

## Chicago Community Land Trust (CCLT)

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City of Chicago, Cook County

Chicago Community Land Trust (CCLT) provides long-term affordability protection for affordable units created through city programs.

### Policy Background

Due to its strong housing market and desirable location, in 2006, the City of Chicago established the Chicago Community Land Trust (CCLT) as a tool to preserve the long-term affordability of homes created through city programs. Chicago is the largest city in the U.S. to establish a municipal, citywide community land trust, but more and more municipalities are implementing this model to use housing resources more efficiently, including Washington, D.C.; Irvine, Calif.; Flagstaff, Ariz.; and Highland Park, Ill.. CCLT is a nonprofit corporation, and is staffed by the city's Department of Community Development (formerly Dept. of Housing). It has a board of directors, and its members are appointed by the mayor and approved by the City Council.

In 2004, with a technical assistance grant from the U.S. Department of Housing and Development (HUD), the city's Department of Housing (DOH) began exploring the creation of a community land trust for Chicago. DOH worked with consultants from Burlington Associates, as well as a larger advisory council, to determine the best way to create one. DOH also reached out to stakeholders across the city, and invited nonprofit developers, housing counseling agencies, lenders, foundations, planners, attorneys, and government officials to participate in the advisory council. After weighing several options, they decided to establish a citywide land trust, and utilize the deed covenant as their main tool to preserve long-term affordability.

In exchange for up-front subsidies that make these homes affordable, homeowners must agree to resell their CCLT properties only to other low or moderate-income families at an affordable rate. This initiative not only provides a permanent pool of affordable homes, but helps to sustain mixed-income communities and protects residents from foreclosure.

### How It Works

Through various city programs, individuals and families can buy homes at affordable rates. These programs include requiring inclusionary zoning measures (Affordable Requirements Ordinance), selling vacant properties

### Goal

To provide long-term affordability protection for affordable units created through city programs.

### Target

Low-to-moderate income families. Each city housing program has different income requirements, but most serve families that earn 100% area median income (AMI) or less (about \$75,900 for a family of four in 2009).

### Success

As of October 2009, CCLT had 45 deed restricted units, 5 contracts pending and has educated 506 prospective buyers about the program.

### Lessons Learned

Due to Chicago's large size and high number of condo units, the CCLT's quasi-government structure and Deed Covenant mechanism work best to preserve affordability. Other cities with CLT programs have set up separate nonprofits, use different contractual models to take land ownership, or support local nonprofits to run the program, and these might work best for smaller-sized cities.

to developers to build affordable housing (New Homes for Chicago and City Lots for City Living), and providing fee waivers to reduce purchase prices to affordable levels (Chicago Partnerships for Affordable Neighborhoods), and other programs. If a unit is built under a city homeownership program, it will be considered for inclusion in the CCLT. In general, units are placed in the CCLT if the affordable price is at least \$25,000 below market value.

The initial homebuyer signs a deed covenant with the CCLT when purchasing the home. It is a 99-year agreement that mandates if the home is sold, it must be resold to another income-qualified buyer at an affordable rate. CCLT homeowners receive pre-purchase homeowner-

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ship counseling, CCLT training, and post-purchase support. They pay a \$25 monthly administrative fee, and must maintain the home as their primary residence. To protect the viability of both the homeowner and the home, the CCLT must approve any refinancing or construction on the home that requires a permit. Due to the long-term affordability requirement, property taxes are assessed based on the affordable resale price rather than market value. This creates greater stability for low and moderate-income homeowners, and is one of the program's major benefits.

If the homeowner wishes to sell the property, he or she must inform CCLT, which has the first option to purchase the home and find another income-qualified buyer. The seller will receive the maximum resale price, as calculated in the deed covenant, which equals the initial investment (first mortgage and down payment) and a share of the market appreciation. The original subsidies and remaining market equity stay with the home to keep it affordable for the next buyer. If CCLT does not purchase the home, the homeowner must sell it to another income-qualified buyer at or below the maximum resale price.



In 2009, CCLT closed on three affordable in this building located at 4150 N. Kenmore.

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