is generally only ten years and this must be tied to a public subsidy to be considered legal.

Community Land Trusts are a Great and Adaptable Alternative to other Finance Mechanisms

The few examples in this study reveal the high flexibility of CLTs organizations and purpose in different contexts. It is easy to imagine how they can pursue such different objectives in the French urban situation:

As mentioned by Gipoulon,⁶³ France would like to develop the commitment of community-based organizations in the redevelopment of low-income areas. But the challenge is breaking the strong top-down governing habits of French municipalities to involve the community in the planning and development of urban transformation in ways that is currently not happening. There are many reasons why France governs from a top-down approach — too many to explain in this paper ⁶⁴— but nevertheless, here Boston’s Roxbury case could be a template for solving the lack of engagement at the French municipal level. The Roxbury case demonstrates that residents are more willing to become engaged in their neighborhood when they become homeowners. In the case of homeownership through CLTs, residents who purchase their home through the CLT typically have become a part of the governance process of the land trust and even more so, if the CLT partners with other community organizations.

At the other end of the spectrum, CLTs can operate as a general landowner upon which affordable housing can be developed. None of the four CLT case studies reviewed in this report is at scale yet for such ownership. Though SFCLT was originally conceived by its founders as a landowner upon which to develop affordable housing in San Francisco, it is not quite there yet and

62 Interview July 31, 2017.

63 C. Gipoulon, Empowering Neighborhood Revitalization: Lessons for France from Three U.S. Cities, German Marshall Fund of the USA, 2015, 61p.

64 See C. Gipoulon’s paper (ibid) for a description of France’s municipal governance style.

while DNI desires to become a major actor, it operates at a neighborhood or district level. In San Francisco and Boston existing CLTs cooperate with one another through professional and advocacy networks where they seek to present a consistent and unified voice on all CLT related issues to local public authorities so as to support bringing the CLT model to scale. But there are examples throughout the United States where CLTs have been brought to scale, most notably the Champlain Housing Trust (CHT) in Burlington, VT. As reported by J.P. Attard,⁶⁵ CHT has been used by the city of Burlington as a resource to produce affordable housing in the city and at scale. CHT has developed 570 homes and 2,250 rental units. Chicago Community Land Trust (CCLT), established in 2006, is another example of a CLT delivering affordable housing at scale having developed or purchased 200 units in ten years. In both cases, the ability to operate at a wider scale depends greatly on the financial resources cities are willing to contribute that allows CLTs to initiate the land purchasing process.

Participatory housing has developed in the last 15 years and although small in stature, is gaining interests from cities for its civic-minded approach to developing housing. Participatory housing happens when groups come together and pool their resources to develop housing. Many cities, including Montreuil, are committed to supporting this alternative model to classical development, especially if it results in lower prices. Montreuil is a part of a national network advocating for this type of housing⁶⁶ and has set a goal for producing 5 percent of new units through participatory housing (or about 40 units per year). Moreover, given that participatory housing operates from the ground up, it plays a key role in providing a voice in collective initiatives and community development. CLTs can play a role here as well, given their focus on and close role in developing communities, especially where city-land is at stake.

Finally, French public housing agencies are increasingly put under pressure to sell existing units of affordable housing at slightly below market rate prices to the tenants in order to raise capital to fund new construction. This causes two problems. First, in adding private equity to other sources of funding, it diminishes public subsidies

⁶⁵ Attard Jean-Philippe, 2013, idib.

⁶⁶ <http://www.rmchp.fr/>

and maximizes new production. Second, it also creates a boon effect for new owners to resell the property at a rapid gain, losing long-term affordability. That is an excellent opportunity to develop CLTs in France in order to put a model in place that will not only maintain but will create sustainable long-term affordability, especially in hot markets.

Bringing the CLT Model to Scale

The Champlain Housing Trust (CHT) in Burlington aside, every CLT in America has to deal with growth issues. In the grand picture of affordable housing ownership, broadly speaking CLTs own and manage a very small number of those housing units. Thus, CLTs find themselves at a point in time, after 30 years of creating and stabilizing CLTs in many U.S. cities, where activists and advocates are exploring how to bring the CLT model to scale. A key question is what policy changes are needed at the local level that will support the use of the CLT model? This is the role of Grounded Solutions, the national network of CLTs, which was created in 2015 after merging two existing organizations, the National CLT Network, and the Cornerstone Partnership. “Grounded Solutions is working on identifying and making falling barriers against CLTs which are a great tool against gentrification and a framework for value capture,” says Rachel Silver, the chief operating officer.⁶⁷ Grounded Solutions provides CLTs with research, technical, and legal support, advocacy and capacity building strategies that can help small CLTs tackle difficult development questions and challenges. Moreover, Ground Solutions organizes an annual event called Intersections that brings together several hundred housing specialists to explore barriers and discuss solutions to scaling up the CLT model. It also supports regional networks and helps them organize for a better impact like Greater Boston and Bay Area CLTs have already engaged in.

Organizing a French or European CLT network, the equivalent of Grounded Solutions, is in the making. CLT France is an outgrowth of the Ground Solutions network. Such a coalition of partners allowed CLTs in France to come together and this combined advocacy played a major role in incorporating legislative language that changed the law and led to the OFS status. CLT

⁶⁷ Interview August 22, 2018.

France is now embarking on the second phase of its existence, waiting for the inception of the first OFS to be incorporated. Outside of France, the CLT model has taken hold, mainly in Great Britain but also in Belgium.⁶⁸ An EU program, Interreg, recently approved a proposal made by several cities and partners of CLTs to promote the model in north-west Europe.⁶⁹ Beyond a consolidation of four existing CLTs, the main expected outputs of the project will be a voucher scheme leading to the start-up of 33 new urban CLTs, a shared online platform and a policy paper on financial gaps and a financial guide for CLTs.

Conclusion

France is at the dawn of fostering the Community Land Trust model, put into statute by Organisme de Foncier Solidaire (OFS). Like many neighboring European countries, France is facing rapid social, economic, and demographic change that is playing out across cities in France. This includes increased numbers of individuals and families moving to cities, high job growth and increased wealth but also polarizing inequality. In this context, real estate prices and rental costs have risen, displacing or creating barriers to individuals and families who have a right to live in cities but cannot otherwise afford to do so. Cities are thus looking to new solutions to maintain the affordability of existing stock, on the one hand, while finding ways to build affordability into new developments, on the other.

As the Boston and the Bay Area cases demonstrate, CLTs are an interesting alternative to classical affordable housing development. What makes CLTs unique is the mission to maintain land ownership in a community property for perpetuity thereby neutralizing land prices with the goal to lower housing costs. The challenge though is in hot markets where land prices remain high no matter the situation. It is in these contexts, however, where there is perhaps the most need to implement an inclusive housing policy. But how to do this without enormous financial capacities? A CLTs reliance on public subsidies and grants remains a challenge for CLTs. But the upside is when the financing work, with neutralized land prices and a contractual

resale formula, those homes and rental apartments that are a part of the CLT portfolio remain affordable housing units in perpetuity — and that is an amazing feature of the CLT model. In the last 30 years, CLTs have sharpened their technical skills to the point that in the United States, CLTs are a part of a well-organized and high-skilled network that is progressing in its mission, irrespective state and federal funding drying up under the Trump administration and the dominant role of the LITHC in affordable housing production.

Ironically, a challenging with bringing the CLT model to scale in France is that it competes with public housing. The high level of social housing as affordable housing is called in France, houses almost 20 percent of the French population and can be considered as the first obstacle to OFS. A second obstacle is the cluster of technical and tax credit features created through the years that have amounted to a complex array of housing solutions. For instance, the OFS homeownership model must compete with the current PSLA⁷⁰ system, the Pinel tax credit system,⁷¹ the fixed-price units negotiated by cities in public land development projects to lower real estate prices and the PTZ funded units.⁷² Carving out a role for the CLT model in France is not easy in an already saturated housing policy landscape.

However, although there are challenges, the first CLTs in France have been implemented. And while the five practical lessons outlined in the section above might, at first glance, appear as a challenging agenda for the CLT model in France in the coming years, finding solutions to these challenges also represent a desire to make the model work. Thus, understanding the U.S. experience at a time when France is looking to bring the CLT model to a greater scale is crucial. As the attempts in Lille, Rennes, and Montreuil demonstrate, it is not only critical to proving the relevance of the CLT/OFS model to affordable housing development and preservation but at the same time, it is equally important for local leaders

68 <https://communitylandtrust.wordpress.com/2017/12/21/the-european-union-supports-the-development-of-the-clt-model/>

69 Interreg program, 2018-2020, project entitled “Sustainable Housing for Inclusive and Cohesive Cities” led by the city of Lille in partnership with London CLT, Bruxelles CLT, the UK CLT network and Fonds Mondial pour le Développement des Villes.

70 Prêt Social Location Accession is a fund dedicated to private homeownership mixed with a rental security mechanism if the household faces a problem to payback its mortgage.

71 Similar to LITHC, named after a former housing minister, Pinel is a tax credit to households purchasing a new built apartment dedicated to be rented to low income households. See note 54.

72 PTZ stands for Prêt à Taux Zero, a zero interest mortgage delivered by the National State to low income households.

and housing practitioners to come together around a common set of goals and to advocate for them through a national network. While based on CLT France or the North-West European project funded by the EU, these goals and strategies are also heavily informed by the U.S. experience. It is worth exploring if and how this experience can be applied to the French context.

List of Interviewees

BALDWIN, Benjamin, Project & Operations Manager, Dudley Street Inc.

BAY Duane, Assistant Director of Planning & Research, Association of Bay Area Governments

BONNEWITT Natalie, Bonnewitt Consulting

DOLMATCH, Anna, Housing Planner, Cambridge Community Development Department

FENG Karoleen, Director of Community Real Estate, Mission Promise Neighborhood, MEDA

GREENSTEIN, Rosalind, Tufts University, UEP, Greenstein Consulting

HARRIS Ruby, Small Sites Program Manager, San Francisco Mayor's Office of Housing and Community Development

KING Steve, Executive Director, Oakland Community Land Trust

LOH Penn, Lecturer, and Director of Community Practice, Tufts University, Dept of Urban & Environmental Policy and Planning

McCARTHY George, Chairman, Lincoln Institute of Land Policy

McMILLAN Tyler, Executive Director, San Francisco Community Land Trust

O'KEEFE Christine, Senior Development Officer, City of Boston, Department of Neighborhood Development

OSTBERG Marcy, Director, City of Boston Mayor's Housing Innovation Lab,

ROSEN David, CEO, DRA Consultant

SILVER Rachel, Co-Executive Director, Grounded Solutions Network

WINTERS Ian, Executive Director, Northern California Land Trust

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