

AT HOME ON THE GREATER WEST SIDE

How community land trusts combat rising home prices and fighting displacement



by Delaney Nelson

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Amid rising costs and gentrification, some organizations have found a creative way to obtain homeownership and to combat the displacement of longtime residents: community land trusts.

The goal of this shared ownership model is to provide affordable home prices, and in the process, keep people in their own neighborhoods.

A land trust, typically a nonprofit organization, buys the land on which a house sits, then sells the house at a discounted price to a community member while retaining ownership of the land underneath the home. In

exchange, the buyer will sell the home at a discounted, affordable price if they decide to leave.

“It’s essentially a vehicle to increase community control over what happens in the real estate market, and also to preserve the affordability of housing in a rapidly gentrifying market context,” said Geoff Smith, executive director of the Institute for Housing Studies at DePaul University.

Black southern farmers are credited with starting the first community land trust, or CLT, in the United States during the Civil Rights Movement. Now, there are about 230 community land trusts throughout the country.

Research from the Lincoln Institute of Land Policy showed that land trust properties had substantially lower foreclosure rates in the aftermath of the 2008 housing crisis than conventional properties. This allowed community members to ride out price increases in their neighborhoods.

Lower-earning homeowners were disproportionately hit by subprime lending and the high unemployment rates that followed the housing crisis. Because CLTs kept homeowners from obtaining subprime loans in the first place, they were buffered from the impact of the economic recession, according to Lincoln Institute researchers.

Julio Pensamiento, Here to Stay Community Land Trust board member, said land trusts are an opportunity to give homes back to the community, rather than having them fall into the hands of predatory developers.

“It’s essentially to provide somebody a second chance, instead of the alternative, which would be to sell your home, foreclose, whatever it may be, and then move elsewhere,” he said. “We want to be able to keep those legacy families here operating in our neighborhoods.”

Where to find them in Chicago

Here to Stay is one of three CLTs operating in the Chicagoland area. The nonprofit, which serves low- to moderate-income households across Hermosa, Avondale, Logan Square and Humboldt Park, has acquired seven homes since incorporating in 2019. It has sold three homes, with two more sales expected within the next month, said program director Kristin Horne.

The Northwest Side land trust was born in response to community members’ need for affordable housing. It can curb displacement, allowing residents with varying income levels to live in neighborhoods such as Logan Square and Hermosa.

“(People) were afraid of being displaced, pushed out of the community entirely. They wanted homeownership

so that they were able to have permanent roots in the community,” Horne said. “We know we can’t stop gentrification outright — but we can at least slow it down.”

The goal is long-term affordability, made possible through a 99-year ground lease. During that period, the organization retains the rights to the land and controls its use. Major renovations that would change the home’s value must be approved by the trust. That keeps properties from being flipped for profit, Pensamiento said. Here to Stay also requires the homeowner to live on the property.

Wealth accumulation — a main benefit of homeownership — looks different in a community land trust. Depending on the agreed-upon terms and resale formula, a homeowner will collect a share of the home value appreciation rather than its entirety. They will also earn home equity, although at a limited rate compared to the amount generated by conventional property value appreciation.

CLTs have the potential to promote sustainable homeownership and community stability by lowering housing costs and providing housing support. But the model may not fit all neighborhoods, said Smith, who is also a member of the Illinois Community Land Trust Task Force.

In a neighborhood like Logan Square, which has become highly inaccessible to people with modest incomes, the community land trust creates an opportunity for affordable homeownership — and an amount of wealth accumulation.

Questions remain about whether the CLT model provides the same benefits in neighborhoods like Austin that are relatively more affordable and have more available housing for sale.

“It’s not a one-shoe-fits-all. We’re not saying there should be a million land trusts and this is the only way to promote affordability,” Pensamiento said.

Aside from promoting affordability, community land trusts can be a vehicle for long-term residents to stay in the neighborhoods they have called home, preserving some of the neighborhood’s identity and culture, Pensamiento said.

“Being able to push folks out right and uproot families and uproot cultures is something that we want to put a stop to.”