A photograph of a multi-story residential building with a courtyard. The building has light-colored siding and multiple windows. In the foreground, there is a paved area, a large tree with some brown leaves, and a red van parked on the right. The text is overlaid on the image.

CLTs in the USA, UK, and Australia

Dr Louise Crabtree

University of Western Sydney

What are CLTs?

- Firstly, CLTs are not Trusts as we know them in Australia
- CLTs are private non-profit organisations holding title to housing in perpetuity to provide:
 - Perpetually affordable housing; and,
 - Community benefit

What are CLTs?

- Most are strongly community-based
 - Classic three-part Board structure:
 - Residents who live in the CLT's homes
 - Broader community members who support and are members of the CLT
 - Representatives of the public at large; often appointed by the other two-thirds of the Board
 - Balance of interests, forum for discussion of most important issues and strategic direction, buy-in amongst broader community

What are CLTs?

- Intentionally broad definition allows for multiple programs and activities
 - Affordable rentals, cooperative housing (with or without householder equity), and/or resale-restricted home ownership throughout their service area
 - Units, houses, duplexes, farms...
 - Seek to address gaps in local or regional market
 - Some also hold title to community and/or commercial spaces

What are CLTs?

- Broad definition allows local flexibility in programs
 - All aim to balance household and community rights, needs and responsibilities; affordability retention and equity gain
 - Legal agreements articulate and allocate those rights and responsibilities
- Stewardship
 1. Helping people achieve and maintain housing
 2. Balancing household need with community/societal need
 3. Stewardship or more effective use of subsidies or donations

Stewardship

1. Helping people achieve and maintain housing
 - CLTs provide a range of housing options in response to local need
 - CLTs prepare people for their housing
 - CLTs stabilise housing costs
 - Clear conditions regarding who is responsible for maintenance and repairs, frequency and extent of inspections
 - CLTs help people in time of trouble

Stewardship

2. Balancing household need with community/societal need
 - Unpacking the ‘bundle of rights’ manifest in property and allocating these appropriately
 - Resale formula in owner occupied stock aims to balance equity gain to outgoing resident with retention of affordability for incoming resident
 - Conditions regarding repairs and maintenance aim to balance residents’ right to improve their property and their right to quiet enjoyment with maintenance of housing in an acceptable and affordable condition
 - Board structure – aiming for balance and community representation

Stewardship

3. Stewardship or more effective use of subsidies or donations
 - Maintaining affordability of stock via resale restrictions aims to deliver equity gain to resident while retaining subsidies and/or donations in pool of affordable housing
 - Retains pool of land and/or housing in community hands
 - Lot of focus on governance and accountability
 - Studies to date in US show success, although studies are still small scale
 - 357 households; \$2,172,207 vs \$10,584,003; 357 households vs 152
 - Affordability increased: 62% AMI (1988) to 57% AMI (2002)
 - Households were able to move out into market ownership

Champlain Housing Trust,
Burlington, VT





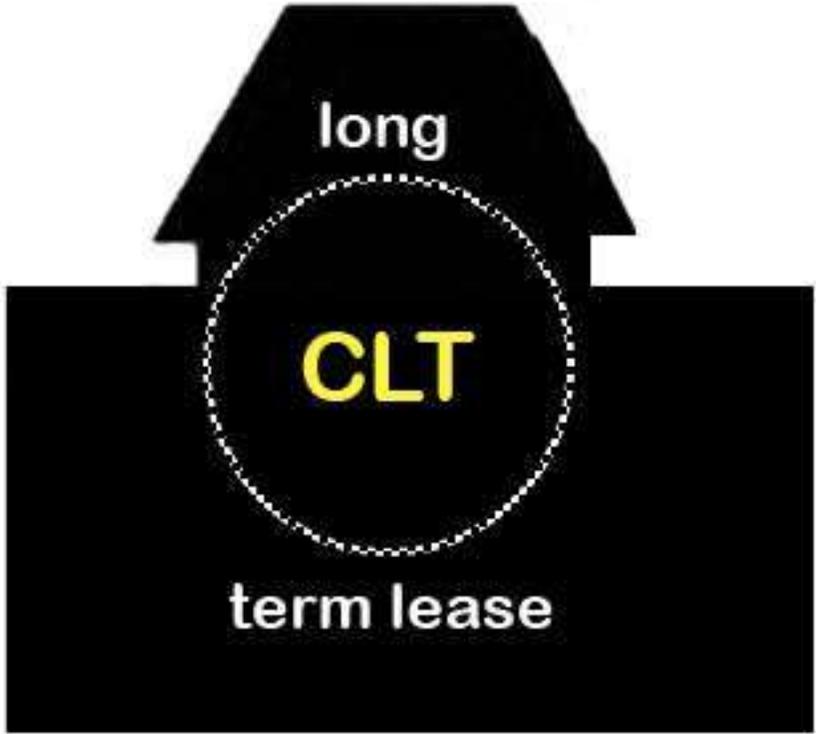
CLTs under Australian law

- Two models – long term leasehold or co-ownership
- Leasehold – CLT holds title, resident leases property
 - Renewable, inheritable lease that specifies up front price (lease premium), ongoing cost (administration fee) and equity return (reversion formula)
 - Repairs and maintenance, inheritance, etc.
 - Needs to operate outside RTA
 - Interaction with Aboriginal land law needs examination

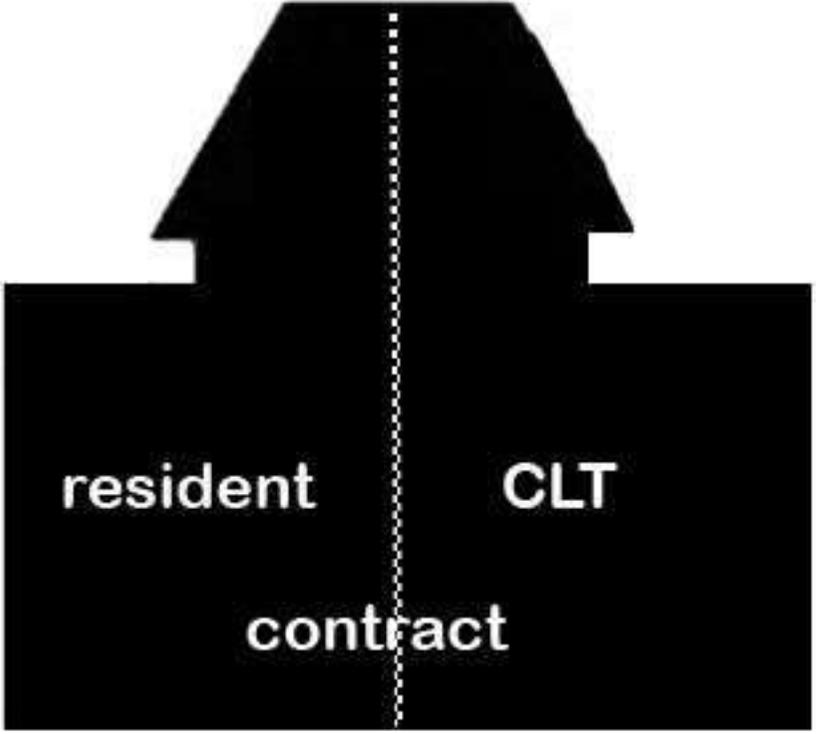
CLTs under Australian law

- Co-ownership
 - CLT and resident as co-owners
 - Contract specifies equity split at start, allocation of equity gain at resale
 - Repairs and maintenance, etc. as per lease
 - Must be freehold land
 - Similar to existing shared equity schemes, with restriction on equity gain

99-year leasehold option



Modified shared equity option



Where things are at

- Development of CLT tools
 - Manual (lease, deed)
 - Decision making tool
- Broader discussions
 - CHPs looking into various versions – shared equity (co ownership), leases, with varying resale formulae
 - Talking to lenders

The CLT Manual

- Online at

<http://site.ebrary.com/lib/sydney/docDetail.action?docID=80114360> or

<http://bit.ly/13EX5fh>

- Or email me:

l.crabtree@uws.edu.au