COMMUNITY LAND TRUSTS AS NEIGHBORHOOD STABILIZATION: A CASE STUDY OF OAKLAND AND BEYOND

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PROFESSIONAL REPORT

Submitted in partial satisfaction of the requirements for the degree of

MASTER OF CITY PLANNING

in the

Department of City and Regional Planning

of the

UNIVERSITY OF CALIFORNIA, BERKELEY

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Date: Spring 2017
Acknowledgments

I am grateful to my family, who send me love and encouragement from afar. I am also grateful to my partner Christina, who has been a calm, loving, and supportive presence throughout the research and writing process, and who has become particularly adept at dealing with my chronic indecision. I want to express deep gratitude to all of the folks that let me interview them for this project, especially the various residents that either welcomed me into their home or spoke with me over the phone. Thank you for your hospitality, for being so generous with your time, and for sharing your stories with me. Thank you to Miriam Zuk and my PR review crew, Juan Sebastian, Somaya, Dylan, and Kristine, for bouncing around ideas, offering feedback, and, most importantly, lots of moral support. A special mention goes to Steve King at Urban Strategies Council and the Oakland Community Land Trust; thank you for being a steady resource throughout this process, offering me an insider view of your organization’s operations, connecting me to residents and other affiliates, and taking the time to discuss this project throughout its development. Finally, thank you to my advisers Carolina and Karen for your guidance, feedback, encouragement and mentorship.
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Community Land Trusts as Neighborhood Stabilization:
A Case Study of Oakland and Beyond
By James Yelen

I. Introduction
After its peak in 2006, the collapse of the subprime mortgage market triggered one of the largest housing market freefalls in U.S. history. Spiking interest rates on subprime loans and falling home values led to a downward spiral of defaults, foreclosures, and a growing stock of over-leveraged, unsellable properties. Between 2006 and 2014, over 9 million Americans lost their homes to foreclosure or relinquishment to lenders and buyers capitalizing on short sales (Kusisto 2015). As is often the case during economic crises, some felt the effects significantly more than others. After seeing some of the fastest rising home prices in the nation in the years prior to the crash, in 2007 California experienced a foreclosure rate nearly twice the national average (Public Policy Institute of California, 2008). Years into the recession, California continued to struggle, with over one-third of homeowners remaining underwater as late as the fall of 2011 (Casey 2013). For Oakland residents, the crisis was all-pervasive, with 1 in 7 Oakland mortgages entering default and 1 in 14 homes lost to foreclosure between 2007 and 2011. Displacement, housing instability and the evisceration of household wealth of many longtime residents were direct consequences.

Amidst a landscape dotted with vacant and abandoned property, highly concentrated in low-income communities of color that were disproportionately targeted with subprime loans, the City sought novel solutions to the crisis. Federal relief from The Neighborhood Stabilization Program (NSP), a program which, in its first round of funding, allocated close to $4 billion to jurisdictions to help mitigate the creeping impacts of foreclosure, presented the city with one of its first opportunities to do just that. Receiving $8.25 million in NSP1 funding, the city partnered with the newly created Oakland Community Land Trust and set out to acquire and rehabilitate 200 foreclosed, real estate owned (REO) properties in some of the city’s hardest hit areas, properties which would then become permanently affordable homeownership units. In doing so, the city became one of only a handful of jurisdictions utilizing the land trust model to address the crisis with NSP money, with the aim of not only stemming the tide of foreclosures and creating affordable ownership opportunities, but also stimulating a range of community revitalizing effects such as greater civic engagement, social cohesion, and a sense of community control. Despite their ambitions, a variety of factors stunted OakCLT’s efforts, resulting in a final count of 17 acquired properties, 16 of which would be rehabbed and sold to low and moderate income households in deep East Oakland, with the 17th ultimately demolished due to its irreparable condition.

Years later, the problem of vacant and abandoned property remains for the City of Oakland, with subsequent initiatives seeking to address the issue and its related externalities. Oakland’s only community land trust remains the steward of the initial properties acquired with NSP funds and has continued to pursue affordable housing preservation and community development work by
other means. However, as the housing market recovered, funding sources dried up, and political support fluctuated, affordable single family homeownership has been deemphasized as a strategy. Drawing on interviews with current and former OakCLT staff, city officials, partner organizations, and land trust residents, this paper will provide a case study of Oakland’s NSP experience, unpacking some of the political, economic, and programmatic challenges the land trust encountered along the way. Using parcel record data, additional analysis is conducted to trace the trajectories of the properties the land trust targeted with NSP funds but was ultimately unable to acquire, exploring some potential consequences for neighborhood stabilization efforts in Oakland communities that experienced a high concentration of foreclosures. Finally, building on interviews with OakCLT residents and additional interviews with community land trust homeowners in other parts of the country, I offer a deeper qualitative exploration of the experience of single family ownership within the CLT model. This analysis attempts to ground-truth some of the commonly claimed benefits of community land trusts, paying particular attention to the stabilizing role CLT homeownership has played and the degree to which other community development goals that fall outside of the typical economic calculus of neighborhood stabilization are achieved. The paper concludes by contextualizing these findings within the broader area of community development work focused on improving residential stability.

II. Literature Review: The Problem of Vacant, Abandoned, and Foreclosed Property

Before delving into a discussion of the Oakland Community Land Trust’s formation, and the particular kind of stabilization that CLTs seek to provide, it’s helpful to take a look at the domain of neighborhood stabilization as a community development concern. While the concept of neighborhood stability may take on different meanings depending on context and perspective, neighborhood stabilization largely refers to efforts, typically by public and non-profit entities, to address the negative impacts that vacant and abandoned properties have on their surrounding neighborhoods. Extensive research has been done to determine the extent to which vacant and abandoned properties produce negative externalities or spillover effects. In addition to the visible blight and dumping these parcels attract (as well as the attendant public health challenges this poses), their presence has been linked with higher instances of arson, crime, and drug use (Immergluck and Smith 2006; Schachterle et al. 2012). Among their most direct economic costs, abandoned properties have been found to decrease nearby home values (Whitaker and Fitzpatrick IV 2013), a phenomenon that has been shown to intensify and spread the longer such properties remain vacant (Han 2014). Qualitative studies have found that vacant land poses a challenge to community cohesion and negatively impacts neighborhood well-being by “overshadowing positive aspects of the community” (Garvin et al. 2013), while others have described vacant, uncared for structures as a signal of social disorder (Ellen, Madar, and Weselcouch 2015).

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1 HOLC and FHA lending guidelines actually justified the denial of mortgage lending in areas with a high proportion of minority residents as a means of maintaining “stability.” The FHA’s 1938 Underwriting Manual states this explicitly: “If a neighborhood is to remain stable, it is necessary that properties shall continue to be occupied by the same racial and social classes. Changes in social or racial occupancy contribute to neighborhood instability and the decline of value levels.” (Goldberg and Rice 2013, 26)
While dealing with such properties is not a new challenge – especially in areas ravaged by decades of deindustrialization - the foreclosure crisis greatly exacerbated the issue as millions of properties emptied out at an alarming rate, oftentimes in the heart of historically residential communities. As the economy bottomed out and credit tightened, returning occupants to these homes became a serious challenge in many areas, leading to prolonged periods of vacancy. This problem was compounded by the high concentration of foreclosures and subsequent vacancies, with upwards of 40% of all vacant homes located in just 10% of the nation’s census tracts (Duke 2012, 3). In the aftermath of the foreclosure crisis, there has been increasing concern over the impacts of investor acquisition of these distressed properties on communities, which has become a distinct subset of the neighborhood stabilization literature. Many have focused specifically on real estate owned (REO) properties. These are largely properties that did not find a new owner immediately following the completion of the foreclosure process, which varies by state but may include a public auction. Foreclosed properties are typically made available by the mortgage-lender with a reserve price equal to the unpaid balance on the mortgage plus accrued interest and fees. When this reserve price is not met by an outside bidder, the mortgage-holder becomes the owner and the property is considered REO (Ellen, Madar, and Weselcouch 2015). In other instances, distressed properties may be acquired prior to entering the REO phase through the aforementioned auction process, short-sales or the purchase of non-performing mortgages.

High concentrations of distressed and foreclosed homes have been linked to many of the same negative externalities as other vacant and abandoned property, with the added dimension that these properties may be targeted by opportunistic investors that, in some cases, have little regard for the communities they operate in. Much of the research in this area has sought to characterize the investment strategies, spatial patterns, and local impacts of the post-foreclosure vacant property market. In one of the most influential studies on the subject, Allan Mallach develops a typology of distressed property investors, differentiating actors by strategy, investment goal, and time horizon. Mallach distinguishes between investment activities that utilize deceptive or predatory practices, such as those used by the “flippers” and “milkers” that make minimal investment in their properties and extract profit through arbitrage or by exploiting the mismatch between acquisition prices and local rents, and more benign investors that perform legitimate rehabilitation work and earn their income by selling at a higher price in the short term (“rehabbers”) or by generating cash flow as a rental property over a longer term (“holders) (Mallach 2010, 10). He also points to some of the potential challenges of unscrupulous investor ownership, such as the propensity to ignore maintenance needs and property tax bills and the increased likelihood of abandoning the property altogether once ownership is no longer profitable.

Interestingly, Mallach finds minimal evidence of pervasive, negative impacts of investor ownership in his two case study regions, Phoenix and New Haven, but notes that the situation varies dramatically depending on the housing market. This variation is important to note, as investor involvement in recovering housing markets may not have been as decidedly negative as the broader literature suggests. In weaker markets, investors with easier access to capital may have helped absorb excess inventory, stabilizing home values and performing rehab work in the process, while a study in Chelsea, Massachusetts found external investor-owners to display...
foreclosure risk similar to owner-occupants, downplaying the threat they pose to neighborhood stability (Fisher and Lambie-Hanson 2012). The literature makes it clear that investment dynamics and their impacts vary considerably by place.

A series of studies in four metro areas carried out by researchers at Harvard’s Joint Center for Housing Studies noted commonalities and differences in REO investment dynamics across markets. Importantly, they draw attention to investor differences by volume of purchases, observing that the majority of vacant property buyers purchased between one and three properties, while higher-volume investors were more active in the most distressed neighborhoods (Herbert, Lew, and Sanchez-Moyano 2013, 4). They found flipping to be most common in Atlanta, Las Vegas, and Cleveland, with the latter city seeing more rampant cases of predatory strategies and neglected investor-owned properties. Interestingly, they also found that smaller “mom and pop” investors struggled more with management and maintenance of their recently-acquired rental properties (Herbert, Lew, and Sanchez-Moyano 2013, 21). In the Atlanta component of this series, Immergluck found a higher concentration of investor ownership in areas with high poverty and vacancy rates and lower median home values, suggesting a “buy low” investment strategy. Investor-owned properties also had higher than average vacancy rates and were more common in predominantly African American communities (Immergluck 2013).

A study tracking the trajectory of REO properties in Southern California Latino neighborhoods found that lender-owned properties were not only slower to sell in neighborhoods with larger African American populations, but more likely to be purchased by investors when they did (Pfeiffer and Molina 2013). In their study of Orange County, Florida, Kim and Cho similarly found a longer resale duration for REO properties in predominantly African American neighborhoods, also noting that post-REO properties were more likely to be renter-occupied (2016). In Boston, Hwang found that foreclosures purchased by individual investors, corporations and trusts saw higher rates of housing maintenance inspection violations than owner-occupied foreclosures (2015, 25). Finally, in their study of investment activity in the suburban Phoenix REO market, Pfeiffer, Wallace and Chamberlain found that neighborhoods with high concentrations of investor-purchased foreclosures saw an increase in emergency calls for violent crime in the following year (2015).

In addition to the academic research on the subject, numerous housing and community development advocacy groups have raised concerns over investor activity in the post-recession distressed property market. In a letter signed by 80 organizations and sent to several prominent federal regulators, Oakland-based Housing and Economic Rights Advocates and the California Reinvestment Coalition highlight a range of troubling trends in REO property markets. These include a rise in cash deals that make it difficult for owner-occupants to compete, poor maintenance by negligent lender-owners, and the withholding of REO inventory from the market to inflate prices beyond their true value (Housing and Economic Rights Advocates and California Reinvestment Coalition 2014). An influential report by another Oakland-based organization, Urban Strategies Council, found that 42% of foreclosed properties in the city were acquired by investors, with 93% of these located in low-income communities of color (King 2012). Their study
also revealed a strong concentration of ownership among investors, with the top two LLCs acquiring nearly 500 Oakland REO properties since 2007. For these advocates, widespread investor acquisition of foreclosed properties is not only a threat to neighborhood stability; it’s the culmination of a process of wealth extraction that began with the spread of predatory lending practices in the lead-up to the foreclosure crisis. From this perspective, concentrated foreclosures and the subsequent transition to external investor ownership, especially in predominantly minority communities, represents another chapter in the history of disinvestment and uneven wealth accumulation that stretches back to the origins of the nation’s housing policy.

**Neighborhood Stabilization and Community Land Trusts**

In response to the community-level externalities associated with the escalating foreclosure crisis, the Neighborhood Stabilization Program (NSP) was unveiled in mid-2008. Part of the Housing and Economic Recovery Act (HERA) and renewed in two subsequent pieces of legislation, NSP was the first and most significant attempt by the federal government to mitigate the impacts of foreclosures on neighborhoods. The first round, NSP1, funneled $3.92 billion to states and localities for the primary purposes of acquiring and rehabbing foreclosed and abandoned properties, demolishing blighted buildings, redeveloping vacant properties, and land banking, with some funds allocated for administrative costs and financing mechanisms for qualifying homebuyers (Immergluck 2013). In HUD’s view, NSP needed to be geographically concentrated in areas hit hardest by the crisis, and an allocation method was devised to ensure this by limiting eligibility to areas with the highest vacancy rates, poverty rates, and other characteristics determined by secondary data.

While the program was largely driven by a desire to contain the negative impacts of creeping abandonment described above, the program also saw itself as an important part of the process of stabilizing housing markets. As HUD analyst Paul Joice put it, “The hope was that such an intervention would restore confidence and allow the market to find an equilibrium and resume functioning” (2011, 139). In this view, addressing neighborhood conditions like increased crime, arson, and dumping goes hand in hand with propping up property values. Because of the downward pressure vacant and abandoned properties place on nearby home values, their persistence and concentration is seen as a driver of further depreciation, depopulation, and blight. Intervening in this cycle was a significant part of the motivation behind NSP, and reasonably so. But as is always the case with activity that boosts home values and attracts investment, what’s beneficial for some may be threatening for others, namely renters. While NSP was targeted specifically at households earning less than 120 percent of the Area Median Income, the program was essentially agnostic as to how this housing was provided and set a relatively short minimum affordability period based on the requirements of the HOME Investment Partnerships Program, maxing out at 20 years (Gould, Kautz, and Jacobus 2009).

Understandably, preparing for the consequences of future rent increases and expiring affordability restrictions were likely not a top priority at a time when the national economy was on the verge of complete collapse. But for some, especially those in historically high-cost housing markets with large renter populations, the form that neighborhood stabilization should take was
In a serious consideration. In a handful of cities, local officials and community-based organizations sought to utilize models that not only guaranteed longer term affordability, but could also produce other positive community development outcomes. The community land trust represents one such model.

Community land trusts (CLTs) are nonprofit 501(c)3 corporations that acquire and retain ownership of land for the purpose of community-based stewardship and permanent affordability. Occupants can own improvements to the land - which may include housing, community space, businesses, or other uses - but the CLT retains land ownership and leases it to residents on a long-term basis, usually 99 years. This allows CLTs to keep rents and home prices affordable through resale restrictions written into the ground lease. For residents with an ownership stake, such as those purchasing a single family home, condominium, or a share in a limited equity housing cooperative, the ground lease specifies the amount of price appreciation and return on investment that a property owner can capture at the time of sale, as well as the income range requirements for new buyers (Abromowitz and White 2006). Proponents of the model highlight the unique stability that’s created by keeping land out of the speculative market, often touting the significantly lower delinquency, default and foreclosure rates of CLT homeowners. This was especially evident during the foreclosure crisis, when CLT mortgages significantly outperformed conventional loans for market-rate homes (Thaden and Rosenberg 2010). This stability is further enhanced by the stewardship role played by the backbone organization, which ensure that housing remains affordable across occupants, development is consistent with community goals, and residents gain the critical skills necessary to maintain their property and remain financially secure.

While the model draws inspiration from a wide range of sources, from the Gramdan movement in India to the collective land ownership arrangements of indigenous communities in North America, the contemporary form has its origins in the Civil Rights movement (Meehan 2014). Seeking to empower African American farmers to own the fruits of their labor in a time when conventional property ownership was obstructed by discriminatory practices, the first successful CLT in the United States was organized in 1970s Georgia through an effort led by Slater King (cousin of Martin Luther King Jr.), Robert Swann, and other activists. Since then, the model has expanded to over two hundred organizations holding over 35,000 housing units nationwide (Zonta 2016, 5). In an important sense, the community land trust model can be seen as a response to a volatile housing market that disproportionately threatens the financial stability of lower income communities while providing a pathway to wealth-building through limited equity homeownership. In this way, CLTs provide a form of neighborhood stability that echoes a description articulated by city planning scholar Michael Teitz but perhaps overlooked by federal policymakers: “to be able to live with some degree of personal security and comfort and escape the vicissitudes of the larger economic system with its relentless pressure for change” (Teitz 1989, 117).

Beyond this stability, proponents of the model point to a wide variety of benefits, some directly related to the unique form of housing tenure that CLTs enable, and others that are more diffuse in nature. In their exploration of types of housing tenure that occupy the gray area between
renting and owning, Wegmann, Schafran and Pfeiffer cite community land trusts as one of a handful of “third way” models that combine some of the wealth-building and tenure security advantages of ownership with affordability requirements that make them more accessible to households that might otherwise rent. The authors note these features within a broader attempt to expand conversations around housing tenure to include models that fall outside of the owner-renter dichotomy. Importantly, they illustrate how virtually every facet of housing policy research – including models of metropolitan housing markets and studies on the drivers of tenure choice, resident behavior, and disparities in life outcomes – has treated tenure as a “binary variable,” failing to consider the variations that exist between the two poles of owning and renting (2017, 2). Others have noted the lack of nuance in discussions of tenure type as it relates to alternative housing models specifically, acknowledging how community land trusts not only combine some of the benefits of ownership and renting, but also retain initial public subsidy more effectively than other shared equity models (Sherriff and Lubell 2009).

Broader neighborhood benefits include the preservation of community wealth, cultivation of social capital, local autonomy and control, greater civic engagement, and “building upon existing strong bases for community action” (Gray 2008, 73). However, perhaps because of their niche position in the broader housing policy landscape, minimal research has been done to investigate the degree to which these benefits are experienced by CLT residents. One of the most comprehensive studies of CLT homeowner satisfaction found that a strong majority of residents felt that the land trust shortened their path to homeownership, improved their perception of personal finances, and represented a step up from previous housing situations (Levinger 2001). However, because it was based on survey responses, the study lacked the ability to explore the nuanced differences of the CLT homeowner experience in great detail. The report was also published more than 15 years ago, limiting the applicability of its findings to today’s housing climate. A more recent interview-based study provides insights into the diverse housing pathways that precede land trust ownership, the impact of CLT ownership on household finances, and some of the pros and cons of the model from a resident perspective, but offers little discussion of the broader community-level impacts of living in a CLT property (Skobba and Carswell 2014). The following case study and resident interview analysis will shed light on the realities of establishing a community land trust as a neighborhood stabilization effort and how CLT homeownership is experienced by residents in the aftermath of the foreclosure crisis.

III. NSP in Oakland: Birth of the Oakland Community Land Trust

As the subprime mortgage crisis ratcheted up in late 2007, Oakland’s housing market was in freefall. Between 2006 and 2007, foreclosures increased by 545 percent, doubling again between 2007 and 2008 (Casey 2013, 1). As neighborhoods became increasingly pockmarked with vacant homes – primarily in lower income communities of color where predatory lenders convinced long-time residents to refinance properties they had long owned and lived in (Williams, Weinheimer, and Brooks 2011, 23) – the city scrambled to come up with a solution. Then-mayor Ron Dellums convened banks and other stakeholders in an attempt to work out a refinancing deal that would help keep residents in their homes, but to no avail. As home values took a dive, so too did property and transfer tax revenue. When Dan Lindheim took the position of City Administrator in 2008, the city was in dire straits. Amidst the foreclosure chaos, falling tax
revenues, rising unemployment, and widespread accounting issues within city government, it wasn’t long before he realized that the City was “on the edge of bankruptcy.”

Meanwhile, out in the hardest hit neighborhoods of East and West Oakland, the collective trauma of seeing long-time families displaced en masse was compounded by an emerging issue of widespread vacancy. In the words of Anthony Panarese, a prominent organizer for ACORN that was working with residents around housing issues at the time, “Overnight these neighborhoods turned into an amusement park of abandoned homes.” A growing concern among residents in these areas was that they would bear the brunt of the blight and abandonment this caused in the short term, but in the long term, given the Bay Area’s historically strong housing market, these properties would be purchased by investors, rehabilitated, and sold to more affluent households. It was within this context that Oakland received $8.25 million in NSP1 funding to address the growing challenge of concentrated foreclosures.

The question of how the money should be used was ultimately to be voted on by city council. This is where advocacy efforts by Urban Strategies Council and the organizing work of ACORN would help shape the direction of the solution. Urban Strategies Council, an Oakland-based anti-poverty research, advocacy and consulting organization, was part of a growing chorus of advocates that saw the early warning signs of the subprime crisis and its likely effects on communities of color. The organization had a long-established commitment to grassroots and community-driven solutions to urban policy challenges and had worked with the City of Oakland in a research and consulting capacity for years. Notably, early staff included renowned community development practitioner Junious Williams and former Mayor of Berkeley and director of the Dudley Street Neighborhood Initiative – parent organization of the widely celebrated Dudley Neighbors, Inc. community land trust – Gus Newport. As the city weighed how to use its NSP funds, Urban Strategies Council led a group of community-based organizations in forming a vision for what would become the Oakland Community Land Trust, collaboratively determining its organizational structure, community outreach approach, and mission. On the organizing side, staff from ACORN set up bus tours for elected officials that took them through some of the neighborhoods experiencing the worst of the crisis so they could see the urgency of the situation firsthand. Recognizing the tremendous loss of homeownership and wealth in these neighborhoods, ACORN organizers identified the community land trust as an ideal model for creating a new pathway to ownership for low and moderate income residents.

Though the city had long maintained a 50/50 split in support between affordable renting and homeownership programs as standard practice, it was decided early on that the bulk of NSP funds would be used to acquire, repair, and sell foreclosed single family homes to income-qualified families. Having minimal prior relationships with single-family housing developers, the city issued a single RFP to select an organization to do this work, feeling that having one organization leading the effort would make things simpler (Williams, Weinheimer, and Brooks 2011, 24). When Urban Strategies Council made its pitch for establishing the Oakland Community Land Trust, it framed the CLT model as uniquely capable of providing permanent affordability through the ground lease and supportive homeownership through pre and post-
purchase counseling, workshops, and asset development training. It also cited its unique board structure, which would be composed of a majority of OakCLT residents and other community members, as an opportunity to promote leadership development and civic engagement. Consistent with other proponents of the model, the land trust was encouraged not only because it provided affordable homeownership opportunities, but because it would empower residents through community control and help restore some of the social cohesion that had been disrupted during the foreclosure crisis.\(^2\)

As the city council weighed the decision of who to grant NSP funds too, one of the early obstacles reflected a recurring critique of the land trust model. At least one city council member was unconvinced that limited equity ownership provided a meaningful opportunity for wealth building, and was otherwise skeptical of the model’s viability. Early participants have also suggested that because of a failed attempt at starting a community land trust in Oakland years earlier, there was some apprehension about trying again. Generating the necessary support to advance the proposed land trust required further political maneuvering. This included agreeing to work with the homebuyer counseling organization preferred by some council members, as well as a local contractor partner with whom the city had a long-established relationship. Once

\(^2\) Based on conversations with staff and overview documents provided by OakCLT
these details were worked out, Urban Strategies Council’s proposal was selected with the goal of using roughly $5 million of NSP funds – paired with additional loans and grants from foundations, community development financial institutions, and proceeds from the sale of New Markets Tax Credits - to acquire and rehabilitate 200 foreclosed homes scattered throughout eligible, HUD-identified tracts. In the wake of devastation, depressed home values had created an opportunity for the city to acquire housing units at a significantly lower cost than conventional affordable housing development. This allowed the city to extend ownership opportunities to households in a lower income bracket than typical assisted homeownership programs, while the CLT ground lease ensured that public subsidies would be retained to benefit families well into the future without additional funding support. The city designed the funding structure as a revolving loan that would be recycled for gradual acquisition and rehabilitation costs and forgiven over time. On the purchasing side, support for low-income families would come from the California Housing Finance Agency in the form of down payment assistance loans and below-market rate mortgages, as well as a matching grant program offered through the Federal Home Loan Bank of San Francisco (Community and Economic Development Agency 2009).

Despite the land trust hitting its early milestones, it wasn’t long before challenges began to emerge in the acquisition stage. In recognition of unforeseen obstacles, a city council memo from March of 2010 explains how the initial goal of 200 properties would have to be reduced to 86. City staff, however, remained optimistic, citing the potential for OakCLT homes to “serve as anchors to encourage non-OakCLT homebuyers to purchase in those same neighborhoods” (Community and Economic Development Agency 2010). Unfortunately, for a variety of reasons, even this revised target couldn’t be reached. In the end, 17 properties were ultimately acquired, 16 of which would be successfully rehabilitated and sold. Understanding how and why this reduction occurred not only illustrates some of the flaws of NSP, which have been detailed extensively elsewhere, but can also shed light on some of the barriers faced to implementing a scattered site community land trust, contextualize the current status and approach of OakCLT, and reveal lessons for future efforts to execute similar projects. Broadly speaking, these factors can be divided into two categories: internal operational challenges and external challenges reflecting the dynamics of Oakland’s post-recession REO market.

Internal Challenges: Inconsistent Support and Coordination Issues
As a new organization that utilized an unfamiliar structure, OakCLT’s success depended on having cooperative and supportive partners and well-coordinated guidelines and systems for moving the project forward smoothly. Interviews with CLT and city staff reveal that in each of these aspects, outcomes fell short of the ideal. Formal support from the city for the nascent Oakland Community Land Trust was strong on the surface, as evidenced by unanimous city council votes and the generally enthusiastic tone of memoranda regarding the program from this period. In practice, buy-in from city staff and other partners was uneven, which created some friction as the program developed. One prominent example of this goes back to the homebuyer counseling organization that was initially selected as a partner organization. Like all affordable ownership programs receiving HUD funding, NSP required grant recipients to provide homeowner training for prospective residents, a process that included making buyers aware of local homes available at their price point. In Oakland, this included OakCLT’s growing stock of
single family homes. It was widely known, however, that some staff from the organization providing this service were not supportive of the CLT model. This likely resulted in OakCLT receiving less attention, and current residents recall a general lack of publicity from city staff, housing counselors, and realtors, which slowed the process of getting residents into homes once they had been rehabilitated.

OakCLT’s approach was also an awkward fit within the broader affordable housing community, as some developers and advocates remained skeptical of devoting significant resources to a new and relatively unexperienced organization and had doubts about its emphasis on single family homes and ownership. And while some city staff and council members had a strong belief in the model on paper, this didn’t always translate to substantive support in practice. As a fledgling organization using an uncommon model, municipal support - in the form of public outreach, helping negotiate tax treatment, leveraging relationships with lenders, providing regulatory concessions, and other actions – is key to the success of CLTs (Davis and Jacobus 2008). The City of Oakland’s hands-off approach – understandable in light of the economic crisis the city was facing – was not conducive to OakCLT getting off the ground quickly.

This was compounded by a fragmented bureaucracy that lacked a department or team dedicated to supporting NSP work. Early OakCLT staff cite a lack of a clear point person for completing the necessary inspection, funding approval, and acquisition process. Knowledge of NSP guidelines, property rehabilitation, acquisition financing, and the structure of the CLT model was diffuse, which created inefficiencies in decision-making. All participants point to a lack of clearly defined systems or procedures, as well as poor coordination across actors, as critical obstacles. Early struggles likely confirmed doubts held by skeptical partners about the model’s viability and ability to scale, contributing to a loss of support and further isolating OakCLT in the broader landscape of housing and economic recovery work. When you add in the flaws in how NSP was implemented – including restrictions on purchase and resale prices, limited funding for administrative costs, excessively bureaucratic funding and oversight rules inherited from CDBG, and a host of other shortcomings (Immergluck 2013) – it becomes increasingly clear why OakCLT was unable to meet its ambitious goals. Shifting dynamics of the housing market added another layer of challenges.

External Challenges: Oakland’s Housing Market After the Crisis

In 2009, with the wave of foreclosures yet to relent and home values continuing their downward slide, acquiring 200 vacant, REO houses in some of Oakland’s hardest hit neighborhoods appeared entirely feasible. The land trust initially identified 189 properties that met the various criteria established by internal and NSP guidelines. Many of the properties in these areas were listing for well under one hundred thousand dollars, and though they would require significant repair work, revenue from sales, combined with grants and loans from other sources, appeared sufficient to provide the necessary capital to keep the process moving forward. As it turns out, this logic proved to be incompatible with the realities of the housing market at this time. Competition from investors, big and small, proved to be a serious obstacle from the outset. By now, the degree of investor involvement in Oakland’s REO market has already been thoroughly documented, but at the time, this phenomenon was unexpected and confounding. OakCLT staff
describe several instances in which offers to banks holding REO properties were rebuffed outright, and it became common knowledge that investors making all-cash offers were the preferred partner in these transactions. With lenders having no legal or regulatory obligation to consider the public interest in the disposition of these properties, there was no logical reason for them to work with the unfamiliar OakCLT, especially given the additional delays caused by the NSP approval and funding allocation process. When OakCLT attempted to improve their appeal by making bulk offers to lenders with multiple properties in a given location, they were similarly turned down. An NSP requirement that limited the maximum offers made by participants to 99% of the appraised value of bank-owned properties created an additional barrier. In a historically strong housing market, only the most distressed and unattractive properties were likely to sell below their appraised value. It’s no wonder that the homes OakCLT was able to purchase were in worse condition than anticipated, adding significant costs to the rehabilitation work and slowing the resale process.

Other idiosyncratic features of the regulatory landscape contributed to an ever-shrinking pool of viable properties. In West Oakland, because of the age and architectural significance of the housing stock, virtually every NSP-eligible property required additional approval from the state’s historic preservation office, contributing just enough in delays and administrative costs to eliminate these properties from consideration. And while federal lawmakers recognized the challenges of investor competition and bureaucratic drag, their primary solution - the creation of the National Community Stabilization Trust with “first look” privileges - still fell short of providing the necessary speed and flexibility to compete with private investors. Time and again, NSP-eligible properties were getting bought before OakCLT could act. Everyone involved in NSP, including community organizers and city staff, recognized this issue, but could do little to address it. The speed and volume that private investors were able to operate with proved too significant to overcome.

From OakCLT flyer, 7.6.2010, provided by OakCLT staff
Challenges in the market weren’t limited to the acquisition phase. In a time of severely contracted credit, resale to income-qualified households proved difficult. Most households whose incomes were low enough to be eligible lacked the credit profiles necessary to get approved for a loan, and the credit remediation process was lengthy. Moreover, in a time when banks were seeking simple, low-risk lending opportunities, few were interested in working with the unfamiliar CLT model, further limiting the options for interested buyers. When it came to selling properties, finding a real estate partner presented another barrier. Because of the limited volume and inconsistent flow of deals, additional complexity of working through NSP, and the fact that low-cost properties yielded smaller fees, few realtors had the appetite to partner with OakCLT.

All of these delays meant that even when a home was finished with the rehabilitation work, they typically sat vacant for months at a time before a buyer could close on a deal and move in. This exposed these properties to costly vandalism, as valuable components like copper wiring and plumbing pipes were stripped from homes as the land trust sought buyers. These factors, combined with the operational challenges described above, combined to dramatically narrow the scope of Oakland’s NSP work. This not only reduced the number of properties that OakCLT could acquire and effectively steward, but left the remaining batch of targeted properties exposed to the dynamics of the market.

The Homes That Got Away: NSP Target Properties Since 2011
One of the major critiques of the Neighborhood Stabilization Program was that it simply did not provide funding and resources that were commensurate with the problem it sought to address. Oakland’s experience makes this glaringly clear. At a time when over 10,000 homes were lost to foreclosure, even the originally proposed 200 properties represented a small fraction of the affected housing stock. Consequently, the neighborhood level impacts of concentrated vacant and abandoned properties remained a concern for public officials in the years following the crisis.

In 2010, a city ordinance was passed that would require owners of foreclosed and defaulted properties to register their properties with the city shortly after a notice of default was recorded. The ordinance was intended to help the city track and inspect these properties and more effectively enforce building codes in an attempt to mitigate against the common problems associated with neglected property. In 2012, when it became clear that a large swath of foreclosed properties had been acquired by non-occupants, and, furthermore, that many of the challenges posed by abandoned homes continued under investor ownership, the ordinance was strengthened to include investor-owned properties. From the city’s perspective, investors were more likely to allow properties to remain vacant and fall into disrepair. Investors would also perform shoddy, unpermitted work and would often get caught without registering their properties or clearing code violations while in the midst of trying to flip them. Additional fines were added to motivate compliance with the registration and inspection program, but, according to city staff, the scope of the challenge far exceeded the city’s capacity to address it.
Understanding what happened to the remaining properties that OakCLT had hoped to purchase provides a small window into the REO property market in the years since. Property records kept by the city and county tax assessor provide useful details for exploring the trajectory of these homes, including the date and price at last sale, assessed values of land and improvements, and whether the property is “absentee” owned, or, in other words, owned by a non-occupant. An analysis of these records, as of October 2016, reveals some important characteristics, especially when considered in comparison to the homes that OakCLT was able to acquire. Most notably, the majority of NSP target properties are now owned by non-occupants. Absentee ownership of these properties is also at a significantly higher rate than Oakland overall, and even high compared to the rates found in the NSP target tracts where renting is more common.

<table>
<thead>
<tr>
<th>Absentee Ownership Rates for Single Family Homes</th>
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<tr>
<td>NSP Target Properties (n=171)</td>
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<tr>
<td>NSP Tracts</td>
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<tr>
<td>Oakland Total</td>
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</tbody>
</table>

Legend

- NSP Target Properties
- Non-Absentee
- Absentee Owner
- BART Station
- BART Tracks

Tract % of Single Family Homes w/Absentee Owner
- 0 - 8.3%
- 8.31 - 16.7%
- 16.71 - 25%
- 25.1 - 33.3%
- 33.31 - 41.7%
- 41.71 - 50%

Absentee Ownership in East Oakland
Interestingly, 103 of the 171 properties in this sample haven’t been sold since 2011, 63 of which are absentee-owned. This suggests that investors in these properties are “holders,” following Mallach’s typology, meaning their investment interest is based on the rental income such properties generate in the short term and resale value of the property in the long term (Mallach 2010). Looking at the last sale price for the most recently sold homes in this sample gives an idea of just how far home prices have come since the recession. For the seven most recently sold homes that have publicly recorded sale amounts, prices averaged over $300,000, almost triple the average acquisition price for homes last sold before 2012. It’s notable that home values have continued to rise since this batch last sold, with Zillow appraisal estimates for NSP homes in East and West Oakland hovering around $400,000 and $700,000, respectively. Deep East Oakland, where OakCLT homes are primarily located, has seen a surge in real estate interest in recent months and lays claim to three of the top five neighborhoods predicted by Zillow to be the “hottest in the Bay Area” for 2016 (Drummond 2016).

As one would guess, these shifts in the market are also reflected in rental prices. Single family homes in the East Oakland neighborhoods targeted with NSP funds, areas that have historically remained among the most affordable in Oakland, are now seeing some of the fastest rising rents in the city. The steady increase in rental prices in these neighborhoods have catapulted the area beyond median single family home rents for the state of California for the first time in years. And unlike other parts of the city and county, rental prices for homes in this area have shown no signs of plateauing. It goes without saying that prospective landlords that bought and held onto East Oakland homes at the bottom of the market stand to make a handsome return on their investment.
While the foreclosure crisis erased significant amounts of wealth in the communities targeted with NSP resources, there have been concerns in the years since that this loss would be capitalized on by high-volume investors seeking to acquire and convert these REO properties into rental units. Advocacy groups have sounded the alarm on this phenomenon, citing higher rents, poor management practices, and increased rates of eviction (Stein 2015). And while investors may beat out would-be owner occupants because of their deeper pockets and ability to make all-cash payments, there have also been reports of fraudulent acquisition strategies (Baires and Hobbs 2014). This has immediate implications for Oakland’s NSP effort - at least nine of the properties in the NSP target sample were purchased by two of the biggest investors in Oakland’s post-foreclosure single family home market, REO Homes LLC and Community Fund LLC. The latter entity, Community Fund, is one of the major investors implicated in a recent FBI investigation into collusion and bid rigging in California foreclosure auctions, with three members of the group indicted in late 2014 (Department of Justice 2014).

In effect, the transition of these homes into the ownership of non-occupants can be seen as a transfer of wealth from long-time residents, many of which that had been taken advantage of by predatory loans, to those with the capital resources necessary to treat housing as an investment vehicle. Community land trusts, especially those operating in areas with high concentrations of foreclosures, represent one attempt at ensuring that benefits of the subsequent recovery period, including home price appreciation, are retained within low and moderate income communities. For the more than half of these targeted NSP properties that came into the possession of outside owners, it’s likely that they have instead reverted to market-rate rental
properties that, as single family homes lacking rent stabilization (due to California state law), are subject to the ebb and flow of the market.

From the limited data being considered here, it is difficult to judge what the broader impacts of this ownership transition have been for local residents, and one can hardly conclude that the impact was uniformly negative. For example, another way to interpret these findings is that formerly distressed homes have been converted into much-needed rental units. Furthermore, it’s entirely possible that temporarily low home prices provided a wealth-building opportunity for local, moderate-income families that had the resources to make a well-timed investment. But given what we now know about the changing composition of East Oakland – and Oakland in general, which has lost a significant share of its black population in recent years as the affordability crisis intensifies (Katayama 2016) – it’s hard not to view the loss of NSP target properties to absentee investors as a missed opportunity. And due to the scattered site nature of OakCLT, reduction in the project’s scope has arguably undermined the organization’s community-building aims by spreading residents out more thinly over the target area. What remains unanswered is how residents that were able to become CLT homeowners have benefited from the model and what this means for neighborhood stabilization efforts. Unpacking the experience of such residents, in Oakland and other cities where the foreclosure crisis created an opportunity for the model to expand, is the focus of the following section.

IV. The Resident Experience of Community Land Trust Homeownership

In the housing context, neighborhood stabilization efforts have primarily focused on limiting the negative effects of abandonment and blight on communities through property rehabilitation and re-occupancy of vacant homes. The form that these rehabbed units take, and the ownership arrangements that they use, is typically of secondary importance. Against this tendency, this section seeks to explore the role of community land trusts as a neighborhood stabilization tool by focusing on the resident experience of land trust homeownership. By considering the personal histories that preceded the purchase of their home, as well as the relationship dynamics and perceptions on neighborhood and community that have emerged since becoming land trust homeowners, this analysis will also explore the potential stabilizing impacts of land trust ownership for individual households embedded in a larger social context. Many of the themes explored in my interviews with CLT homeowners address the benefits or impacts of the model that are championed by supporters and community development scholars. These include improving one’s sense of personal financial stability, building relationships and social capital among CLT residents, providing asset-building opportunities, and motivating greater civic engagement. In-depth interviews allowed me to explore these elements of the CLT experience in great detail, illuminating where the aspirations of the model are confirmed by the resident experience, as well as areas where the reality might fall short of the ideal.

History of Housing and Financial Insecurity

An oft-overlooked aspect of neighborhood stabilization work is the role that affordable housing and community development efforts can play in stabilizing the lives of incoming households. Every resident I spoke with had dealt with housing and financial insecurity on some level prior to
finding their land trust home. That is to say, every interviewee had experienced either a threat to their housing or had been forced into suboptimal living conditions for a significant stretch of time within 10 years of becoming a CLT homeowner. This takes myriad forms, many of which are common features of the renter experience. A period of sub-standard or inadequate housing out of economic necessity was nearly universal, from unfinished, illegal basement units and mold-infested bedrooms to couch-surfing and doubling up with friends and family. For some, sharp and sudden rent increases created a need to relocate. In other instances, forced relocations were a consequence of a landlord deciding to sell their property or move in themselves. Eric of West Marin had even kept count of his moves, noting that his current home was the 30th in his 32 years. He cited numerous occasions going back to his childhood where, after finally becoming settled into a new home, he and his family were faced with the news that they had to move. This included one occasion where the landlord suddenly decided to sell the property without ever putting it on the market; a buyer came to him with an offer simply after driving by and taking a liking to it. Experiences like these left Eric with a “low-grade underlying paranoia of displacement,” a common sentiment across interviewees.

In other cases, shocks like job loss or a health emergency led to dire housing circumstances. Oaklanders Shekinah and Chris had both experienced significant spells of homelessness prior to meeting each other and working their way to land trust homeownership. For Shekinah, a combination of health challenges and an abusive relationship forced her to leave behind her only available housing option out of fear for her life, while Chris found himself without a home after the landlord he and his family were renting from suddenly passed away. In Portland, Paula-Noel’s ongoing battle with multiple sclerosis and other medical conditions made earning a steady income difficult, prompting her and her daughter to make extended stays at her brother’s and parents’ homes. For Bob, despite his and his wife’s high educational attainment and historically middle class lifestyle, a period of unemployment followed by spotty temporary gigs put his family in an economically precarious position during what he called a “bad rental situation,” motivating their exploration of affordable homeownership resources. A combination of personal challenges and the ever-present realities of being a renter were repeatedly identified as stressors, taking a toll on mental health and testing the resilience of each resident at various points in their housing journeys.

Path to Ownership: Resourcefulness in the Face of Economic Hardship

Many of the challenges faced by interviewees are shared by low and moderate income households nationwide, especially for those that rent. For the residents I spoke with, homeownership was often seen as a distant dream, but one that represented the clearest opportunity to wrest themselves from the perpetual insecurity that came with renting.

Thoughts on homeownership and what it represented were typically inflected by the experiences of family members or one’s own upbringing. For Shamar, the story of his immigrant parents achieving the American dream of homeownership, and acknowledging the stability it provided him from childhood through college, loomed large in his mind. He also knew that the economic climate and financing opportunities that made it feasible for his parents to own were vestiges of a bygone era. If he sought a route to owning a home, he recognized that it would be
fundamentally different. Most of the other interviewees had not only never been homeowners, but came from families that didn’t own their homes either. Growing up in a single-parent renter household, Jackline spoke of homeownership as a non-option for her and people like her. “I just assumed that people with money get to buy homes,” she told me. “Until then it’s just not feasible, it’s out of sight.” Making such a large financial investment, she explained, was intimidating for her and others like her. Jen from the Oakland Community Land Trust described a similar feeling:

“For me, a lot of my fears around getting a house is that I felt like for people in my economic class, like, buying a house becomes this really dangerous thing because you’re really on your own. You have this huge investment, but it’s extremely hard to maintain if you don’t have money backing it up... It’ll either rot around us or we’ll lose it, something will happen and we’ll lose it.”

Others spoke of their family background in terms of both a lack of financial support and a lack of exposure to the financial management practices necessary to make ownership work on a limited budget. As Shekinah put it, in reference to both her and her husband Chris:

“Neither one of us come from homes or families where there is middle class wealth sitting around, people willing and able to help us get into a home... there was nobody out there that was gonna give us a helping hand, not because they were unwilling, but because they were unable... So I had to teach myself to be financially literate, and I had to teach Chris along the way.”

Going from housing and financial insecurity to ownership of a land trust property thus presents both material and psychological challenges. But for each resident and household I spoke with, getting to where they are today began with recognizing that 1) the road to ownership requires significant financial preparation and 2) resources exist that make ownership achievable, but one has to seek them out. Pursuing a community land trust property was never the starting point, but rather appeared as a viable and attractive option once affordable ownership was already being explored. Some began by looking on their own at the foreclosure market and short sale options, while others started the process after reaching out to a non-profit or public agency offering financial education and funding. In a handful of cases, the process of saving up for a down payment began years before first contact with a realtor or non-profit staff, even if homeownership still felt like a pipe dream. For Jen and Dee this meant moving into a smaller-than-ideal apartment for a few years. Shamar began setting money aside after numerous bizarre encounters with landlords made him realize he was “done renting.”

In each case, somewhere along the process of attending credit repair workshops, setting up an individual development account, or checking out a tabling event for first time homebuyer programs, a community land trust property landed on the radar and was pursued primarily because it seemed accessible. Some were referred by staff from the asset-building organization they were already working with, while others found out about a CLT property through media advertisements or word of mouth. The common denominator wasn’t necessarily a desire to live
in a community-oriented, shared equity property (though this was an important factor for some), but rather a willingness to practice financial discipline, leverage whatever public resources were available, and find a housing option that balanced stability, wealth-building potential, and quality. As lower income, prospective first-time homeowners, this often required overcoming past and present economic challenges and taking a crash course in personal financial planning. “You have to be really self-motivated to go to the classes, to get your finances in order, to have integrity with an asset,” Paula-Noel explained. “You’ve gotta do the work.”

The Unique Asset and Tenure Type of the Owner-Occupied CLT Home

Every interviewed resident had owned their CLT home for at least a couple of years, providing ample time to reflect on their experience and make comparisons to previous housing arrangements. From these reflections, several themes emerged in terms of how residents perceived their living situation and came to view their homes as financial and non-financial assets. These themes highlight some of the nuances that distinguish land trust ownership from more conventional forms of housing tenure, differences that are especially important to consider when comparing the CLT model to other approaches to affordable housing.

As lifelong renters, each resident I spoke with was quick to point out the distinct advantage of land trust homeownership as a stabilizing force in their lives, a feeling that was shared across differences in household size, age, and income, and expressed in multiple senses of the word. Fundamentally, there’s the stability of shelter, knowing that a rent hike or another unforeseen incident wasn’t going to suddenly threaten the ability of residents to stay in their home. This is especially notable given that six of the seven households I spoke with were living in formerly foreclosed homes. Foreclosure did not seem to register as a serious concern, likely due in large part to the relatively low, fixed monthly payments that residents were making on their properties. Residents were also seemingly aware of the positive track record CLTs had in this regard and were confident that their respective organizations had contingencies in place in the event of a financial emergency. While recognizing the “nightmare” that a theoretical foreclosure proceeding would cause for all parties involved, Eric put it plainly: “The land trust is in agreement that it’s never going to get to that point.” Having this level of housing security was especially important and remarkable given the rising costs of housing for surrounding residents. Shamar put this in the context of his peers struggling to afford rent in a hot Oakland housing market:

“I just have stability, which I think is just a huge privilege in this day and place. It’s kind of cliché, but in this time, in the Bay Area specifically, I don’t know anybody that has that kind of situation who aren’t my bosses, who are rich, whose parents were doctors, who went to good schools, [who] can have an apartment and think about stuff on a longer term, or buy a place in the city.”

The ability to weather the volatility of the housing market was also tied to another significant benefit: increased emotional well-being. Most interviewees made casual reference to the decreased stress load that came with being a land trust resident, but this was especially important for those residents battling chronic illness. Like Shamar, Paula-Noel was keenly aware of the impact that rising rents were having on other Portland residents and thankful not to be in
the same situation. “Now everybody’s getting priced out of their rentals,” she noted, “so it’s even more stabilizing psychologically to have a land trust home that I can afford, as a fellow mom with a low-income. I’m blessed.” This new sense of safety and calm was a recurring theme in our conversation, as she attributed her ability to cope with MS and other health issues to the “feeling of permanence” that came with being a CLT resident. And while he was initially wary of the shared equity ownership arrangement, it was Eric’s wife, who was “sick of the instability of not owning,” that provided the nudge towards committing to the land trust, primarily to mitigate against the emotional toll that constant relocation had taken on their family.

On the other hand, the very arrangement that made stability a stronger guarantee for residents was also a factor in the most commonly cited downside of CLT homeownership: a sense of immobility. While most residents were comfortable with the trade-offs of shared equity ownership and seemingly satisfied with the limited returns they were guaranteed on their investment, in a couple of instances residents expressed concern over the housing options that might be available to them down the line. This was especially true for Shekinah and Chris, who, largely because of ongoing tension and disputes with an apparently sociopathic neighbor, had some dissatisfaction with the location of their home. Due to steadily rising housing prices and limited home equity, moving simply didn’t seem like an option for them, particularly if they wanted to remain homeowners in Oakland:

Shekinah: “We couldn’t afford to move into someplace else in Oakland. We’re completely priced out...with the average home price being above five hundred thousand now, we don’t have that kind of money. It feels stuck.”

Chris: “Yeah, basically we’re stuck.”

They felt that, despite some appreciation on their initial investment, they wouldn’t have the ability to convert their equity into a down payment for a home on the open market. The only viable option they saw for relocating within Oakland was if the land trust was able to acquire more properties in other parts of the city, which has been a challenge. Paula-Noel shared a similar feeling:

“It’s not realistic for me to sell the house, take the money, and move, because the payment on the next thing that I go to is going to be double, and my income is the same....So the downside of it is that I feel stuck...and as the city is changing around me, I don’t want to be in the city...I want to be out of the muck. But I don’t know how to do it, because it doesn’t make financial sense to sell my house.”

But even for those that were most cognizant of this limitation, the advantages of ownership still largely outweighed this sense of immobility. This is partly due to the long-term commitment to their neighborhood that residents were intentionally making as part of their decision to become CLT homeowners. As Bob in Vermont put it, the shared equity model was fine for his family’s purposes because they weren’t looking to “turn around homes,” but instead were searching for a place to settle down as his kids grew up. This is where the housing tenure represented by CLT
ownership departs from conventional ownership in at least one important way. Those with the income and assets to purchase market rate housing have a rational interest in ensuring that their home gains as much value as possible over time. These gains can be seen as a payoff on the risk of investing in their property, and rising equity or the windfall from a future sale might be earmarked for other expenses like retirement or education. In contrast, the residents I spoke with didn’t view market rate ownership as an available option, so they compared their situation to renting and the absence of wealth-building that it entails. “Those of us that own land trust homes wouldn’t be able to have total ownership,” Jen pointed out, while also noting that even limited asset growth opens up new opportunities. “There’s still the accrual and tax benefits,” Eric told me. “And if you don’t have access to [market rate ownership] in the first place,” housing price appreciation “doesn’t really matter.”

With the stability and long-term commitment of ownership on one hand, and limited equity potential on the other, the economic, social and psychological benefits of land trust ownership almost seem to merge. In the absence of speculative future home value gains, residents framed the pay-off of their investment in terms of social or familial impacts and freeing up resources for other pursuits. Even in the context of feeling stuck in place, residents highlighted the benefit of having a home that can be passed down generationally. As Paula-Noel put it, “I’m kind of stuck, but what I’m stuck with is that my family always has a place to live.” Stability, then, is not only seen as an asset for current occupants of the land trust home, but for future occupants as well. For some, this goes beyond providing for family members. Multiple residents cited the satisfaction of being able to “pay it forward,” finding comfort in the idea that future families of modest means will have access to the same opportunity that they’ve enjoyed, including investments of time and labor that make their house feel like home. In reference to the garden her family has been cultivating in the front yard, Jen was pleased to know that “everything we put into it will be passed onto someone else, and it’ll be someone who needs it.”

Residents also expressed feelings of autonomy and empowerment, knowing that they had greater control over their living situation and deeper roots in their neighborhood. Being able to make modifications to their home or plant vegetables while knowing that the decision of whether or not to relocate was largely a matter of personal considerations rather than something that can be determined by a landlord – these were qualities that differed dramatically from previous living arrangements. In comparison to renting, which, in the words of one interviewee, felt like being “a peasant on the land,” owning a CLT home was a more dignified experience. For those that have historically struggled with housing instability, this is a profound difference. As Shekinah put it, “having a place to call home together has empowered us to feel more grounded in the world.” For Shamar, it was as simple as having the choice to live with a “big-ass dog”:

“I can go down to the animal shelter and be like ‘here’s my property taxes.’ I don’t’ have a landlord to explain this to. I’ll clean up after him because he’s gonna make a mess in my own house, and if I don’t want to clean up the hair all of the time it’s my prerogative.”
Of course, the flipside of greater autonomy is having to assume new responsibilities and duties. Becoming a homeowner involves more than merely redirecting the flow of your monthly housing payments from a landlord to a lender. It involves a significant increase in the amount of time and resources one has to dedicate to maintenance, financial management, and unexpected incidents. These range from changes in the type and frequency of regular payments residents have to make — things like water, garbage, and property taxes — to having to shoulder the costs of preventative or emergency maintenance. For Paula-Noel, being a homeowner truly sunk in once she had to deal with a broken drain pipe, which was challenging not only because of the cost of repair, but because of the inconveniences that were created during the period she had to wait until it was fixed. Notably, this wait was compounded by the fact that her money was being kept in an emergency repair fund by one of the several organizations she had worked with to make buying the CLT home feasible. The added bureaucracy of this arrangement is a challenge that is perhaps unique to asset-building models of community development. For another resident, a dispute with a neighbor over the location of their property line created some confusion over how responsibility over homeowner issues is split between residents and the CLT organization. This serves as a reminder of the peculiarity of the dual ownership model and the ongoing process of negotiating relationships and roles among staff and residents.

Relationships with CLT Staff and Other Residents
While the transition to homeownership creates additional responsibilities, and the unorthodoxy of the model may lead to confusion over how these responsibilities are shared, more often than not the residents I spoke with viewed the land trust organization as a stabilizing force in their lives. To be sure, down payment assistance programs, grants, specialty mortgage products, and other resources that assist with the consumption side of homeownership are critical to the model’s success. But time and time again, it was the ongoing support provided either directly from land trust staff, other land trust residents, or through the networks that were developed through involvement with CLT programming and related activities, that made the difference for the residents I spoke with. This began with the home purchasing process itself, in which the CLT organization helped make an unfamiliar and complex process feel less risky and uncertain. Perhaps more important, however, is the ongoing support that staff members provide. Residents mentioned numerous occasions where they reached out to land trust staff for advice on financial matters, contacts or other resources for doing home repairs, and even emergency loans in times of crisis. Of course, the amount of ongoing support and contact land trust staff have with residents varies from organization to organization. As Bob pointed out, his Vermont land trust, the Champlain Housing Trust, is large enough to offer a proactive foreclosure and delinquency support system, financial counseling, and a range of other services for the full spectrum of residents. But even beyond these more tangible acts of assistance, the mere presence of a backbone agency seems to give residents peace of mind. This is a key element of the stability that land trust homeownership provides, which was important for Jen and Dee given their hesitancy about becoming homeowners. As Jen put it:

“Having the land trust, it gave [purchasing a home] an element of security that it wouldn’t have had otherwise. Because the idea is all of these people, we have each
other’s back. And that’s really how it feels, if something happens to one of us, we’re all gonna be there. And the organization is gonna be there. There’s this way that you’re not isolated on this little homeowner island.”

Of course, this doesn’t always mean that CLT homeowners have strong, ongoing relationships with land trust staff or other land trust residents. In fact, most interviewees described a relatively low-touch experience. Again, this varies by locale. For example, in my conversations with OakCLT staff, it was clear that their intention was to be available as a resource and ultimately leave it up to residents to decide how deeply involved they would be with the organization. Nevertheless, it was clear that some residents desired a stronger sense of closeness with their respective CLT, and in some cases were interested in finding ways to deepen their involvement. This sentiment was even stronger when it came to forming relationships with other CLT residents. In Oakland, it was apparent that the scattered site nature of the organization, as well as its relatively small size, made relationship-building a challenge. Similarly, Paula-Noel got the impression that, despite the occasional get-together with other residents, the organization wasn’t necessarily “about community vibes,” which happened to suit her preferences. Sure enough, while some of the residents I spoke with became interested in the land trust model in part because of the “community” element, these same residents acknowledged that this feeling isn’t shared by all. This raises an important point for the social capital-building potential of the model. Resident engagement and participation will vary depending on preferences and personality types, and generating interest in group activities and social events requires ongoing effort by staff and residents alike. At the same time, in order to maintain their broad appeal, CLTs might downplay their community orientation and emphasize features like affordability and wealth-building. Promoting and cultivating the model in a way that keeps it accessible without undermining ambitions of fostering resident solidarity is a challenge that more social justice-oriented CLTs have to grapple with.

CLT Ownership Effects on Neighborhood and Community Involvement
Interestingly, even when residents lack close ties to one another, all of the residents I spoke with expressed a desire to engage with community issues that has only grown since becoming CLT homeowners. This includes a heightened awareness of housing market activity and changes in neighborhood composition, as well as an increased concern over local social conditions like homelessness and illegal dumping. In many cases, increased engagement with these issues was framed as a byproduct of the sense of stability and rootedness described above. As Eric put it, “The stability allows me to take these risks and go out and give more, give back.” In other instances, it was seeing oneself as a long-term resident that changed interviewees’ perspective on their role as community members. Jackline tied this to ownership itself:

“I’m more dedicated and aware of policies that affect my community, changes that affect our community. Owning a home has made me invest in my neighborhood and my community, since I see myself as a permanent resident here, raising a family.”
Several residents described an increase in their attendance of public meetings and participation in civic bodies since becoming CLT homeowners. In some cases, interviewees said they joined committees and commissions dedicated to local issues like crime and policing, something they previously lacked the mental bandwidth and interest to pursue. For Paula-Noel, part of this motivation was specifically to spread the word about her Portland land trust, Proud Ground, as an affordable housing option and to increase awareness of the CLT model more generally. Overall, there was a sense among residents that their respective land trust could and should play a role in addressing community challenges and participating in public discourse, even when more direct and ongoing ties between CLT residents and their neighbors hadn’t been cultivated yet. Some residents also expressed an interest in seeing their respective CLTs expand the scope of their activity and enter into new territory like urban gardening, but weren’t always sure how such efforts would be shared by and integrated into the broader neighborhood. In Oakland, a lack of scale and strong relationships among current residents was identified as a barrier to expanding the CLT’s work in this way.

One subject that arose in almost every interview was gentrification. Given that each of the land trusts represented in this sample are based in urban or suburban areas undergoing housing market pressures, it’s perhaps unsurprising that this would enter the conversation. What’s notable, however, is how this issue was perceived by residents. Whenever the topic came up, interviewees lamented the impact it was having on fellow residents, or, as Jackline put it, “how community turnover leads to different populations being pushed out.” CLT residents spoke of the challenge of renters being “priced out” and the “hollowing out of the middle class” in their communities. In other words, on the subject of gentrification and displacement, land trust residents tended to sympathize and identify with renters, despite the fact that they owned their homes.

On one hand, there are obvious personal reasons for this. Not only were these residents first time homeowners with relatively recent histories of working through the trials and tribulations of renting, but they also belonged to social networks where most of their peers continued to rent. But equally important is the fact that, due to the resale restrictions that are fundamental to the model, land trust residents don’t stand to gain as much from rising home values. The return on their investment is set by formula instead of the fluctuations of the market. This puts them in a different position than traditional homeowners that, while empathizing with renters experiencing a sharp increase in their cost of living, simultaneously benefit financially and have a vested interest in maintaining the status quo. This has significant implications for political discourse and decision making at the local level, which is often driven by concerns over property values, as well as coalition-building around tenant rights issues. In these contexts, CLT owners occupy a gray area. Shamar noticed this tension in the Bay Area context, where housing affordability and renter protections are a perpetual topic of public debate:

“i’ve had conversations with traditional housing justice, housing activist communities, and it’s kind of weird to enter that space as a homeowner...where if you’re a disgruntled tenant and you want change, you’ve got your people right there...But other than getting
other people to go on the [land trust] website and see if they qualify, there isn’t really much that we are going to promote, other than living our lives.”

This mix of perspectives speaks to the unconventional position that CLT homeownership occupies along the spectrum of housing tenure type. While the organizational structure and more deliberate community-building efforts undertaken by land trusts is likely a driver of civic engagement for some, the unique tenure that combines a long-term commitment to place without the financial incentive of price appreciation is perhaps just as impactful on how residents orient themselves and act within their communities. While this may not always lead to clear channels of political mobilization, as Shamar’s experience illustrates, CLTs do appear to upend the conventional alignment of interests within the renter-owner divide.

V. Conclusion

In many ways, Oakland’s experience with the Neighborhood Stabilization Program wasn’t particularly unique. Jurisdictions and community-based organizations nationwide had issues with the program’s strict and arbitrary rules, onerous reporting protocols, and convoluted funding structure. Similarly, the challenge of investor competition and heightened property speculation in the post-recession REO market was reported in a variety of other metro regions, albeit with varying dynamics. What differentiates Oakland from most other recipients of NSP funds was the decision to direct the bulk of these resources into the creation of a community land trust. This decision was grounded in a belief among organizers, residents, advocates, and community development specialists that a land trust was uniquely capable of creating affordable opportunities for homeownership, mitigating against market volatility, and empowering residents to lead the charge in the revitalization of their neighborhoods.

In the aftermath of NSP, with far fewer properties in OakCLT’s inventory than all involved parties had hoped for, it’s clear that NSP’s myriad flaws were compounded by a variety of other local factors. A mixture of inexperience, ideological differences, inconsistent and insufficient support from key partners, and a lack of coordination all played a part in the land trust’s early struggles. By tracing the trajectory of targeted REO properties that the land trust was unable to acquire, we can better understand the consequences of falling short. In contrast to the 16 homes that were purchased, thoroughly rehabilitated, and sold to income-qualified households through OakCLT, we now know that the remaining homes were largely acquired by non-occupants, including a handful of large investors known for unscrupulous business practices. If anything, this outcome further illustrates the important role played by OakCLT as a steward committed to providing supportive, permanently affordable homeownership opportunities to low-income residents. It also highlights the ongoing challenge of effectively dealing with vacant and abandoned homes in a booming real estate market, a challenge that Oakland continues to face in 2017.

But while historical analysis and property record tracking paint a clearer picture of the challenges and stakes of doing neighborhood stabilization work using the CLT model, it’s also important to understand how land trust ownership is experienced by residents themselves. Improving neighborhood stability is more than just mitigating against blight and improving home values; it
also includes ensuring that residents gain stability of tenure, have the opportunity to meaningfully engage with local issues, and improve their financial standing. In many respects, the experiences of the seven households interviewed for this study indicate that CLT homeownership can provide these benefits. Their stories illustrate the challenges faced by lower income renters battling housing insecurity and economic uncertainty, as well as the transformative impact of gaining access to affordable homeownership through a community land trust. Of course, this experience is not without its drawbacks. New homeowner responsibilities can be burdensome, while limited equity leaves some residents feeling immobile, tethered to an island of affordability amidst a sea of rising prices. But what’s also clear is that the experience of becoming a CLT homeowner has impacted how these residents relate to their community and take part in local civic life. And as owner-occupants without a significant financial stake in rising home values, the unique housing tenure of the CLT model may represent an alternative to the owner-renter dichotomy, circumventing the tensions posed by rising real estate prices.

Granted, this is an instance where selection bias may play a role – the individuals that chose to participate in this study are also likely to be those that are more inclined towards community involvement and participating in local politics. There is also the question of causality – does living within a community land trust encourage residents to become more engaged in local issues, as proponents of the model hope, or are those that are attracted to CLTs predisposed towards this behavior? Disentangling these dynamics is beyond the scope of this study, but it’s important to keep in mind that almost all of the interviewees had no prior awareness of the CLT model and were largely seeking out any available affordable homeownership opportunity they could find.

Finally, these findings suggest that discussions of neighborhood stabilization need to broaden their scope to consider the numerous ways in which even a perfectly functional housing market can create instability for households. That means making more space for the role that tenure plays in the lives and well-being of residents. For example, it’s widely known that renters account for a disproportionate share of the 40 million cost-burdened American households, a number that has been on the rise in recent years. And in their annual report on the national housing situation, The Joint Center for Housing Studies found that in 2013, over two million low-income renters reported a fear of imminent eviction, while 710,000 had actually been threatened with eviction in the previous three months (2016, 5, 31). For many, housing instability is a fact of life. Suffice it to say, the vast majority of these tenants will not find their way into an affordable homeownership program, let alone one utilizing a community land trust model. Nevertheless, as residents, advocates, policymakers, and community development practitioners continue to pursue strategies for improving the housing and well-being of vulnerable populations, they must bear in mind that not all affordable housing solutions are experienced in the same way.
Bibliography


Appendices

Appendix A: List of Interviewees

Practitioners
Steve King – Executive Director at the Oakland Community Land Trust
Aaron Baluyot – Former Program Coordinator at the Oakland Community Land Trust
Anne Griffith – Senior Program Director at Enterprise Community Partners and former Interim Executive Director of the Oakland Community Land Trust
Anthony Panarese – Organizer at the Alliance of Californians for Community Empowerment (ACCE)
Lin Chin – Strategic Initiatives Coordinator at the City of Oakland
Jean Casey – Program Analyst for Code Enforcement Proactive Programs at the City of Oakland
Maeve Elise Brown – Executive Director at Housing and Economic Rights Advocates
Dan Lindheim – Professor of Practice at the Goldman School of Public Policy and former City Administrator at the City of Oakland
Margaretta Lin – Fellow at the Dellums Institute for Social Justice, formerly at the City of Oakland

Residents
Shekinah and Chris - OakCLT
Shamar - OakCLT
Jen and Dee - OakCLT
Paula-Noel – Proud Ground, Portland, OR
Eric – Community Land Trust Association of West Marin (CLAM), Jericho, CA
Bob – Champlain Housing Trust, Jericho, VT
Jackline – City of Lakes CLT, Minneapolis, MN

Appendix B: Methodology for Property Records Analysis
Early on in the research process, I obtained a list of the 189 properties that the Oakland CLT had identified as viable acquisition targets. These were previously foreclosed, REO properties found through the National Community Stabilization Trust database, MLS Listings, and other means, located in NSP eligible census tracts and listed at prices within their target range. Through the land trust and a contact at the City of Oakland, I was able to obtain assessor records from 2010
through 2015, as well as an October 2016 snapshot from a more thoroughly cleaned and robust parcel database that the City keeps, which is supplemented with some additional proprietary ownership information. To track the transaction history of my properties of interest, I had to figure out a way to pull information on these 189 NSP target properties from the databases I was provided. Lacking parcel numbers for my original list, my only other option was doing an address match. Using Google Refine’s cluster analysis feature, I was able to normalize the formatting and capitalization of the address fields in each database so that they matched the formatting in my target property list. I then performed an attribute merge for the most recent property information, the 2016 records, which resulted in a near-complete match. Only two of the original 189 properties were not found in the parcel dataset, and subsequent searches through Alameda County’s online parcel ownership database similarly came up empty. In all, ownership and transaction information was obtained for 171 of the 189 NSP target properties; the original list minus the two missing parcels and the properties that OakCLT had purchased. Noticing that the majority of these properties hadn’t transacted since 2011, I performed the same merge on the 2011 parcel dataset in order to compare ownership information.

Appendix C: Methodology for Resident Interviews
Interview outreach began exclusively with Oakland CLT residents. Having developed a relationship with staff, I had their support from the outset as I attempted to reach residents. But in doing outreach, it was important to balance a desire for comprehensiveness with respect for privacy. Ultimately, we decided the best way to achieve this balance was through a mass e-mail sent by Steve, OakCLT’s executive director, that included a statement on my research intent and contact information. Residents were offered a modest, $15 gift card in exchange for their time and participation. Of the 17 households, three volunteered to be interviewed (17.6% response rate). To boost participation, a follow-up e-mail was sent by staff a week later. Additionally, for a smaller subset of households identified by Steve as more likely to respond, I sent an additional interview request by mail. Unfortunately, this did not result in additional Oakland interviewees. For the three households that were willing and able to participate (totaling 6 individuals), interviews were conducted at residents’ homes, with each interview taking roughly 90 minutes. These interviews followed a semi-structured guide that touched on a wide range of topics that included a detailed walkthrough of personal, historical housing experiences, the search process that led residents to a CLT home, navigating the purchasing process, reflections on neighborhood change, relationships with CLT staff, residents, non-CLT neighbors, and the broader community, and in-depth discussion of the CLT homeownership experience as compared to prior living arrangements. Before delving into prepared questions, each in-person interview began by jointly completing a timeline of significant events for the 10 years prior to the residents moving into their CLT home. In each instance, the gift card was given prior to beginning the interview in order to avoid the perception that compensation was in any way dependent on one’s response.

I was later put in contact with a network of CLT homeowners from other parts of the country through one of the Oakland residents. This second network, connected via the national shared-equity advocacy and technical assistance non-profit Grounded Solutions Network, is part of the
organization’s Ambassador Initiative. The Initiative consists of residents of various shared-equity housing programs that are interested in sharing their experience and joining advocacy efforts aimed at increasing the visibility of the affordable housing models supported by Grounded Solutions. Similar to my prior outreach efforts, a mass e-mail was sent to this network by my resident contact at OakCLT following our interview. This e-mail included my project description and contact information, but requested a phone interview instead of an in-person interview and did not include compensation. Of the 30 residents contacted in this way, seven responded and four were ultimately interviewed. Phone interviews ranged from 50 to 90 minutes and covered a similar range of topics, though with less emphasis on place-specific questions that were more pertinent to the Oakland case study.

It is important to note that in both cases, there are clear selection bias issues that must be considered when weighing the findings. While a range of factors might explain non-participation – busy or incompatible schedules, language barriers for non-English speakers, or other personal reasons that might make someone reluctant to speak with an outsider about potentially sensitive subject matter – it’s reasonable to assume that those choosing to participate have qualities or viewpoints that differentiate them from the larger population of CLT homeowners. For the Oakland sample, two of the three households include resident board members, suggesting a higher than typical degree of interest in CLT activity and community issues. Similarly, the Ambassador Initiative is comprised of residents with an explicit desire to promote the model. This doesn’t in any way undermine the value or sincerity of these residents’ experience. It does, however, suggest that most interviewees in this study reflect a subset of land trust residents that likely hold more favorable views towards the model, have a greater interest in community building, and are more inclined towards civic participation.

Appendix D: Interview Instruments

Interview Guide for OakCLT Residents

Housing History

How did you come into your current housing situation? What did the process look like and how did an Oak CLT property become your ultimate home?

- Where were you looking for housing? How did the OakCLT opportunity differ from other options?
- Is this your first time owning your home?

Neighborhood and Stability

How does your relationship with your neighborhood, your block, your community today compare to previous places you’ve lived?

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How well do you know your neighbors? Compared to CLT folks?

How have you noticed the neighborhood changing during the time you've lived here?
- In terms of demographics, neighbor turnover, property sales, property conditions/maintenance, etc.?

In the face of current housing market dynamics, how does living within a land trust impact your perception of your own housing security?

How has your financial situation changed since becoming a CLT resident?
- How does this impact your future planning, financial or otherwise?

Navigating Roles and Relationship within CLT

Can you tell me about your relationship to the land trust?
- Are you involved in their advocacy work or other organizational activities?
- Do you know the other CLT residents? The CLT board?

How do you feel responsibilities are shared within the CLT?

How would you describe the role Oak CLT plays in your life beyond housing?
- How might community gardens or other projects impact your relationship to the CLT?
- Do you attend board meetings or participate in other CLT events?

Do you feel like living in the land trust has impacted how you relate to neighborhood or community level issues?
Personal Timeline Worksheet for OakCLT Residents

- **Personal**
- **Work**
- **Housing**

Timeline:
- 2002
- 2007

CLT
Interview Questions for Phone Respondents

1) I'm interested in hearing about the path you took to your current CLT property. What are some of the major events (in your personal life, employment history, and housing situation) that stick out to you in the 10 years prior to moving into your current home? How did they impact your housing search?

2) Where were you looking for housing, and how did a CLT property ultimately become your home? How did the CLT opportunity differ from other options? Is this your first time owning?

3) Can you tell me about how your CLT experience differs from previous living arrangements (in terms of your financial stability, control over your living situation, your relationship to your neighbors and surrounding neighborhood, etc.)?

4) In light of the current housing dynamics in your area, how does living within a CLT impact your sense of housing security? Or financial security more generally? How has it impacted your future planning?

5) What would you identify as your neighborhood? How does this compare to what you would identify as your community? How do your relationships with other members of the CLT fit into these categories?

6) Can you tell me about your relationship to the CLT staff and board? Do you participate in events they put on? Are you involved in any of the CLT’s outreach and advocacy work?

7) How do you feel responsibilities over maintenance, record-keeping, and other homeowner issues are shared between you and the CLT?