

Community Land Trusts and Land Banks: Understanding the Opportunities and Barriers to Affordable Housing and Placemaking

Housing affordability is a major issue across the country and many communities face a unique set of challenges as blighted areas lack the necessary placemaking amenities which make for quality places to live. In addition, the U.S. housing market has struggled to dispose of a large inventory of tax foreclosed homes. This issue has resulted in the Land Banking movement in Michigan, which serves as a mechanism to receive tax foreclosed properties. Land Banks are public entities (nonprofit or public authority) with limited governmental powers to acquire vacant, abandoned, and deteriorated properties through special acquisition powers via state-enabling legislation. While Land Banks generally represent a quick and economic process for obtaining and demolishing blighted or unproductive property, Community Land Trusts (CLTs) typically favor a long-term approach to solving issues of land conservation and affordable housing. The goal of a CLT is to acquire land to provide a permanent low-cost option to members of a community who demonstrate financial need.

Michigan is in a unique position when it comes to coordination between CLTs and Land Banks, in that it contains a far more expansive Land Bank presence than most other states. This study explores the challenges and opportunities of Land Banks coupled with CLTs to address housing affordability and placemaking of vacant and abandoned properties. The scope of the research is national but focuses primarily on the issues present in legacy cities and land bank properties in Michigan.

Information was gathered by reviewing peer reviewed research and national case studies. In addition, nine experienced stakeholders from a range of organizations in Michigan were interviewed to better understand the challenges and barriers to CLTs and Land Banks working

EXECUTIVE SUMMARY

together to provide affordable housing and placemaking solutions. This allowed us to receive in-depth answers to questions. A qualitative summary of the nine interviews highlights the challenges and barriers to coordinated efforts between CLTs and Land Banks.

Major challenges identified in interviews suggest that exclusionary zoning and rigid zoning requirements pose difficulties to the viability and creation of affordable housing for both Land Banks and CLTs. In addition, interviewees state there is a lack of policies that ease the transfer processes of Land Bank land. The most common responses to the challenges of placemaking are the costs and expenses related to purchase and maintenance of properties. The Brownfield Tax Incremental Financing (TIF) was identified as an opportunity in providing affordable housing on contaminated Land Bank sites which would increase the ability to receive funding.

The concept of coordination between CLTs and Land Banks is still relatively new. Results highlight that there is limited information available on Land Bank and CLT partnerships, especially in Michigan. The research revealed that there are only about a half a dozen CLTs operating in Michigan. Moreover, a major challenge in operating a CLT is the start-up cost and the long-term financial viability. Lack of available information may leave communities and entities reluctant to take the risk of starting a CLT or coordinating with Land Banks. Hence, more educational materials and samples are needed to strengthen the process.

However, successful examples of newly formed CLTs providing affordable housing options do exist nationally and in Michigan. The Dwelling Place and ICCF Community Homes in Grand Rapids, MI are successful newly formed examples of non-profit CLTs providing affordable housing options in Michigan. The City of Grand Haven, MI formed a municipal CLT in collaboration with multiple non-profit entities resulting in an affordable

EXECUTIVE SUMMARY

housing project which holds 16 properties under their community land trust model. In addition, several national models of CLTs partnering with Land Bank authorities are highlighted. The New Home Development Program (NHDP) was launched in 2018 as a collaboration between the City of Houston, the Houston Land Bank, and the Houston Community Land Trust. The NHDP provides newly constructed, affordable single-family homes to buyers with a household income of 80% or less of the area median income (AMI) through a CLT model. The Central Ohio Community Improvement Corporation (COCIC) is an example of a governmental program that aids the transfer of vacant land bank land to a municipal community land trust to construct affordable homes. This serves as a replicable model, particularly given the extensive Land Bank network in Michigan.

This study lays out the groundwork for a better understanding of CLTs and Land Banks working together to provide affordable housing and placemaking goals. Shedding light on the common issues faced by both CLTs and Land Banks is a notable action step to strengthen a path forward with a common goal of repurposing vacant land bank property for affordable housing and placemaking with the help of CLT long-term ownership and management.