center for community investment

Exploring Community Land Ownership: Executive Summary

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During 2023, the Center for Community Investment (CCI) set out to understand the landscape of shared ownership models for land and real estate as tools for promoting racial and economic equity. Two factors drove our interest. First, community land ownership is rapidly proving itself as a viable path toward reparation, repair, and equity. Second, in recent years, new models of shared real estate ownership have been bubbling up across the country, creating an opportunity to identify best practices, help isolated efforts become more systemic, and consider what it will take to accelerate this critical equity work.

We began our exploration by reviewing the literature and interviewing people and organizations implementing shared ownership models across the United States. Below, we share our initial findings, including successful outcomes, factors that support success, and obstacles to scaling models and building a movement (and what can be done about them). We discuss tensions in the work and include a special note on how finance and philanthropy can help exponentially increase the resources flowing to shared ownership initiatives in low-income communities of color, one of the critical factors for advancing the movement.

LOCAL OUTCOMES, A GROWING MOVEMENT

Shared land ownership has a long history in the U.S., going back to nineteenth-century utopian and intentional communities. The movement has picked up steam over the last 20 years, and recent collective land ownership initiatives report meaningful outcomes:

- The East Portland Community Investment Trust (CIT), Market Creek Plaza in San Diego, and Sky Without Limits Cooperative in Minneapolis have shown that shared real estate ownership can act as a lever for higher civic engagement and social cohesion, which is itself an indicator of community resiliency. Members of these communities come together to improve their properties, host block parties, work together to solve problems and address community concerns, and take care of one another during times of illness or family crisis.
- Housing cooperatives like Sky Without Limits have succeeded in preventing tenant displacement.
- The East Bay Permanent Real Estate Cooperative (EBPREC), The Guild in Atlanta, and many other shared ownership projects directly address racial disparities in asset ownership by offering investment pathways for multiple real estate asset classes.
- Community owners in projects like the East Portland CIT have seen improved household financial capability including increased credit ratings.
- Shared equity homeownership models, including Community Land Trusts (CLTs), provide affordable homeownership and financial security to low-income households while mitigating the risks of homeownership. These models insulate land from speculation help prevent displacement; they also act as revitalization tools in cooler markets.

Photo by Gretchen Beesing, Face Forward mural by Rahmann Statik, Chicago - South Shore
***See Appendix II for a full list of interviewees**

In short, a lot has been accomplished with few and scattered resources. Broadly speaking, collective land ownership is helping communities entrench against the pressures of speculation, increasing corporate ownership, and gentrification, as well as offering pathways to building wealth.

In addition to project-based outcomes, emerging indicators suggest that the proliferation of new initiatives signals a movement that is expanding not only in numbers but in complexity and power:

- A cadre of passionate and determined leaders have emerged. Most are action-oriented risk-takers, which bodes well for the movement's future.
- These leaders are in conversation with one another, laying the preliminary foundation for a network with the capacity to generate momentum across systems and communities.
- Cross-communication and cross-pollination among initiatives is catalyzing innovation in models for shared ownership, including new legal models like community investment trusts and permanent real estate cooperatives.
- The Community Ownership for Community Power Fund of the Common Counsel Foundation, based in California, and Seed Commons, based in New York, stand out as examples of funds and platforms for financing shared ownership projects.

WHAT'S MAKING IT WORK

Practitioners point to a few key factors that characterize successful initiatives:

- Experienced organizations with capacity to actively engage in the project.
- Community trust (generally resulting from organizations' deep and often longstanding community ties).
- Project staff dedicated to the initiative's success.
- A commitment to ongoing democratic governance, including community-driven processes for information-gathering and decision-making.
- Access and receptiveness to ongoing technical assistance.
- Low-cost real estate.
- Aligned financial support in the form of funds, angel investors, and programmatic foundation investments–ideally including upfront subsidies for acquisition.
- A supportive local and state governmental environment, ideally including government funding.

WHAT'S MAKING IT HARD, WHAT MIGHT HELP

We are seeing new shared ownership efforts all over the country. However, many models never make it past the first or second real estate acquisition and practitioners who operate with scant resources and little support often tire of the complexity and difficulty of the work.

In part, this is because the collective land ownership efforts of the last two decades have been characterized by isolation and often are working against current societal norms. Almost every initiative is designed and implemented from scratch, especially when it comes to uncommon financing and ownership models. Values like cooperation, democratic governance, and community wealth (when communities hold assets in trust) aren't business as usual, and many shared ownership initiatives aren't designed to build maximum wealth for individuals and their families. Practitioners often feel like they are rowing against the current.

Our survey of the field provided a clear picture of where practitioners get stuck, including obstacles to scaling the models and building the movement. Challenges generally revolve around the lack of upfront, patient, non-extractive capital; the impact of leadership burnout and turnover on project sustainability; underdeveloped local shared ownership ecosystems; and/or insufficient resources for continuous organizing and popular education. Below are some recommendations for addressing these issues that emerged in our interviews.

Local expertise and organized community organizations and residents can't make up for a lack of capital to make initial acquisitions. Factors that can help include:

- Increased subsidies for property acquisition.
- Reliable and visible funding streams at the local, regional, and/or state levels, especially if they have transparent and accessible processes for securing funds.
- Special taxing districts and/or loan guarantees from local, regional, and/or state government.
- Technical assistance and support for organizing capital stacks that can facilitate pipelines of projects rather than isolated efforts.
- Innovative policies that make land and capital available for shared ownership: land transfer as reparations, land return, land banking and conservancy, consideration for land in the public domain, opportunity to purchase legislation (TOPA/COPA), etc.

Leadership burnout and turnover usually result from over-reliance on centralized leadership to conduct long-term, complex work without sufficient support. Burnout and turnover can be mitigated through:

- national networks for practitioners that facilitate access to capital and high-quality technical assistance and encourage knowledge sharing and collaboration.
- vetted consultants to fill local gaps in technical expertise.
- development of a research base to support practitioners with high-quality data, which entails supporting process and outcome evaluation to document emerging models.
- regular additions to case studies in the field, including best practices and failure analysis.
- leadership development and coaching for practitioners.

The shared ownership ecosystem includes a variety of actors and systems, from funders and financing, to elected officials and policy, to community members and community-based organizations and coalitions. An underdeveloped ecosystem might lack policy that supports the work, organized capital, dedicated funding streams, technical experts, etc. It might also require prolonged "socialization" of community land ownership concepts; this is especially true when local governments don't want to appear "too progressive." We can promote ecosystem development by:

- establishing local cross-sector forums to foster collaboration and build a base of support.
- supporting process and outcome evaluation to help document emerging models and build a research base.
- cultivating an understanding of resource flows (land and money) by examining local data and recent deals.
- recruiting missing actors, especially financial intermediaries and legal counsel.
- assessing the need for technical expertise and matchmaking with appropriate experts.
- cultivating creative intermediaries that can funnel capital to both small and large projects.

Maintaining a base of investor-owners and tenants in a shared ownership project requires ongoing engagement, education, and technical assistance–and these activities require resources, often in the form of grants. The following actions could support these efforts:

- Advocacy with local government and philanthropy to develop the necessary resources to sustain these critical strategies for building community power.
- Education and experiential learning around organizing, power, and movement-building.
- Political education with a focus on race, class, and capitalism for practitioners and community members.

Despite these challenges, the basic infrastructure for launching new initiatives is often in place. Many regions already have coalitions, networks, and institutions that support the idea of collective land ownership and have prior experience working together toward a common goal. This baseline can be successfully leveraged to create the conditions necessary for a successful and sustainable program.

TENSIONS IN THE WORK

Shared ownership is a dynamic field encompassing a diverse range of organizations and models, each molded by its specific environment and objectives. Despite these variations, projects often encounter common ideological and operational challenges as they grapple with a set of inherent complexities and tensions. These include the intersections of ideological beliefs and organizational methods, trade-offs between local governance and project scalability, and the interplay between personal and collective wealth building. Embedding cooperative principles and prioritizing community interests within systems and norms that are inherently self-sustaining is a formidable task, especially in a field that is still emerging.

Models like the Community Land Trust (CLT) present a range of approaches to shared ownership: at one end are those aimed at fostering community movements, while at the other are those that function essentially as nonprofit housing providers with limited community governance. Navigating the intricate relationships between ideology and effective project execution sometimes leads to the decentralization of roles across various groups, each with its own focus area. This division is intended to balance the goals of community engagement with the demands of development.

The tension between maintaining local control and expanding a project's scale can be particularly vexing, especially when communities are in direct competition with private equity. The need for inclusive decision-making in the context of a rapidly changing real estate market adds a critical layer. Although projects with a strong focus on community involvement may initially progress more slowly, anecdotal evidence suggests that community-led decision-making becomes more efficient over time.

The question of whether to harness market forces for wealth generation or to withdraw land from speculative markets to prioritize community wealth poses another complex dilemma. Innovative models like the Community Stewardship Trust (CST) seek to mediate this tension by balancing the appreciation of assets at market rates with the strategic withdrawal of properties from speculative dynamics.

The recognition of these tensions is crucial. Although they can't always be resolved, acknowledging them is an essential step in navigating the complexities of shared ownership and steering the field towards more sustainable and equitable outcomes.

About the Center for Community Investment

The Center for Community Investment works to ensure that all communities, especially those that have suffered from structural racism and policies that have left them economically and socially isolated, can unlock the capital they need to thrive. Our work is supported by the Robert Wood Johnson Foundation, the Kresge Foundation, and JPMorgan Chase & Co, and The California Endowment.

For more resources, visit centerforcommunityinvestment.org/resources.

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APPENDIX I: A NOTE ON CAPITAL AND PHILANTHROPY

One thing that was crystal clear across our reading and interviews was the paramount role of capital in successful shared ownership initiatives and the future of the movement. Philanthropy plays a crucial role in elevating shared ownership from individual effort to systems-level strategy. Below are some recommendations for how local and national foundations can operationalize that role:

- Philanthropic institutions must rethink their approach to risk when making program-related investments (PRIs). They should consider accepting potential losses for greater impact, partnering with project developers to understand their capital needs better, and adopting other more flexible, mission-aligned funding models. In an ideal scenario, a foundation leverages both grant and investment capital in stages, depending on pipeline progress and capital needs on the ground.
- Scaling up impact capital investment is critical to competing effectively in the private sector. This might involve moving from smaller-scale PRIs to larger, more impactful ones and investing in financial infrastructures like mezzanine intermediaries. Investment arms of foundations could explore tools like loan guarantees and direct letters of credit, ideally designed to be user-friendly and attractive to a broader range of investors.
- National foundations can play an evangelizing role with local philanthropy, helping them move beyond conceptual explorations to actual project prototyping and learning from failures. This involves leading by example and offering leverage to local capital, done in collaboration with project developers.
- Both national and local funders can provide long-term support for community organizing, policy analysis, impact evaluation, and technical assistance. This support should not replace project financing but complement it.
- Grants and PRIs to community development financial institutions (CDFIs) and other intermediaries are essential to lowering the cost of capital. Retail prices are almost always too expensive for shared ownership projects.

APPENDIX II: LIST OF INTERVIEWEES

California Endowment
Catalyst Miami
Chan Zuckerberg Initiative
Chicago Solidarity Collective
City of Chicago
(Office of Equity & Racial Justice)
Common Counsel/COCP
Community Desk Chicago
Community Vision
Cooperation Humboldt & Wiyot Tribe
Duo Development
E.G. Woode
East New York CLT
East Portland CIT
Full Spectrum Labs
Genesis LA
Greater Minnesota Housing Fund
Grounded Solutions Network
Hive Mind
Inclusive Action for the City
Invest York Road
JPB Foundation
JP Morgan Chase & Co. Foundation
K West
Kensington Corridor Trust
Kresge Foundation
LA Mas
LISC Bay Area
LISC National
LISC Twin Cities
Market Creek Plaza
Mary Reynolds Babcock Foundation
MCCD
McKnight Foundation
NEHI Homes
NeighborWorks
New Economy Project/NYCCLI
NICE MN
Northcountry Cooperative Foundation
People's Housing +
Purple Line
Richmond LAND
Rochdale Capital
Robert Wood Johnson Foundation
Seed Commons
SHARE Baltimore
Shared Capital Coop
Sky Without Limits (IX)
South Shore Chamber
StreetWell
Surdna Foundation
The Allapattah Collaborative
The Guild
Transform Finance
Urban Habitat
Washington Park CIV
We the People