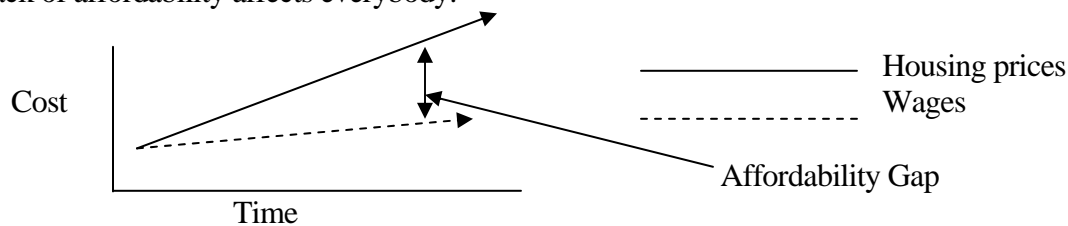


## Community Land Trust and Affordable Housing

Everyone must have housing of some kind. As time goes by housing becomes more and more expensive at a rate that significantly outpaces wage increases. These two facts combine to create an environment where it becomes more and more difficult for low and moderate wage earners to afford quality housing. This difference is called the “affordability gap.” This lack of affordability affects everybody.



Employers must pay more to attract employees because the low and moderate income employee must live farther away in order to find housing they can afford (called “drive to qualify”). Housing becomes unaffordable for more families without more subsidy from public and private sources. The fabrics of communities change as more workers must move farther away to afford housing. Combine this scenario with an environment of declining public subsidies for affordable and workforce housing, and a downward spiral of insufficient resources in the face of growing needs emerges. However, there is a solution that can protect the limited housing subsidies, provide housing for workforces, and protect the character and nature of communities and neighborhoods.

**A Community Land Trust (CLT) is an innovative and unique tool that provides permanently affordable housing.** Community Land Trust housing addresses a variety of issues:

- Maintains a stock of affordable housing, even in markets with high rates of speculative land prices.
- Provides a “backstop” for first-time homebuyers. A recent nationwide study of community land trusts show that CLTs have only lost .1% of their homeownership units to foreclosure.
- Prevents affordable rental developments from being sold once the initial “affordability period” expires. This ensures long-term affordability of rental housing.
- Helps to retain the character of neighborhoods, communities, and small towns in the face of upward land prices, gentrification, and land speculation by outside developers.
- Promotes the responsible use of public and private housing subsidy by protecting the subsidy investment and “locking” it in to the land.

### How does the Community Land Trust work?

The power of the CLT comes from employing a “shared-appreciation” model. A home is constructed or acquired by the CLT. The CLT then sells the house (improvements) to a qualified household while the land trust retains ownership of the underlying land. When the homebuyer purchases the home, they enter into a “shared-appreciation agreement” with the CLT. This agreement limits the amount of appreciation the homebuyer receives when the homebuyer sells their house at some point in the future. The homebuyer enters into this agreement because it allows the homebuyer to access the subsidy and housing market. The CLT then can control the price of the house at resale, so that it can be affordable to another low household. At resale the homebuyer still receives a share of the appreciation, just not all of it. The remainder of the appreciation is kept with the property so that it is affordable to the next homebuyer. Currently there are over 300 CLTs across the United States. A national CLT network exists and CLTs are federally recognized as community housing development organizations (CHDOs) by the Department of Housing and Urban Development.

Each single-family house constructed requires between \$20,000 and \$30,000 in locally raised subsidy. This money is then matched to the \$50,000 to \$70,000 of federal and state subsidy brought into the development. This local subsidy can come from many sources including donated/discouted land/improvements, labor donations, donated supplies/materials, low interest/zero interest loans, cash donations, in-kind donations, and other sources.

### **Local Community Land Trust Initiatives**

Couleecap has identified the establishment of a community land trust as an important next step in ensuring the long-term viability of affordable housing in our region. Working through a sister non-profit corporation, the Coulee Housing Development Corporation (CHDC), Couleecap has committed staff and housing expertise to this effort. Couleecap's goal is to have over 50 single-family homes in the land trust by 2012, and to have over 100 homes in the trust by 2018. The initial focus will be on developing single-family houses but eventually the land trust will expand to include rental housing, lease-to-own housing, and other specialty developments.

Couleecap is currently in development of two community land trust properties in Onalaska, is working to sign development agreements with the City of Hillsboro, and is working with the La Crosse Community Housing Development Organization to develop a property in the City of La Crosse. For all of these properties incomes cannot exceed 80% of County Median Income and the household has to qualify for a mortgage from a lender. For a family of four in La Crosse County this income is \$50,700. For a family of four in Crawford, Monroe, and Vernon County this income is \$44,950.

Additionally, Couleecap is collaborating with Habitat for Humanity-La Crosse Area to protect the affordability of future units they develop. This will include some units in Holmen as well as other units built by Habitat. Income guidelines and selection criteria for these homes is established by Habitat for Humanity, and individuals interested in participating in Habitat for Humanity programs in the La Crosse area can call 608-785-2373 or visit [www.habitatlacrosse.org](http://www.habitatlacrosse.org).

### **Affordable Housing Blueprint**

In order to have a common understanding of affordable housing, the La Crosse Housing Commission has developed an Affordable Housing Blueprint. The commission defines housing as affordable if the total cost, including rent or mortgage, property taxes, insurance and utilities does not exceed 30% of a family's gross income. Affordability is affected by family size.

Housing prices, both rental and home ownership, are outpacing the wages of working people in our community. It is increasingly difficult for lower wage earners to afford housing. Service workers, medical technicians, teachers, and civil service workers find it increasingly difficult to afford housing in the communities they serve. Housing projects and developments should create communities, not just housing. A community rich in housing options is a magnet for families, business and cultural development. The land trust is a mechanism that permanently ensures this richness of housing options in communities.

Couleecap, Inc. is a private non-profit 501(c)3 charitable organization created in 1966. Our mission is to fight poverty and promote self-sufficiency for people in the Coulee Region. Our four-county service area includes Crawford, La Crosse, Monroe, and Vernon counties in Wisconsin. For more than 43 years, we have been helping low-income people build on their strengths and become more self-sufficient. We currently operate over 40 programs regarding housing, family and youth services, and emergency services. Each year, Couleecap helps more than 10,000 people work towards self-sufficiency. For more information about our People Helping People Initiative or to make a donation, contact Couleecap's Development Coordinator, Kadie Brueggen, at 608-634-7363 or [Kadie.Brueggen@couleecap.org](mailto:Kadie.Brueggen@couleecap.org).

Presented by Kay Mueller, Planner, Couleecap, Inc. Westby, WI 54667

---

**References:** Burlington Associates – Community Land Trust [www.burlingtonassociates.com](http://www.burlingtonassociates.com)  
Housing and Urban Development Household Income Limits  
La Crosse Housing Commission, Affordable Housing Blueprint  
Todd Mandel, Housing Director, Couleecap, Inc.

Special Thanks to Todd Mandel, Couleecap, Inc. for the final review of this paper.