LISC

NOVEMBER 2022

Commercial Community Ownership as a Strategy for Just Development

Case Studies and Implementation Lessons

Julia Duranti-Martínez | Program Officer, Community Research and Impact

Contents

COVER PHOTO:
The historic Pythian

PHOTO CREDIT:
CRESCENT CITY CLT

Executive Summary

In the wake of the pandemic and the ongoing struggle for racial justice, community ownership of land, housing, and other critical resources has drawn increased attention as a strategy to build community power and repair ongoing harms caused by centuries of racism and extractive development. Many excellent resources exist on these topics, and are increasingly highlighting powerful efforts led by Black, Indigenous, and people of color (BIPOC) communities that continue long traditions of cooperation, mutual aid, and community care. But comparatively little has been written about community ownership of commercial space, despite its potential to address many of the inequities that BIPOC-led small businesses and community-based organizations face.

This report adds to a growing area of interest by summarizing existing research and providing case studies of five established and emerging commercial community ownership projects working to preserve community-serving businesses, build community wealth, and promote community-led economic development from within. Achieving these broader goals depends not just on *what* model groups pursue, but also on *how* meaningful community capacity, leadership, and power are built over time, with attention to the ways that commercial development differs from affordable housing or mixed-used projects. Regardless of the specific form they take, community ownership models are not themselves the endpoint, but tools for repairing longstanding harms and promoting just development without displacement through reshaping relationships between people, place, power, and property.[1]

The five case studies featured in the report suggest some important lessons for community development and community ownership movements, in realizing these broader goals:

- In response to both disinvestment and speculation in commercial properties, the groups interviewed for this report largely moved quickly to raise capital and acquire and rehabilitate properties first, and then engaged in broader community planning, engagement, and organizing to shape uses for the space and the organization's activities, including plans to eventually transition from nonprofit to direct tenant ownership. This sequencing (acquisition then community engagement) suggests that community development corporations (CDCs) and other groups interested in creating and preserving affordable commercial space can work with residents to move toward the goal of genuine community ownership. Groups emphasized the importance of defining goals and values at the outset to guide these processes and determine what model is most strategic.
- Because small businesses face challenges that can undermine the financial viability of a project, and because subsidies for affordable commercial real estate are generally limited, groups stressed the importance of conducting a commercial feasibility analysis and due diligence on properties, as well as building organizational capacity and leveraging strong partnerships with organizations that have experience in commercial development, property management, and asset management. These partnerships can also help overcome any shorter-term gaps in technical knowledge or experience on the part of developers who may have more experience in housing than commercial real estate, as long as the work remains connected with community organizing and advocacy efforts as well as political movements for racial, economic, and environmental justice.
- As part of their stewardship role, groups interviewed are pairing affordable commercial space with technical assistance, outreach and support, and coaching for

entrepreneurs. Groups emphasized working with tenants who may be experiencing operational or financial challenges, and one commercial community land trust (CLT) that is pursuing an ownership model for BIPOC-owned small businesses includes a provision in its ground lease allowing the CLT to step in and cure defaults, similar to residential CLTs that work to prevent home foreclosures. These features differentiate community ownership models from conventional landlords, and justify their greater funding and support from government and philanthropy, as described in the recommendations.

The East Portland Community Investment Trust's Plaza 122 building provides affordable space to 27 community-serving small-business and nonprofit tenants, and accessible investment opportunities to community members

PHOTO CREDIT: EAST PORTLAND COMMUNITY INVESTMENT TRUST

Groups are using community ownership to revitalize distressed commercial corridors, fight speculation and commercial displacement, provide space for community-serving businesses, and promote community wealth building in BIPOC, immigrant, and refugee communities.

Introduction

Enduring links between property ownership and systemic racism in the U.S underpin the racial wealth gap and other profound inequities.[2] Real estate disinvestment and speculation have harmed and destabilized Black, Indigenous, and people of color (BIPOC) and low-income communities and sent prices out of reach, including for commercial space. Annual commercial rent increases can range from 7% to 26% across the country, even in smaller cities, in many cases because of developer and lender preferences for a single large tenant or national chains.[3] In some high-cost communities, vacant-property warehousing further contributes to commercial vacancies and rising rents.[4] In distressed communities, pervasive vacancies reduce foot traffic and sales for remaining businesses, contributing to more closures in a downward spiral,[5] and remediation and repair costs can far exceed what small business owners can afford. Purchasing commercial buildings, which can help protect tenants from sudden rent increases, is often prohibitively expensive for BIPOC entrepreneurs and others with lower average starting wealth, who continue to face deep-seated inequities in access to capital.[6]

COVID-19 has exacerbated these challenges, and with them the risk of commercial displacement in BIPOC communities. The share of small businesses reporting difficulty paying operating expenses, including rent, wages, and debt, increased through 2020 and 2021, with BIPOC-owned businesses more likely than white-owned firms to report financial challenges and nearly twice as likely to report their financial condition as "poor."[7] The affordability crisis also affects community-based and cultural organizations, along with the community members that they support. Addressing these challenges requires confronting the root causes of escalating prices and displacement, and shifting who has decision-making power over land, real estate, and other community assets.

In the wake of the pandemic and the ongoing struggle for racial justice, models that establish community ownership of land, housing, utilities, finance, and other community resources have drawn increased attention as strategies to repair ongoing harms caused by centuries of racism and extractive development, build community power, and promote development without displacement.[8] Also referred to as the solidarity economy, [9] community ownership models include community land trusts (CLTs); worker, producer, consumer, and housing cooperatives; credit unions; real estate investment cooperatives and community investment trusts; and more.[10] Many excellent resources exist on each of these models, particularly on community land trusts and cooperatives focused on housing, and increasingly these resources are highlighting powerful BIPOC-led efforts that continue a long tradition of cooperation, mutual aid, and community care.[11] But less has been written about community ownership of commercial space, despite its potential to address many of the inequities that BIPOC-led small businesses and community-based organizations face, and promote equitable development without displacement.

This report adds to a growing area of interest by summarizing lessons learned from five established and emerging commercial community ownership projects across distinct local contexts—including two projects launched within the last three years, one of which acquired its first properties during the pandemic. LISC Community Research and Impact reviewed existing research and interviewed practitioners who are using community ownership approaches to revitalize distressed commercial corridors, fight speculation and commercial displacement, provide space for community-serving businesses and organizations, and promote community wealth building in BIPOC, immigrant, and refugee communities. Achieving these broader goals depends not just on *what* model groups pursue, but also on *how* meaningful community capacity, leadership, and power are built over time, with attention to the ways that commercial development differs from affordable housing or mixed-used projects.

This report starts by offering a definition of community ownership and an overview of two broad approaches to community ownership of commercial space. It then provides short case studies of each of the five organizations interviewed—Anchorage Community Land Trust in Anchorage, AK; Crescent City Community Land Trust in New Orleans, LA; Partnership in Property Commercial Land Trust in Minneapolis, MN; Community Owned Real Estate in Los Angeles, CA; and East Portland Community Investment Trust in Portland, OR—and summarizes lessons learned from their experiences and considerations for groups interested in pursuing community ownership of commercial space:

- In response to both disinvestment and speculation in commercial properties, the groups interviewed for this report largely moved quickly to raise capital and acquire and rehabilitate properties first, and then engaged in broader community planning, engagement, and organizing to shape uses for the space and the organization's activities, including plans to eventually transition from nonprofit to direct tenant ownership. Groups emphasized the importance of defining goals and values at the outset to guide these processes and determine what model makes most sense.
- Groups stressed the importance of commercial feasibility analysis and due diligence on properties, as well as building organizational capacity and strong partnerships with other organizations that have experience in commercial development, property management, and asset management. While these points are critical for housing development as well, commercial spaces bring additional build-out considerations and costs that are traditionally assumed by each new tenant. Financing for affordable commercial property development and operation is even more limited than for affordable housing, so ensuring commercial tenants have a sound business plan and support to address any challenges that may arise is essential for projects' long-term financial success, in the absence of more subsidies. While commercial community ownership does require specific technical expertise, this can be built over time, and the work must remain connected with community organizing and advocacy efforts as well as political movements for racial, economic, and environmental justice.
- As part of their stewardship role, groups interviewed are pairing affordable commercial space with technical assistance, outreach and support, and coaching for entrepreneurs. Groups emphasized working with tenants who may be experiencing operational or financial challenges, and one commercial community land trust that is pursuing an ownership model for BIPOC-owned small businesses includes a provision in its ground lease allowing the CLT to step in and cure defaults, similar to residential CLTs that work to prevent home foreclosures. These features differentiate community ownership models from conventional landlords, and justify their greater funding and support from government and philanthropy, as described in the recommendations.

The report concludes with recommendations to strengthen and expand community ownership of commercial spaces.

Defining community ownership

The solidarity economy has deep roots in BIPOC, rural, and immigrant communities practicing cooperation and mutual aid, from Indigenous land stewardship practices to Black agricultural and consumer cooperatives to credit unions launched during the Great Depression[12] to early cooperative housing built by immigrant workers and union organizers.[13] The first CLT in the U.S., New Communities, Inc., drew on collective land tenure models found throughout the world to promote community safety and economic prosperity for Black farmers in the rural South through a shared land base for community-led development.[14] In recent years, powerful efforts throughout the country like Moms 4 Housing in Oakland, CA,[15] and Inquilinxs Unidxs por Justicia (United Renters for Justice) in the Twin Cities, MN,[16] have reclaimed land and homes through organizing campaigns and partnerships with CLTs and cooperative developers. Innovative community crowdfunding initiatives like the Boston Ujima Project and the East Bay Permanent Real Estate Cooperative are cultivating local ecosystems of community-controlled real estate projects and worker-owned cooperatives supported by non-extractive finance.[17]

BELOW: Partnership in Property Community Land Trust promotes affordable commercial ownership opportunities for BIPOC entrepreneurs in the Twin Cities

PHOTO CREDIT: PARTNERSHIP IN PROPERTY CLT

The long legacy of community ownership and more recent initiatives propelled by organizing reinforce that community ownership is more than having an equity stake in a building or receiving financial benefit from real estate development. Community ownership also means that the people most impacted by racial, economic, and environmental injustice have meaningful decision-making power over development,[18] and that projects are responding to a clearly identified community need and stewarded to ensure they continue to meet these needs over the long term. As leading CLT practitioner John Emmeus Davis writes, community-led development on community-owned land, which he terms *common ground*, puts "property and power into the hands of people historically deprived of both. It is also a bulwark against loss, protecting hard-won gains . . . far into the future."[19] Common ground requires ongoing community planning and organizing, even if projects initially begin, as several of the case studies featured in this report do, with nonprofit acquisition of real estate, with plans to build out tenant and community governance or ownership structures later.

Community ownership of commercial spaces can advance a variety of interrelated goals to different degrees. Common goals include preserving affordable commercial rents, providing space for small community-serving businesses and organizations, promoting quality jobs, providing another source of income to nonprofit organizations or cross-subsidizing deeply affordable housing through commercial rents, and

Commercial community land trusts

Community land trusts (CLTs) are nonprofit landholding organizations that steward land for community benefit in perpetuity. Typically, the CLT owns the land, and structures on the land are individually owned or rented under terms governed by a 99-year, renewable ground lease. This approach removes the cost of land for individual CLT leaseholders, which helps reach deeper affordability; resale formulas in the ground lease limit how much equity homeowners can build, in order to keep CLT properties permanently affordable and preserve the initial subsidies invested. CLTs are governed by a board that usually seeks to have equal representation from three core groups: people who live or work on CLT land, people who live within the CLT's defined community or service area, and practitioners with experience or knowledge helpful to the CLT's mission. This tripartite board structure is intended to ensure a balance of interests in the CLT's governance and meaningful community control. CLTs use a variety of creative strategies to acquire land, including community-led property research and organizing campaigns, raising public and private funds to buy properties on the market, advocating with local government agencies to transfer vacant or underutilized publicly owned properties at a nominal sum, intervening in foreclosure processes to keep homeowners in place, and partnering with land banks or redevelopment authorities to rehabilitate distressed and vacant properties.

CLTs are a flexible model that can support a variety of land uses. As noted above, the first CLT in the U.S., New Communities, Inc., was founded to fight Black land loss and white supremacist violence through a community land base in the rural South, and initially focused on farming as part of a broader vision for collective economic prosperity. Over 300 CLTs have since taken root in nearly every state across a variety of market contexts,[25] and while most focus on permanently affordable housing as a core part of their mission, many steward some commercial units as well.

promoting community wealth building.[20] These goals can at times be in tension with each other. For example, a commercial property whose rents are intended to cross-subsidize affordable housing in a mixed-use development will not have rents as deeply affordable to commercial tenants. Nonprofit-owned space primarily focused on preserving affordable commercial rents will not provide direct equity-building opportunities for small businesses or community members. However, it may promote community wealth building in other ways: stable, affordable space frees up income for commercial tenants to reinvest in their business or other pursuits and helps preserve community-serving businesses and cultural spaces, which are themselves assets that contribute to community wealth building.

There are a variety of community ownership models that can be applied to commercial spaces, but this report focuses on two broad approaches, which the Urban Institute describes as *occupant equity* and *neighborhood crowdfunding*.[21] In occupant equity models, community members typically form or partner with a community-based nonprofit to acquire properties, removing them from the speculative market to provide long-term affordable rental and ownership opportunities to community members who live or work in the space. CLTs are one example of this approach. By contrast, neighborhood crowdfunding approaches allow community members to purchase a share in an income-producing property that may provide housing or space for community-serving businesses and organizations. Because neighborhood crowdfunding models are investment products marketed directly to the public, they have varying legal constraints and federal and state registration requirements, depending on the specific model,[22] and can be structured to allow investors from specific neighborhoods to invest or establish different membership classes with different levels of participation in governance and other decision-making.[23] Community investment trusts are one example of this approach. Occupant equity and neighborhood crowdfunding models can also be combined to further strengthen community stewardship of land and real estate and decision-making over community investments.[24]

One 2011 survey found that at least 13 of 96 CLTs that responded had some commercial properties,[26] and some have developed a significant commercial footprint. The nation's largest CLT, Champlain Housing Trust in Burlington, VT, stewards 140,000 square feet of commercial space in addition to its portfolio of 3,000 permanently affordable homes across a three-county area.[27] The Urban Land Institute in Denver, CO, which runs a CLT program and also helped incubate the Elevation CLT, has developed over 650,000 square feet of affordable commercial space for community-serving organizations and businesses, including office space, retail, educational campuses, and light industrial uses.[28] In addition to removing land from the speculative market and developing or preserving commercial properties, commercial CLTs typically also engage in broader community engagement, organizing, and advocacy efforts.[29] In these core activities and the fundamental principles of landholding, stewardship, and prioritizing community decision-making and community needs in tenant selection, commercial CLTs are very similar to residential CLTs.[30] Where all-commercial CLTs may differ is in a greater emphasis on rental opportunities and using conventional commercial leases in place of a ground lease. There are also some important considerations for all-commercial development on CLT land that differ from those involved in residential or mixed-use projects.

The two most common structures for commercial CLTs are the nonprofit CLT and master lessor models.[31] The nonprofit CLT model is most similar to a traditional CLT, with separate ownership of land and buildings, and a renewable ground lease issued to the owners or operators of commercial buildings on CLT-owned land. This approach can offer affordable rents or an opportunity for small businesses to purchase an affordable commercial space and build equity, subject to resale restrictions in the ground lease. By contrast, in the master lessor model, the CLT owns both the land and buildings together, and rents out spaces to small businesses or community organizations under conventional commercial leases rather than a 99-year ground lease. This model is more similar to nonprofit-owned commercial real estate, as the CLT maintains ownership over the entire property, and is typically focused on preserving affordable commercial rents and stabilizing commercial spaces over the long term.[32]

BELOW: PDX Yellow Cab is Oregon's first Somali-American owned cab company, and one of 27 commercial tenants at Plaza 122

PHOTO CREDIT: EAST PORTLAND COMMUNITY INVESTMENT TRUST

Considerations for commercial community ownership

While both occupant equity and neighborhood crowdfunding approaches can provide the opportunity for small business owners to purchase their space as part of a community wealth-building strategy—as the Partnership in Property Commercial Land Trust is piloting in the Twin Cities, MN, and that Community Owned Real Estate in Los Angeles, CA, is working toward—projects often focus on rental spaces to small businesses and community organizations, and attempt to balance the goals of long-term affordability with community wealth building. Many small business owners want low barriers to accessing an affordable space, and maximum flexibility. They may not see a benefit in purchasing a commercial space and taking on property management responsibilities in addition to running their business.[33] Ongoing inequities in capital access for BIPOC, women, immigrants, and refugees already pose significant challenges to starting and expanding a business, and securing a mortgage for commercial space can present a significant additional burden.[34]

The high risk of small business failure also presents a challenge to both commercial tenants and project stewards. One commercial vacancy or loss, especially when a major anchor tenant leaves, can have a significant impact on a project's financial health. Particularly for projects relying on commercial rental income as a cross-subsidy or investment opportunity for local residents, the stewarding organization often faces the difficult decision of prioritizing commercial tenants with strong business plans and financials, rather than smaller businesses that are just starting out.[35]

Additionally, there is much more variation in potential uses for a given commercial unit than a residential one. Under conventional commercial leases, each new tenant typically assumes their own build-out costs, but who pays for build-out costs is an important consideration for projects focused on working with small businesses with limited access to capital and on meeting specific community needs.[36] Furthermore, unlike for housing, commercial build-out improvements do not necessarily increase the appraised value of the space, which can complicate equity appreciation for commercial ownership.[37] Lastly, practitioners note that for organizations hoping to use these models as another source of income, the financial gain can be very small, particularly given limited financing sources for commercial community development. Two common community development subsidies, the Low-Income Housing Tax Credit and New Markets Tax Credit, are not well suited to all-commercial projects or for small-scale projects, respectively.[38] For these reasons, past research and the groups interviewed for this report stress the importance of establishing a project team experienced in commercial property development and management, and of ongoing capacity building to develop skills in these areas.[39]

“

You never know when you might hit upon a thing you didn’t realize was there: an untapped asset, a need in the community, strength among community members. Our work has always been not to determine what those things are, but for community members to find them and lead them, and we can do the work of standing behind them and supporting them with resources. Real estate has been one of those tools, but it’s not the only tool. Programs are another tool. Community development is a tool. Those things all work together to transform communities, to provide resources and support in neighborhoods that folks might otherwise have to go across the city to access.

RADHIKA KRISHNA, DIRECTOR OF OPERATIONS, ANCHORAGE CLT

CASE STUDY

Building a neighborhood economic base from within

ANCHORAGE COMMUNITY LAND TRUST
ANCHORAGE, AK

Anchorage CLT launched in 2003 to promote equitable economic development in the Mountain View neighborhood, which had been deeply impacted by racialized legacies of disinvestment and neglect. Initially built to house construction workers at the Elmendorf Air Force Base in the 1940s, Mountain View grew more diverse and became home to many BIPOC, immigrant, and refugee families from the 1970s onward. A rezoning, highway construction, and redlining cut off Mountain View and surrounding neighborhoods from the rest of Anchorage, and the poverty rate increased from 7.5% in 1970 to 25.1% in 2001.[40] In response, in the early 2000s the City of Anchorage, philanthropic partners, and a local affordable housing nonprofit made significant investments in neighborhood revitalization and public infrastructure projects, including road redesign, schools, and affordable housing development. Given that there was already an area organization with significant capacity and experience focused on affordable housing, Anchorage CLT founders opted to focus on commercial corridor stabilization to strengthen the neighborhood’s economic base and cultivate local businesses. With a $5 million grant from a local foundation—at that time the foundation’s largest grant ever to a community partner—Anchorage CLT hired its first staff members and between 2005 and 2011 purchased nine commercial properties, all needing significant rehabilitation and decontamination work.

Said Radhika Krishna, Anchorage CLT director of operations,

> Our model was meant to stem a declining market, and to bring investment into a community where it wasn’t organically happening. In some ways, that made our job a little bit easier in terms of community support, because we weren’t buying existing properties with existing tenants. We were buying vacant and blighted land that maybe had a pawnshop or liquor store on it, or was vacant and contaminated and would never see private sector investment.

Anchorage CLT's nine properties include the Mountain View Service Center, which provides office space for seven nonprofit organizations; a building that houses the CLT's office and Set Up Shop training center and art studios for Alaska Native and American Indian artists; an urban farm; a restaurant; and a credit union, which was the first financial institution to open in Mountain View in over 20 years.[41] All of these properties were purchased on the market using private funds, and though the CLT has successfully used federal New Markets Tax Credits and U.S. Department of Housing and Urban Development (HUD) Section 108 loans for some projects, it has never had significant local or state funding for its projects. The City of Anchorage draws most of its revenue from property taxes, and the city budget is limited to essential services, so there is little funding available for nonprofit partners beyond federal pass-through money.

While Anchorage CLT has occasionally taken on land management agreements or parcel swaps with the City of Anchorage, it actually declined to take ownership of several properties offered by the city, based on the cost of rehabilitating buildings and bringing them up to code. Even without taking on significant debt service to acquire buildings, Anchorage CLT charges close to market rents for its commercial tenants, out of financial necessity. Krishna explained,

> We don't have the financial wherewithal to subsidize the operations of a property. It's a terrific burden on the finances of an organization to float maintenance and operation costs for any sort of commercial real estate. The scale at which we're operating means that we don't have a sophisticated, balanced portfolio of real estate where some properties can subsidize others. If somebody was operating in a much bigger scale or had a mixed-use building, they could figure out ways to make that work. But doing only commercial makes that really hard.

Community ownership of real estate is only one strategy that Anchorage CLT uses to promote equitable revitalization and economic development. After initially focusing on property acquisition, Anchorage CLT shifted its focus to community planning and engagement efforts. Along with community art and cleanup projects, façade improvement programs, and other commercial corridor activities, staff participated in neighborhood councils and helped facilitate a Mountain View community planning process from 2013 to 2015, engaging over 1,000 residents in developing a neighborhood plan. This intensive neighborhood planning process built trust and relationships with community members, identified community economic development as a continued priority, and ultimately served as a roadmap for the CLT's future work, including the launch of two new programs that Krishna describes as transformative for the CLT's relationships with community members. Krishna reflected,

> We're directing our efforts towards supporting them, rather than trying to bring in outside businesses to fill a site that somebody else owns. The words 'build from within' capture it the best. Our core purpose has remained the same throughout this entire time, but the strategies that we've used to get there have changed and shifted as we've tried different things.

In 2018, Anchorage CLT launched two programs to support BIPOC, immigrant, and refugee entrepreneurs throughout the city, with a focus on small business owners in the Mountain View, Fairview, Spenard, Muldoon, and Downtown neighborhoods. The Set Up Shop program provides technical assistance, cohort-based training in business planning and digital skills, assistance finding affordable space, and support preparing for and accessing small business loans through a partnership with the Cook Inlet Lending Center, and also offers an Indigenous-led Indigenous Peoples Set Up Shop program for Alaska Native and American Indian entrepreneurs. The second program, Grow North Farm, is a 28,000-square-foot urban farm on a formerly vacant lot that supports immigrant and refugee farmers and emerging food entrepreneurs, and is run by a partnership between Anchorage CLT and Catholic Social Services' Refugee Assistance and Immigration Services (RAIS). Anchorage CLT stewards the land and leases it to RAIS, which manages subleases to farmers and food businesses, and the two organizations work together to provide training in agriculture and food businesses. The farm currently hosts over 20 local farmers, including nine independent businesses, along with regular community events and programs and a farm stand where customers can buy fresh produce. Said Krishna,

> You never know when you might hit upon a thing you didn't realize was there: an untapped asset, a need in the community, strength among community members. Our work has always been not to determine what those things are, but for community members to find them and lead them, and we can do the work of standing behind them and supporting them with resources. Real estate has been one of those tools, but it's not the only tool. Programs are another tool. Community development is a tool. Those things all work together to transform communities, to provide resources and support in neighborhoods that folks might otherwise have to go across the city to access.

In many ways, the structure and governance of Anchorage CLT resemble a traditional community development corporation (CDC) more than a typical CLT. The organization has mainly redeveloped its properties in-house, rather than partnering with outside developers, and it uses the master lessor model rather than a ground lease. Anchorage CLT is incorporated as a 501(c)3 for its core nonprofit operations and program work, and has three subsidiary property holding companies: two 501(c)2 corporations for its income-generating properties, and one limited liability company (LLC) that holds land that is vacant or under development. Anchorage CLT's board also resembles a typical nonprofit board structure, with members selected based on their experience and skills. Although the CLT is increasingly drawing on its program alumni to serve on the board and board committees, it does not use the classic CLT tripartite board model described earlier.

> The demonstrations worked. They proved to the skeptics that we can deliver affordable housing to homeowners and help them build wealth and build equity in both neighborhoods of opportunity as well as challenged neighborhoods. We can have mixed-use commercial and residential in a historic neighborhood while supporting African-American-owned businesses, which also generates wealth.
>
> GREGORY ST. ETIENNE, CHIEF STRATEGIST, CRESCENT CITY CLT

CASE STUDY

Finding a path to sustainable stewardship through demonstration projects

CRESCENT CITY COMMUNITY LAND TRUST, NEW ORLEANS, LA

Crescent City CLT formed in 2011 to fight the displacement of Black communities driven by institutional racism and accelerating gentrification in the wake of Hurricane Katrina. Nearly three quarters of the people displaced from New Orleans by Katrina were Black, 30% of whom were poor,[42] and neighborhoods most damaged by the storm in 2005 were also more likely to have experienced gentrification in the following years.[43] Initially, Crescent City CLT envisioned acting as a citywide backbone organization to support a network of neighborhood-based CLTs that could promote permanent affordability and community self-determination.[44] But in trying to build support for the CLT model citywide, Crescent City CLT encountered resistance from community leaders and elected officials, who questioned individual owners' lack of title to land underneath CLT structures, restrictions on resale of these structures, and the implications for racial equity (these tensions are often raised in connection with shared-equity housing models that limit homeowner profits, despite the models' deep roots in BIPOC communities). Gregory St. Etienne, Crescent City CLT chief strategist, described the process of raising awareness about the model:

> We got lots of pushback: You know, how is it they cannot hold the land? Land is essential to everybody. You can't take the land and just give them a building; it's like carpetbagging. So you have to show that CLTs are rooted in Black farmers, and that the history goes back to helping people.

In the face of these headwinds, Crescent City CLT's leadership decided to put aside plans for a citywide CLT support organization and focus on demonstration projects in affordable rentals,

RIGHT: Breaking ground on a single family community land trust home in New Orleans Broadmoor neighborhood, which is considered a neighborhood of opportunity. Left to right: CCCLT Board Member George Dupuy, New Orleans Office of Community Development's Tyra Brown, Broadmoor Improvement Association President Justin Boone, Mayor LaToya Cantrell, Home by Hand Executive Director Oji Alexander and CCCLT's Chief Strategist Greg St. Etienne

PHOTO CREDIT: CRESCENT CITY CLT

homeownership, and commercial space, in order to prove the viability of community stewardship and permanent affordability. With the exception of its affordable homeownership properties, Crescent City CLT has typically acted as an equity partner in development projects, rather than using a ground lease. Crescent City CLT supported the preservation of a fourplex apartment building, which is permanently affordable for families earning 80% of area median income (AMI), as well as 10 single-family homes in the Lower Ninth Ward, a historically Black neighborhood that experienced heavy flooding during Katrina. With support from the Ford Foundation, Crescent City CLT rehabilitated the homes and sold them to income-qualified families for $33,000 to $90,000 each, using a ground lease to guarantee permanent affordability. Crescent City CLT also recently broke ground on construction of three new homes on lots it purchased at a discount from the New Orleans Redevelopment Authority; these homes will also be sold to income-qualified buyers.[45]

On the commercial side, Crescent City CLT's experiences underscore the importance of securing partners with proven experience in commercial development and property management. The CLT's first foray into commercial ownership was a large-scale mixed-use development called the Pythian, a refurbished historic mixed-use building in downtown New Orleans that includes 69 apartments along with ground-floor retail space and a food hall. Crescent City partnered with a nonprofit developer and a local private investor to renovate and preserve 25 of the 69 apartments as permanently affordable. Financing the project was complicated and involved both federal Historic Tax Credits and New Markets Tax Credits; Crescent City CLT put in $850,000 as a certificate of deposit that provides a guarantee on the developer's loan, as well as $625,000 in cash, which gave it an 11% ownership stake in the project. Rents from the food hall tenants, which were primarily Black-owned food businesses, were intended to serve as an additional source of income for the development that would allow Crescent City CLT to reduce its reliance on foundation funding.

The Pythian opened in 2017 and the apartments were successfully leased up from the beginning. Unfortunately, the nonprofit partner responsible for the commercial space did not manage it effectively, a situation that worsened when COVID hit and small businesses shut down; the anticipated commercial rental income for Crescent City CLT never materialized. Explained St. Etienne,

> The commercial side was not self-supporting. They weren't doing the right leases. They weren't recruiting the right people. They weren't providing support to the ones that they did recruit. When COVID came, that hurt the commercial side, because less people went to offices and there was less sales volume for the vendors. They started closing up. Cash flows diminished.

With the commercial project losing money, Crescent City CLT ultimately transferred its interest to the private investor and exited the partnership in 2022, and the lender will likely foreclose. Despite these challenges, St. Etienne sees the project as a success for providing 25 families with permanently affordable homes, and for preserving a historically significant building and providing commerce opportunities for Black-owned businesses. St. Etienne noted,

> The residential side has always been fully occupied. It was all about the commercial component, and the lack of capacity and experience on the nonprofit developer side. Had they just relented early on and said, let's get some professional development and management help here, maybe we could have made this work.

ABOVE: Former CCCLT Executive Director Julius Kimbrough Jr. hands the house keys over to new proud community land trust homeowner Ms. Noritta

PHOTO CREDIT: CRESCENT CITY CLT

In 2019, Crescent City CLT opted to support a smaller but deeply significant mixed-use project in the Seventh Ward, restoring the building that houses the Vaucresson Sausage Company, a Black-owned business in operation for 120 years and founded by one of the first Black butcher shop owners in the city. The family's building flooded during Katrina and they were never able to reopen a storefront. Fourteen years later, with $2 million in tax credits and low-interest loans from a number of partners, including the New Orleans Redevelopment Authority, the state Office of Community Development, and a Black-owned bank, Crescent City CLT was able to restore the building with ground-floor space for a sausage production facility and Vaucresson's Creole Café, and two permanently affordable apartments above. Crescent City CLT owns 19% of the project, and the remaining 81% belongs to the Vaucresson family to help them build equity through owning part of the property in addition to their business. Both the commercial and residential spaces have covenant restrictions to maintain permanent affordability.[46] Crescent City CLT is also providing consultants, technical assistance, and budgeting support to the Vaucressons to help ensure the business's success.

After learning these lessons and completing a variety of demonstration projects over the last 10 years, Crescent City CLT—which now has just two part-time staff—is now in the process of merging with two other small community development corporations, Tulane Canal Neighborhood Development Corporation and Home By Hand, to create a new organization, People's Housing +, supported with funding by Enterprise Community Partners. Crescent City CLT's properties and other assets will pass over to People's Housing +, which will take over existing ground leases and continue to implement the CLT model and steward the properties. Former staff from each organization will join the board of the new organization to ensure continuity. By creating a stronger organization with more staff and a larger budget, Crescent City CLT expects the merger will create more opportunities for the CLT model to grow in New Orleans, and credits the demonstration projects and advocacy efforts it led with overcoming initial skepticism and laying the groundwork for the model's expansion, incorporating lessons learned about the complexities of commercial development. St. Etienne observed,

> The demonstrations worked. They proved to the skeptics that we can deliver affordable housing to homeowners and help them build wealth and build equity in both neighborhoods of opportunity as well as challenged neighborhoods. We can have mixed-use commercial and residential in a historic neighborhood while supporting African-American-owned businesses, which also generates wealth.

RIGHT: Before picture of 1800 Onzaga project which will be the new home of Vaucresson Creole Cafe and two permanently affordable rental units

BELOW: Completed project

PHOTO CREDIT: CRESCENT CITY CLT

That allows us the opportunity to help the business to either relocate, find a space that they might be able to afford, or help them get back on their feet, so that they can stay in that building and then repurchase it at a later date. Keeping that asset affordable long-term, versus just as soon as this business leaves . . . then the building goes right back into the hands of someone else that doesn't care or live in or is invested in the community, really differentiates us from everybody else."

DOMONIQUE JONES, EXECUTIVE DIRECTOR, PARTNERSHIP IN PROPERTY CLT

CASE STUDY

Cooperation among cooperatives to promote affordable ownership for BIPOC entrepreneurs

PARTNERSHIP IN PROPERTY COMMERCIAL LAND TRUST, TWIN CITIES, MN

In the Twin Cities, Partnership in Property Commercial Land Trust (PIP CLT) is piloting commercial ownership on CLT land as a community wealth-building and anti-displacement strategy. PIP CLT was incubated by the longstanding City of Lakes CLT, which has 20 years of experience stewarding and developing affordable homeownership and rental properties and over 400 homes in trust. City of Lakes CLT began exploring models for all-commercial CLTs with a feasibility study in 2017, convened an advisory board, and officially added the Minneapolis Commercial Land Trust Initiative to its work in 2019.[47] Including as it does the City of Lakes CLT in Minneapolis, Rondo CLT in St. Paul, and several local real-estate and worker-owned cooperatives, as well as public officials and lenders familiar with CLT models, the Twin Cities has a strong community ownership ecosystem. Community ownership of commercial spaces drew renewed attention in the wake of historic uprisings for racial justice following the murder of George Floyd, as a way to rebuild damaged commercial corridors while promoting BIPOC self-determination and preventing long-term displacement. PIP CLT officially launched as an independent organization in 2021, and closed on its first four buildings that same year.

In contrast to CLTs with commercial rental units, PIP CLT is focused on supporting BIPOC small business owners with purchasing commercial buildings on land stewarded by the CLT. As an affordability investment, PIP CLT provides 20%-40% of the building purchase price to small business owners, who secure a mortgage for the remainder. Because of deeply entrenched racism in lending and ongoing inequities in capital access, it can be challenging for BIPOC-owned

ABOVE: PIP CLT's community launch event in August 2022

PHOTO CREDIT: PIP CLT

small businesses to secure loans for the balance, so in cases where small business owners do not yet qualify for a loan, PIP CLT has a lease-with-option-to-purchase agreement, and allows some of the commercial tenant's monthly rent payments to go toward the eventual purchase even as the tenant continues to operate in an affordable space. PIP CLT also provides technical assistance to support small businesses in working toward qualifying for a mortgage. "If there's a business that is viable, and can sustain a lease or mortgage, we want to be able to help them to get into that building, and try to prevent them from being displaced from their current community," said Domonique Jones, executive director of PIP CLT.

One challenge with commercial property ownership is that build-out costs that small business owners assume for their space do not necessarily increase its appraised value, which makes the process of building equity more complicated. As of now, when one of PIP CLT's commercial spaces is resold the CLT plans to keep 75% of the increase in appraised value, and small business leaseholders will keep 25%. Jones explained,

> We don't want to end up losing too much money and taking too much equity out, because that equity staying in the land is what keeps it affordable long-term. We could give them the cash that they brought into the deal. But if they did this massive build-out and turn it into a restaurant, and so it cost them $100,000, and they turn around and sell it to a business that now has to kind of completely redo it and turn it into office space or something, then their $100,000 didn't really increase the value of it. So we really try to be clear that once you buy it and do work to it, you might not necessarily get the value back out of all that work that you put into it.

On the other hand, tenants also have to assume build-out costs under conventional commercial leases, but have no chance of getting any of that back when they move out. PIP CLT's model will allow them to retain a portion of the equity they invest, and presents new options for small business owners that most have never been able to consider. Jones elaborated on this point:

> It's never really been presented as an option to BIPOC businesses to actually own the building. [Landlords] charge so much for rent, it just becomes a huge burden on a lot of these businesses. So this presents that opportunity. We have a business right now that's approved and is going to be moving into one of our buildings. He is going to be paying about the same amount that he's paying to lease his current space to own a much bigger building. This is his building, he can have it long-term, he can do what he wants with it. So it provides stability. My business is going to be rooted here. And I don't have to worry about anybody coming to do anything to it or take it away from me. I own it.

Along with ongoing support and technical assistance to its small business leaseholders, another critical element of PIP CLT's stewardship role is ensuring that small business owners can manage their mortgage payments once they purchase their buildings. PIP CLT's agreements with lenders include a provision to cure any potential small business defaults. Jones explained,

> That allows us the opportunity to help the business to either relocate, find a space that they might be able to afford, or help them get back on their feet, so that they can stay in that building and then repurchase it at a later date. Keeping that asset affordable long-term, versus just as soon as this business leaves . . . then the building goes right back into the hands of someone else that doesn't care or live in or is invested in the community, really differentiates us from everybody else.

This ability to intervene and broker solutions between lenders and leaseholders to keep small businesses in place and preserve CLT properties in trust resembles strengths found in residential CLTs focused on homeownership, which have dramatically lower rates of delinquency and foreclosure than conventional mortgages.[48]

BELOW: 1819 Lowry St, which PIP CLT purchased with a loan from the Community Asset Transition Fund managed by LISC Twin Cities

PHOTO CREDIT: PIP CLT

With support from local and county agencies, community development financial institutions (CDFIs), and cooperative partners, PIP CLT acquired its first three properties in 2021, with several more in the pipeline. PIP CLT's first property, 1819 Lowry, was purchased with a loan from LISC Twin Cities Community Asset Transition Fund. A second property at 19 East 26th Street has already sold to its first small business, Affinity Care MN, a Black-owned home and community services company.[49] PIP CLT closed on a third property with four commercial spaces at 35th Street and Penn Avenue North by partnering with the Northside Investment Cooperative Enterprise (NICE), a new real estate investment cooperative launched in 2019 to collectively acquire affordable housing and commercial space in North Minneapolis for BIPOC residents. NICE had identified the buildings as a priority for its first acquisition and approached PIP CLT about collaborating to buy them. PIP CLT did not have capital available at the time, but in a somewhat unusual move for a land bank—which typically focus on receiving tax-delinquent or distressed properties and disposing of them for development—Land Bank Twin Cities agreed to purchase the four buildings in an interim capacity, and reached out to the

RIGHT: PIP CLT executive director Domonique Jones and board members at 35th & Penn Ave N, which the CLT acquired in collaboration with NICE

PHOTO CREDIT: PIP CLT

owners to negotiate the sale. An acquisition loan from the Metropolitan Consortium of Community Developers helped secure the first two parcels. NICE will own the buildings, while PIP CLT stewards the land. PIP CLT also has exclusive development rights on a tax forfeiture property initially foreclosed on by Hennepin County; the City of Minneapolis agreed to transfer the property to the CLT as a pilot project.

PIP CLT's launch and rapid acquisitions highlight the power of strong local ecosystems, public support, and collaboration among cooperatives. In addition to being incubated and fiscally sponsored by City of Lakes CLT and partnering with NICE on an early acquisition, PIP CLT was mentored by Rondo CLT in St. Paul, which is focused on preserving affordable housing and commercial space for Black-owned businesses along the Rondo commercial corridor, a longtime hub for Black commerce in the Twin Cities. Rondo CLT uses a rental model for its commercial units, but is now learning from PIP CLT's success in its ownership approach.

Building on this early momentum, PIP CLT now plans to kick off deeper community engagement efforts and build out a membership base and held a public launch in August 2022. Through the CLT's planning process, PIP CLT convened local and county agencies and elected officials, BIPOC small business owners, technical assistance providers, funders, and others in focus groups to understand the challenges and priority strategies for BIPOC small businesses in the Twin Cities, and to build support for the commercial CLT model. PIP CLT also involves community members and neighborhood associations in its process for selecting small businesses to participate in its program. Small businesses that apply to purchase a building with the CLT are reviewed by the board's business-selection and finance committees, and are then invited to a final interview with neighborhood association members, who make a recommendation to the CLT board for final approval. As the CLT staffs up more, it expects to move some of the committee work to staff members, but plans to keep a role for community members in small business selection to ensure community needs are met.

PIP CLT is structured as a 501(c)3 membership organization. There are currently two membership classes: small business members and community members, who pay annual dues of $250 and $150, respectively. The CLT is also exploring the feasibility of an investor membership class as another community wealth-building strategy. PIP CLT's board drew heavily from the initial advisory board. Current members include its first small business leaseholder and other small business owners as well as community development and small business practitioners, though it does not use the tripartite structure. PIP CLT's ground lease was adapted from the City of Lakes CLT ground lease.

CASE STUDY

Collaborating to fight commercial displacement with a pathway to tenant ownership

COMMUNITY OWNED REAL ESTATE, LOS ANGELES, CA

To combat commercial displacement driven by speculation and gentrification, a partnership between three nonprofits facilitated quick acquisition of five commercial buildings in East Los Angeles, with plans to create pathways to tenant ownership. The Community Owned Real Estate (CORE) project formed in 2019, following conversations among leaders of four organizations—Inclusive Action for the City, which focuses on community economic development, research, and advocacy for BIPOC and immigrant entrepreneurs, particularly microbusinesses and street vendors; East Los Angeles Community Corporation (ELACC); Little Tokyo Service Center, a social service and affordable housing provider; and Genesis LA, a CDFI whose lending portfolio includes economic development and shared-equity projects citywide.[50] Amidst powerful community organizing against gentrification in East Los Angeles, [51] the CORE partners sought to add an additional tool to fight the displacement of small, community-serving businesses, which are hit particularly hard by rising rents. Rudy Espinoza, executive director of Inclusive Action for the City, explained:

> How do you have an impact and address displacement and gentrification? One tool has to be ownership. If you own things, you minimize the risk of being displaced. And unfortunately, a lot of our community members don't own property. Small businesses are often the first to be displaced because they don't have the same tenant protections that residents have. There isn't rent control for commercial spaces, and many folks don't have a long-term lease, but month-to-month leases, so they can have the rent doubled or tripled overnight if the landlord feels that they could make more money with someone that's coming into the community.

"What we did was work quickly to get the community the buildings first. Once we have site control, then we have a timeline of runway to engage the community in what to do with these spaces. We want to create a very clear pathway to ensure that we are engaging community members."

RUDY ESPINOZA, EXECUTIVE DIRECTOR, INCLUSIVE ACTION FOR THE CITY

CORE draws on each organization's strengths, on the trust and solidarity built over years of working together, and on deep ties to community organizing and ownership efforts, including collaborations with members of the Los Angeles CLT Coalition. Partnering to buy buildings together also allowed the CORE organizations to leverage one another's balance sheets to raise money for the capital stack needed to initiate the work. Inclusive Action for the City took the lead on fundraising efforts and raised $1.2 million from philanthropy, and Genesis LA acted as the primary lender and contributed $10 million in New Markets Tax Credits, which were purchased by JP Morgan Chase. After securing financing, CORE worked with a trusted commercial real estate broker to identify buildings to buy, focusing on buildings in East Los Angeles that did not need significant rehabilitation. The three partners ultimately purchased four buildings, with ELACC contributing an additional building that it already owned, for a total of five buildings with approximately 20 tenants. CORE then worked with existing tenants to restructure their leases with longer terms, and leased up remaining spaces to small businesses and organizations that had been operating in the neighborhood for some time and had a demonstrated ability to pay rent as well as an interest in potentially owning their commercial space in the future.

In time CORE hopes to launch a capital campaign to pay off debt on the five buildings, which would allow it to restructure commercial rents at even more affordable levels. In the meantime, CORE partners manage their buildings in-house to build their capacity in property management, which also allows them to cultivate relationships with commercial tenants and support their long-term success. Said Espinoza,

> A lot of our tenants are micro entrepreneurs, and they're more than a person that pays rent. They have other needs. Especially in the last few years, they really struggled, and so that technical assistance has manifested in helping them apply for rent relief, helping them apply for small business grants, and helping them renegotiate their rents if they've fallen behind.

Noting that not all small business owners are able to go online to research and apply for programs that they may qualify for, CORE sees case management as a core part of its technical assistance work.

In addition to providing this one-on-one support to commercial tenants, CORE plans in the coming months to launch deeper planning and visioning processes to develop pathways to shared governance and ownership of the buildings. Focusing on acquiring properties first was a conscious strategy to gain a foothold in the supercharged real estate market of East Los Angeles, and buy time for community decision-making and power building after rescuing buildings from speculators. Espinoza observed,

> What we did was work quickly to get the community the buildings first. Once we have site control, then we have a timeline of runway to engage the community in what to do with these spaces. We want to create a very clear pathway to ensure that we are engaging community members.

CORE is structured as an LLC, with each sponsoring organization holding an ownership share that reflects its investment in the project. ELACC owns 55%, in recognition of its extensive development experience, its contribution of one of its own buildings to the project, and its leadership in programmatic work. Inclusive Action for the City has a 35% share, reflecting the organization's leadership in initial fundraising efforts and coordination. Little Tokyo Service Center owns the remaining 10%, as the center is less involved in day-to-day management and serves in an advisory role, especially around tax credit compliance. Despite these different ownership stakes in the project, each CORE member has an equal vote for certain major decisions, like selling a building, which serves as an additional level of governance for the project. There is no CORE board or steering committee at this time, although each LLC member is ultimately accountable to its own board of directors.

The current project structure and financing will remain in place until the expiration of the New Markets Tax Credits seven-year compliance period, at which point CORE could either add commercial tenants as additional partners in the LLC or sell the buildings to the tenants, potentially in partnership with one of Los Angeles's five CLTs. CORE may also pursue a hybrid strategy to reflect different tenants' interest and capacity to buy commercial buildings, and still create decision-making roles for small business owners. Espinoza reported,

> There's one building with an anchor tenant connected with a land trust, and they really want to acquire it. In the other buildings, some of the tenants are intrigued by the ownership opportunity, but they're not dying to be an owner. So how do you honor people where they are? The key goal is to preserve, and that may not mean that you're an owner. It might mean that you have a really long-term lease, and you have a say in how the property is maintained.

Community investment trusts

A more recent innovation in community-owned real estate, community investment trusts provide an opportunity for community members to buy shares in an income-producing property that is rented out to community-serving small businesses and organizations. Designed to be accessible for low-income ("non-accredited") investors, community investment trusts allow investors to contribute as little as $10 a month and sell their shares at any time, and investments are loss-protected by a letter of credit. Investor shares serve as an equity investment in the property, which may also require additional debt financing.[52]

Since Mercy Corps acquired Plaza 122 in 2014 and began selling shares to community investors in 2017, over 300 East Portland residents have invested in the Community Investment Trust

PHOTO CREDIT: EAST PORTLAND COMMUNITY INVESTMENT TRUST

CASE STUDY

Preserving community assets through small-scale investments and commercial stewardship

COMMUNITY INVESTMENT TRUST, PORTLAND, OR

Mercy Corps, an international non-governmental organization whose domestic work focuses on asset building with low-income and BIPOC communities, immigrants, and refugees, developed the community investment trust (CIT) model to simultaneously build individual and community wealth, provide affordable space for local businesses and nonprofits, and promote community economic development. Emerging from its longstanding work with individual development accounts in Oregon, Mercy Corps Northwest, which is headquartered in Portland, OR, identified a need for an inclusive investment product that could provide tangible short-term and long-term benefits to low-income community residents, and began laying the groundwork for the CIT in 2010.[53]

Hypothesizing that community investment in real estate could fill a critical community wealth-building need and advance economic equity,[54] Mercy Corps kicked off an intensive two-year community engagement and research process in East Portland, one of the most diverse neighborhoods in Multnomah County and home to many low-income people, refugees, immigrants, and people of color.[55] Through its longstanding work with immigrant and refugee communities, Mercy Corps already had relationships with affordable housing providers, cultural and community organizations, and community leaders in East Portland that it drew on to facilitate listening sessions and surveys. Working with two AmeriCorps Vista volunteers and a team of MBA students at Willamette University, Mercy Corps surveyed East Portland residents about their financial needs, goals, and preferences, and their questions about investing, and drew on behavioral economics and human-centered design to analyze findings and develop an investment product to meet these needs. Along with this intensive work with residents, Mercy Corps spoke with nonprofits, schools, faith-based groups, real estate professionals, service providers, and elected officials and mapped its existing capacities and areas where it needed support to develop the CIT model.[56]

After confirming strong community interest in investing in commercial real estate and supporting community-serving businesses, Mercy Corps began searching for a suitable commercial property for its first acquisition. Staff developed a matrix of factors to assess potential buildings that went up for sale, and ultimately identified Plaza 122, a 29,000-square-foot strip mall built in

1962. The building was in foreclosure at the time, and was only 66% occupied. It was listed at $1.2 million, and with deferred maintenance and other needed tenant improvements, the total cost was $1.4 million. Mercy Corps contributed $220,000 of unrestricted net assets as a down payment, with another $230,000 equity provided by an impact investor and a $900,000 interest-only loan from Beneficial State Bank, and closed on the building in December 2014.[57]

Community investors buy out the initial equity investment as they become the East Portland CIT owners over time. Investors must be over 18 and live in one of four East Portland and Gresham zip codes that comprise the CIT's focus area; to buy shares they contribute from $10 to $100 a month. In addition to allowing low-dollar investments from East Portland residents, Mercy Corps wanted to protect investors from potential losses, as a core part of its vision for community wealth building and "do no harm" principle. To develop the legal structure for the CIT, Mercy Corps worked with attorneys at Orrick, Herrington & Sutcliffe specializing in municipal bond finance, who used Section 3(a)2 of the Securities Act of 1933 to develop a model that both exempts the East Portland CIT from registering with the Securities and Exchange Commission and the State of Oregon and backstops investor losses, and allows them to sell their shares at any time.[58] Either a bank or a public agency can provide this type of guarantee against investor losses, but Mercy Corps secured a direct-pay letter of credit from a bank, which receives Community Reinvestment Act (CRA) credit for taking the first-loss position for the CIT.[59] This loss protection and liquidity of investments are critical for investment strategies focused on low-income and BIPOC communities that have been most harmed by extractive development and predatory finance, such as the subprime mortgage and foreclosure crisis.

Additional support and protection for investors comes from CIT's eight-hour Moving from Owing to Owning course, which is required for all investors. The curriculum explores investors' relationship with money and covers financial goal planning, budgeting, and investment risks and returns. Offered in five languages, classes are facilitated by other investors, who are paid for their time, and is designed to be participatory. "It's very much a conversation and learning together and sharing," said John Haines, executive director of the East Portland Community Investment Trust. He also highlighted the training as a way to build relationships between investors and the CIT businesses, and cultivate a sense of community around the physical space:

> It builds a ton of trust and interest. It's time consuming and it's a bit more to manage, but it's super helpful in helping people pick the right dollar amount, trust the process, and build relationships early with the building itself, which is a convening space now for a lot of activities, events, and community-related stuff.

Since Mercy Corps acquired Plaza 122 in 2014 and began selling shares to community investors in 2017, over 300 East Portland residents have invested in the CIT; dividends have ranged from 7% to 9% a year, and share price has increased from $10 to $17.10. In addition to the financial benefits for investors, Plaza 122 is now almost completely leased up to 27 small-business and nonprofit tenants that reflect the diversity of the surrounding communities and diasporas from Latin America, East and West Africa, Eastern Europe, and Vietnam. Although the East Portland CIT works with a professional property management company for day-to-day management of the building, the CIT board has the ability to make final leasing decisions, and has in the past approved leases to tenants based not on their financials, but on their community ties and broader impact. In one example, an Eritrean community leader and CIT investor was seeking affordable space for a new community center. Haines explained,

> The property management firm said no. 'He doesn't have the income, he doesn't have a 501(c)3. We don't recommend that you rent to him.' We said,

ABOVE: East Portland CIT's participatory, multi-lingual Moving from Owing to Owning course is required for all investors, and helps build relationships between investors and the CIT businesses, and cultivate a sense of community

PHOTO CREDIT: EAST PORTLAND CIT

> well, we're going to rent to him anyway. And he's received other substantial grants and expanded significantly, and grown into a bigger space.

The CIT hosts regular community events and programming, in addition to its annual investor meeting. In response to community recommendations, it also recently added a food cart pod to Plaza 122 that supports food entrepreneurs and also increases income for the property and investors.

The East Portland CIT initially launched as a single-member LLC (Plaza 122 Community Investment LLC) formed by Mercy Corps to purchase the Plaza 122 building. Mercy Corps then transferred its membership to the East Portland CIT Corporation in 2017. The CIT currently has three board members—including the executive director of Mercy Corps Northwest, a community leader, and a real estate professional—but it can have up to 12 board members, and is currently in the process of adding more investor board members. A separate LLC, CIT Services, is controlled by Mercy Corps and acts as an advisor and asset manager for the Plaza 122 property.[60]

Owning land, or being a community land trust, isn't the goal. The goal is that doing those things does something else for your communities. Just owning the land doesn't do anything by itself, unless you have values, support, and staffing to make sure that the properties that you own are supporting community members.

Community Land Trust Homeowner Cambray Hall on the porch of her recently purchased single family community land trust home in New Orleans Lower 9th Ward

PHOTO CREDIT: CRESCENT CITY CLT

Lessons Learned

Community ownership is more expansive than just having a financial stake in a building. It includes preserving community-serving businesses and organizations as critical assets, and promoting community decision-making over development. All the cases cited in this report promote community-serving businesses and are moving toward or exploring shared governance and decision-making. While only PIP CLT is using the nonprofit ground lease CLT structure with a purchase option for its small business partners, CORE plans to build out a purchase option for current small business tenants through a deep community engagement process. In the East Portland CIT model, community investors (which can include Plaza 122 commercial tenants) purchase shares in the building, though they are leasing their individual spaces. Several factors drive this emphasis on rentals rather than ownership for small businesses, including the additional debt and property management responsibilities that owning their space can add for commercial tenants, the fact that owning a building has rarely been presented as an option to small business owners, and complicated considerations around small business owners investing in building out their spaces and the impacts on their ability to build equity. PIP CLT is innovating an approach to BIPOC-owned commercial spaces on community-owned land and playing an important stewardship role, modeled on the success that residential CLTs have had in preventing defaults and home foreclosures for low-income homeowners. CORE and East Portland CIT also both highlighted the potential to combine their models with CLTs, as a way to remove the cost of land from property acquisitions by community organizations or small businesses and add an additional layer of stewardship.

Defining clear goals and values at the outset and remaining connected with community members, other solidarity economy groups, and broader movements for racial, economic, and environmental justice are fundamental to ensuring meaningful community ownership. This can be seen in the ways that models cited here drew upon longstanding cooperative ecosystems, and on partnerships developed through organizing and advocacy. PIP CLT not only was incubated by City of Lakes CLT, but also has collaborated with both the Northside Investment Cooperative Enterprise and Rondo CLT locally. CORE members have long track records of community-led economic development in East Los Angeles as well as partnering with members of the Los Angeles CLT Coalition and supporting the coalition's advocacy priorities. Said one practitioner,

> Our values were always in the right place. We've always had an office space in our neighborhood, which means that we've always been neighbors. Our staff knew every single lot up and down our communities. We prided ourselves on being the stewards for commercial spaces in our neighborhoods, and for showing up and being community members. We actually participated in leadership positions on our neighborhood council. We've organized community cleanups. Our value was that we would show up, be present in our community, and we would be a neighbor.

In response to both disinvestment and speculation in commercial properties, the groups interviewed largely moved quickly to acquire and rehabilitate properties first, and then engaged in broader community planning, engagement, and organizing to shape uses for the space and the organization's activities, including plans to eventually transition from nonprofit to direct tenant ownership. The fact that acquisition could later be supplemented with more extensive community-facing work is an important lesson for CDCs and other organizations interested in preserving affordable commercial real estate while developing a connection to community governance and community organizing as the project takes shape. Some organizations led broad community listening and planning sessions to identify community ownership as a priority and begin to develop their model—for example, the early commercial land trust feasibility work and the advisory board convened by City of Lakes CLT, or East Portland CIT's community survey process—but this work was largely separate from property acquisition. Anchorage CLT used its $5 million seed funding to put in offers on nearly all commercial properties for sale in the Mountain View neighborhood, while CORE worked with a commercial property broker to identify buildings within its budget in East Los Angeles. PIP CLT also worked with a commercial property broker to identify some sites, though one site was offered by the City of Minneapolis and two were secured through a collaboration with Land Bank Twin Cities. Crescent City CLT purchased some properties at a discount from the New Orleans Redevelopment Authority and received a portfolio of homes from the Ford Foundation, while the East Portland CIT worked with an AmeriCorps Vista service member to research potential properties based on a matrix of characteristics they developed together.

Focusing on acquiring properties first is a different entry point than community-led visioning, property research, and base building that includes identifying specific sites and organizing community members around their acquisition, but buying property first can buy groups additional time to build community power and governance. Rudy Espinoza, executive director of Inclusive Action for the City, explained:

> We're always under the gun, and we're rushing these really needed processes because we're getting overwhelmed by speculators. If the community needs five years to figure out governance, we'll get them five years, but first, we've got to get the buildings. I have full faith that these buildings are going to be in good hands. We don't know exactly the details yet. But the fact that we have site control gives us a lot of leverage.

Whether projects "organize to get property" or instead "get property to organize," investing in base building, leadership development, outreach, education, and capacity building is fundamental to ensuring that community ownership projects can develop and sustain these governance structures and stewardship practices over the long term. However, few funders provide dedicated, multi-year funding for this type of community organizing and capacity building, and several groups noted that they were unable to raise funds specifically for community engagement, organizing, and capacity building, and instead had to fund this work from general operating support dollars or commercial rental income—an important consideration for government and philanthropy, which should be supporting work in this space.

Groups stressed the importance of commercial feasibility analysis and due diligence on properties, as well as building organizational capacity and strong partnerships with organizations experienced in commercial development, property management, and asset management. While these points are critical for any type of real estate development, commercial spaces bring additional build-out considerations and costs that are traditionally assumed by each new tenant.

A complete understanding of costs is just as important when working with publicly owned properties, which are often a focus for nonprofits seeking to reduce acquisition costs. As one practitioner put it,

> Sometimes a free building actually costs you $2 million. A lot of the stuff that we have in our communities is not code compliant, which means once you

> start digging into what you can actually do with the site, you're going to be dealing with a gigantic bill, or have an enormous list of very expensive code requirements to meet before you can operate.

Community ownership initiatives may therefore want to consider pursuing lower-cost strategies, such as community gardens and green space, or using parking lots as a food truck plaza, as both Anchorage CLT and East Portland CIT have done. This approach can have a significant impact, and also create space for community members to identify priority land uses and develop a vision for spaces over time. Said Radhika Krishna, director of operations of Anchorage CLT,

> Real estate doesn't have to look like a traditional model of buying and developing a building and then leasing it to a tenant. With build-out costs, that ends up being the most expensive and least accessible thing to community members. But there are all these other ways that you can have ownership or long-term management of a site that are equally valuable, and might lead the organization to the right final outcome. We owned this vacant lot with the farm for 10 years, and tried a farmers market, and tried parking things on it and running events, and all those things all led us to the right final real estate outcome. Sometimes it's good to let yourself go through that process, and community members help you figure out what that is.

Because the viability of individual small businesses contributes to the success of the entire endeavor, technical assistance and one-on-one support are critical, and groups may face hard decisions about selecting tenants likely to endure. The groups interviewed seek to prioritize BIPOC-, refugee-, and immigrant-owned businesses operating in their communities for access to their commercial spaces and programs. From small business assistance and coaching in the case of Anchorage CLT, Crescent City CLT, and PIP CLT, to CORE's one-on-one case management, to East Portland CIT's required curriculum for investors, commercial community ownership projects are distinct from a typical commercial landlord or investment manager. As illustrated by both Anchorage CLT's Set Up Shop program and the East Portland CIT's investor class, the technical assistance and other programming that organizations provide often extends beyond the small businesses actually leasing space with them to reach other entrepreneurs and community members, which provides another way to engage a broader base in shaping the organization's work and priorities.

At the same time, groups highlighted the challenge posed by limited subsidies to support commercial developments paired with the risk of small business failure,[61] which often requires them to prioritize the financial stability of potential commercial tenants over other factors; this reflects a well-documented tension in all-commercial community ownership projects.[62] Said one practitioner,

> We are prioritizing folks that already have something going on and can be good stewards of the space, because that helps us make the case that this is successful. The hard reality of this work is that you have to make sure that the project has some kind of financial stability, and that means that whoever the tenant is can generate income to contribute.

As stewards of a community asset, commercial community ownership projects should be prepared to face these difficult decisions, as well as advocate for additional subsidy and support to small business owners to minimize these trade-offs.

Not every group interviewed had in-house experience in commercial development and property management, but they did have strong community partnerships, relationships with lenders, and in some cases significant balance sheets that they could leverage to buy buildings. PIP CLT was incubated by an established CLT with a substantial residential portfolio and community development track record; this relationship also allowed PIP CLT to qualify for a loan from LISC Twin Cities Community Asset Transition Fund. The three CORE members have significant experience in affordable housing and community economic development, and combining their balance sheets allowed them to leverage more capital for the project; CORE's primary lender, Genesis LA, is a CDFI with access to New Markets Tax Credits. In the case of East Portland CIT, Mercy Corps is also a CDFI, and contributed $220,000 in unrestricted assets as equity to the Plaza 122 purchase, also leveraging its relationship with attorneys who developed the legal model. Crescent City CLT highlights the importance of ensuring that partners have experience specifically in commercial development and management, and are aligned on values. From Crescent City's perspective, its nonprofit partner's limited experience managing the commercial units in the Pythian meant that the commercial rental income the CLT hoped would supplement foundation funding never materialized, which impacted its sustainability plan and ultimately meant the CLT had to give up its ownership stake in the project.

Groups underscored the need for strong local community ownership ecosystems, including supportive public policies and funding to scale these models. With the exception of PIP CLT, most of the projects in this report launched without significant public policy or funding support, making their work very challenging. Although Anchorage CLT's work coincided with broader public infrastructure and affordable housing investment in Mountain View, community economic development remained an unmet need, and limited city and state funding for nonprofits in Alaska meant that the CLT relied heavily on philanthropic investments to support its work. Crescent City CLT had to overcome initial skepticism about the CLT model in New Orleans, and was ultimately successful in both receiving some properties from the local redevelopment authority and advocating with the City of New Orleans Office of Community Development to include CLT homebuyers as eligible for soft second mortgage support.

In response to the ongoing movement for racial justice and the historic 2020 uprisings, community ownership models have drawn increased attention from public officials as well as private funders as a strategy to advance racial equity and community wealth building. However, practitioners emphasized the need to translate this interest into action and sustain initial investments over the long term, particularly for groups making an up-front investment in affordability—to lower commercial purchase prices for BIPOC-owned businesses or community organizations—by buying commercial buildings. Said Domonique Jones, PIP CLT executive director,

> We're trying to see if we can get into city budgets, but right now, it's been a lot of innovation grants and grants for startups and seed funding. We're starting to look at program-related investments, lower interest rates. We're really trying to look long-term to see where we can get funding not just because it's innovative, but when it's not the new flavor of the day.

Along similar lines, local government agencies and their partners in dozens of cities have approached East Portland CIT seeking support in exploring the feasibility of CITs, but moving from feasibility to implementation has been slower, and requires sustained funding for staffing and capacity building as well as property acquisition and rehabilitation. John Haines, executive director of East Portland CIT, observed,

> This kind of work must be connected to political movements. It's not right that there's not subsidy for this. It's not enough for land trusts to be buying a couple buildings here and there. We really need to scale this with government action, and we need them to put resources into this.

RUDY ESPINOZA, EXECUTIVE DIRECTOR, INCLUSIVE ACTION FOR THE CITY

ABOVE: PIP CLT is partnering with NICE to support BIPOC entrepreneurs with acquiring space at 35th & Penn N

PHOTO CREDIT: PIP CLT

> A number of cities have done feasibility studies, but where they're getting hung up is they're getting older, more distressed properties that need to be rehabbed first. The other part is funding to hire staff to run it. It's hard to have people doing other jobs and say, okay, now you're going to work on this. So those two things are the impediments.

Public and philanthropic investments in community ownership should also include support for coalition organizing, and for advocacy to pass supportive policies and funding. According to Espinoza,

> This kind of work must be connected to political movements. It's not right that there's not subsidy for this. It's not enough for land trusts to be buying a couple buildings here and there. We really need to scale this with government action, and we need them to put resources into this.

Conclusion and Recommendations

Across distinct local contexts, groups are using community ownership of commercial spaces to preserve community-serving businesses, build community wealth, and promote community-led economic development from within. As one practitioner put it,

> Owning land, or being a community land trust, isn't the goal. The goal is that doing those things does something else for your communities. Just owning the land doesn't do anything by itself, unless you have values, support, and staffing to make sure that the properties that you own are supporting community members.

Regardless of the specific form they take, community ownership models are not themselves the endpoint, but tools for repairing longstanding harms and promoting just development without displacement through reshaping relationships between people, place, power, and property.[63]

The cases above suggest some insights of importance to the community development and community ownership movements, in realizing these broader goals:

- In all cases, acquisition and rehabilitation of commercial real estate preceded community planning, engagement, and organizing, because groups needed to move quickly to rescue community assets from cycles of disinvestment or speculation. Later, community-facing activities helped shape the spaces' uses, further shared governance of the spaces, and generate plans for transition to tenant ownership. This sequencing (acquisition then community engagement) suggests that CDCs and other groups interested in creating and preserving affordable commercial space can work with residents to move toward the goal of genuine community ownership.
- Because small businesses face challenges that can undermine the financial viability of a project, and because subsidies for affordable commercial real estate are generally limited, groups stressed the importance of conducting a commercial feasibility analysis and due diligence on properties, as well as building organizational capacity and leveraging strong partnerships with organizations that have experience in commercial development, property management, and asset management. These partnerships can also help overcome any shorter-term gaps in technical knowledge or experience on the part of developers who may have more housing than commercial real estate experience, as long as the work remains connected with community organizing and advocacy efforts as well as political movements for racial, economic, and environmental justice.
- Supporting commercial tenants with technical assistance and coaching is an important part of project sustainability. Groups emphasized working with tenants who may be experiencing operational or financial challenges, and PIP CLT's ownership model for BIPOC-owned small businesses includes a provision in its ground lease allowing the CLT to step in and cure defaults, similar to residential CLTs that work to prevent home foreclosures. These features differentiate community ownership models from conventional landlords, and justify their greater funding and support from government and philanthropy, as described in the recommendations below.

Advancing racial and economic justice through community ownership depends not only on *what* approach groups pursue, but also on *how* they build community capacity, leadership, and power through their work, which suggests a number of recommendations to strengthen and sustain these efforts:

- **Provide shared learning opportunities and capacity building to advance community ownership planning and organizing efforts.** Community ownership and its applications to commercial space are still not widely understood, especially in places that do not have an established network of community ownership projects, technical assistance and legal providers, and lenders. Capacity building for community residents and organizations as well as supportive partners interested in these models is an important first step. For example, in response to emerging interest in community land trusts, Baltimore, Los Angeles, New York City, and Philadelphia each developed peer learning collaboratives to support early capacity building, which facilitated connections between emerging and established groups and laid the groundwork for continued collaboration.
- **Support ongoing community organizing, planning, and technical assistance.** Community organizing, leadership development, and technical assistance are critical to launching and sustaining community stewardship of any kind of real estate over the long term, but groups interviewed highlighted the challenges in finding dedicated funding to support these activities. There is an urgent need for multi-year, flexible grantmaking to advance community organizing and planning as well as predevelopment activities (especially given the importance of commercial feasibility analysis and due diligence on properties, as groups stressed), including through establishing partnerships with technical and legal assistance providers with demonstrated experience in commercial development and property management.
- **Support coalition building and advocacy to strengthen policies and investment in community ownership.** Developing supportive policies that channel public investment and properties to shared community ownership projects—for example prioritizing community ownership projects in the transfer of publicly owned properties, or exploring Opportunity to Purchase policies for commercial properties—is critical for ensuring these models can scale up. In addition to educating local and state government partners, this work could include educating lenders, legal service providers, developers, and other partners in community ownership models.
- **Create rapid acquisition, rehabilitation, and construction financing.** As the case studies in this report demonstrate, affordable financing that can be rapidly deployed to acquire buildings and make needed repairs is critical. The LISC Twin Cities Community Asset Transition Fund is one successful example of pooling public and private funds to support community ownership projects, including a commercial CLT, and could be replicated.
- **Provide credit enhancement for loans to community ownerships.** Community-based organizations pursuing their first acquisitions often have limited access to affordable acquisition and construction loans due to high development and land costs, limited balance sheets, and appraisal gaps resulting from historic disinvestment in neighborhoods of color. Credit enhancement reduces risk to lenders and enables them to extend better terms to potential borrowers, including lower interest rates, a higher loan-to-value ratio, or unsecured loans. At the same time, practitioners called on lenders to reevaluate their risk assessment and lending practices, and to be willing to lend to community ownership projects without requiring credit enhancement.

Endnotes

1 Davis, J. E. (2017). Common ground: Community-owned land as a platform for equitable and sustainable development. *University of San Francisco Law Review, 51*(1), 1-50 (pp. 50).

2 Loh, T. H, & Love, H. (2021). *The emerging solidarity economy: A primer on community ownership of real estate*. Brookings Institution. https://www.brookings.edu/essay/the-emerging-solidarity-economy-a-primer-on-community-ownership-of-real-estate/.

3 LaVecchia, O., & Mitchell, S. (2016). *Affordable space: How rising commercial rents are threatening independent businesses, and what cities are doing about it*. Institute for Local Self-Reliance. https://ilsr.org/wp-content/uploads/2018/03/ILSR-AffordableSpace-FullReport.pdf.

4 NYC Department of City Planning. (2019). *Assessing storefront vacancy in NYC: 24 neighborhood case studies*. https://www1.nyc.gov/assets/planning/download/pdf/planning-level/housing-economy/assessing-storefront-vacancy-nyc.pdf; Savitch-Lew, A. (2017, December 5). Diagnosing NYC's vacant storefront problem. *City Limits*. https://citylimits.org/2017/12/05/diagnosing-nycs-vacant-storefront-problem/; Surico, J. (2019, August 1). Are small businesses really fleeing New York? This tool can tell. *Bloomberg CityLab*. https://www.bloomberg.com/news/articles/2019-08-01/a-tool-for-tracking-nyc-s-vacant-storefront-crisis; and Strategic Economics. (2018). *State of the retail sector: Challenges and opportunities for San Francisco's neighborhood commercial districts*. San Francisco Office of Economic and Workforce Development. https://oewd.org/sites/default/files/Invest%20In%20Neighborhoods/State%20of%20the%20Retail%20Sector%20-%20Final%20Report.pdf.

5 González-Hermoso, J., & Park, J. (2020). *Local policies can protect commercial corridors as the pandemic continues*. Urban Institute. https://www.urban.org/urban-wire/local-policies-can-protect-commercial-corridors-pandemic-continues.

6 Fairlie, R. W., & Robb, A. M. (2010). *Disparities in capital access between minority and non-minority-owned businesses: The troubling reality of capital limitations faced by MBEs*. U.S Department of Commerce, Minority Business Development Agency. https://www.mbda.gov/sites/default/files/migrated/files-attachments/DisparitiesinCapitalAccessReport.pdf.

7 U.S. Federal Reserve. (2022). *Small Business Credit Survey: 2022 report on firms owned by people of color*. https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2022/2022-sbcs-firms-owned-by-people-of-color.

8 Loh, T. H., & Love, H. (2021). *The emerging solidarity economy: A primer on community ownership of real estate*. Brookings Institution. https://www.brookings.edu/essay/the-emerging-solidarity-economy-a-primer-on-community-ownership-of-real-estate/.

9 Kawano, E. (2018). *Solidarity economy: Building an economy for people & planet*. The Next System Project. https://www.solidarityeconomy.coop/wp-content/uploads/2017/06/Kawano-E.-2018_Solidarity-Economy.pdf; New Economy Coalition. (n.d.). *What Is the solidarity economy?* https://neweconomy.net/solidarity-economy/.

10 Credit unions are member-owned nonprofit financial cooperatives. Producer cooperatives pool member resources to market, purchase, and distribute their goods, and have commonly been used in agriculture; purchaser cooperatives leverage member demand to reduce purchase prices from suppliers. Worker cooperatives are companies owned and controlled by their employees. Similarly, housing cooperatives are corporations that own residential buildings, owned and controlled by residents whose share in the corporation grants them exclusive rights to their unit.

11 See, for example, Baiocchi, G., Brady, M., Carlson, H. J., Jain, A., & Romano, T. (2018). *Communities over commodities: People-driven alternatives to an unjust housing system*. Right to the City Alliance. https://homesforall.org/wp-content/uploads/2018/03/Communities-Over-Commodities_Executive-Summary.pdf; Duranti-Martínez, J. (2021). *"Real power is in the land": Community land trusts—past, present and future*. LISC. https://www.lisc.org/our-stories/story/real-power-is-in-the-land-community-land-trustspast-present-and-future/; Hernandez, A. C., McNeil, S., & Tong, Y. (2020). *Increasing community power and health through community land trusts: A report from five movement-driven California CLTs*. The California Endowment. https://trustsouthla.org/wp-content/uploads/2021/02/Increasing-Community-Power-Thru-CLTs-REPORT-TCE-BHC-Dec2020.pdf; Ramírez, M. M. (2020) Take the houses back/take the land back: Black and Indigenous urban futures in Oakland. *Urban Geography, 41*(5), 682-693. DOI: 10.1080/02723638.2020.1736440; Shatan, N. & Williams, O. R. (2020). *A guide to transformative land strategies: Lessons from the field*. Massachusetts Institute of Technology, Community Innovators Lab. https://www.colab.mit.edu/resources-1/2020/clt.

12 Curl, J. (2012). *For all the people: Uncovering the hidden history of cooperation, cooperative movements, and communalism in America*. PM Press; Gordon Nembhard, J. (2014). *Collective courage: A history of African American cooperative economic thought and practice.* Penn State University Press.

13 Forman, E. (2018, September 23). How unions can solve the housing crisis. *In These Times*. https://inthesetimes.com/features/unions-housing-crisis-labor-coop-apartments-new-york-homeless-rent-control.html.

14 Center for Community Land Trust Innovation. (n.d.). *New Communities Inc*. https://cltweb.org/case-studies/new-communities-inc/; Lim, A. (2020, July). We shall not be moved. *Harper's Magazine*. https://harpers.org/archive/2020/07/we-shall-not-be-moved-collective-ownership-black-farmers/.

15 Hahn, R. (2020, May 12). These moms fought for a home—and started a movement. *Vogue.* https://www.vogue.com/article/moms-4-housing.

16 Desmond, M. (2020, October 13). The tenants who evicted their landlords. *New York Times*. https://www.nytimes.com/2020/10/13/magazine/rental-housing-crisis-minneapolis.html.

17 Non-extractive finance means that the cost of capital to the borrower does not exceed the benefit to the borrower. Put another way, the returns to the lender (via interest) should not be greater

than the profit the borrower is able to create as a result of using the loan. See Seed Commons. (n.d.). *Seed Commons' approach to non-extractive finance*. https://seedcommons.org/about-seed-commons/seed-commons-approach-to-non-extractive-finance/.

18 Theodos, B., Marx, R., & Nunna, T. (2021). *Community wealth-building models: Opportunities to bolster local ownership*. Urban Institute. https://www.urban.org/sites/default/files/2022-04/community-wealth-building-models_1.pdf.

19 Davis, J. E. (2017). Common ground: Community-owned land as a platform for equitable and sustainable development. *University of San Francisco Law Review, 51*(1), 1-50 (pp. 3). https://community-wealth.org/content/common-ground-community-owned-land-platform-equitable-and-sustainable-development.

20 Curtis, A. (2018). *Extending community control over commercial development: Community land trusts and community finance models* [Master's thesis, Tufts University]. https://dl.tufts.edu/concern/pdfs/vx021s38v.

21 Theodos, B., Marx, R., & Nunna, T. (2021). *Community wealth-building models: Opportunities to bolster local ownership*. Urban Institute. https://www.urban.org/sites/default/files/2022-04/community-wealth-building-models_1.pdf; Theodos, B., & Edmonds, L. (2020). *New models for community shareholding*. Urban Institute. https://www.urban.org/research/publication/new-models-community-shareholding.

22 Curtis, A. (2018). *Extending community control over community development: Community land trusts and community finance models* [Master's thesis, Tufts University]. https://dl.tufts.edu/concern/pdfs/vx021s38v.

23 Theodos, B., Marx, R., & Nunna, T. (2021). *Community wealth-building models: Opportunities to bolster local ownership*. Urban Institute. https://www.urban.org/sites/default/files/2022-04/community-wealth-building-models_1.pdf.

24 Ibid. For an example of hybrid approaches, see the East Bay Permanent Real Estate Cooperative, https://ebprec.org/.

25 Center for Community Land Trust Innovation. (2021). *Global CLT map + directory*. https://cltweb.org/clt-directory/.

26 Thaden, E. (2012). *Results of the 2011 Comprehensive CLT Survey*. The Housing Fund, Vanderbilt University. http://staging.community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-thaden12.pdf.

27 Housing Partnership Network. (2022). *Champlain Housing Trust*. https://housingpartnership.net/

28 Urban Land Conservancy. (2022). *Properties & Developments*. https://www.urbanlandc.org/properties-and-developments/

29 Rosenberg, G., & Yuen, J. (2013). *Beyond housing: Urban agriculture and commercial development by community land trusts*. Lincoln Institute of Land Policy. https://www.lincolninst.edu/publications/working-papers/beyond-housing.

30 Buechler, G. (2017). *Lessons from a commercial community land trust pilot*. University of Minnesota, Center for Urban and Regional Affairs. https://conservancy.umn.edu/bitstream/handle/11299/192727/KNCBR%201432.pdf?sequence=6.

31 Donjek, Inc. (2012). *Commercial land trust feasibility: Final summary*. McKnight Foundation; Sorce, E. (2012). *The role of community land trusts in preserving and creating commercial assets: A dual case study of Rondo CLT in St. Paul*, Minnesota and Crescent City CLT in New Orleans, Louisiana [Master's thesis, University of New Orleans]. https://scholarworks.uno.edu/cgi/viewcontent.cgi?article=2558&context=td; Curtis, A. (2018). *Extending community control over community development: Community land trusts and community finance models* [Master's thesis, Tufts University]. https://dl.tufts.edu/concern/pdfs/vx021s38v.

32 There are also some examples of public commercial land trusts, in which a public entity or local government agency leases out land it owns to commercial tenants; see Donjek, Inc. (2012). *Commercial land trust feasibility: Final summary*. McKnight Foundation; and Curtis, A. (2018). *Extending community control over community development: Community land trusts and community finance models* [Master's thesis, Tufts University]. https://dl.tufts.edu/concern/pdfs/vx021s38v.

33 Rosenberg, G., & Yuen, J. (2013). *Beyond housing: Urban agriculture and commercial development by community land trusts*. Lincoln Institute of Land Policy. https://www.lincolninst.edu/publications/working-papers/beyond-housing.

34 Buechler, G. (2017). *Lessons from a commercial community land trust pilot*. University of Minnesota, Center for Urban and Regional Affairs. https://conservancy.umn.edu/bitstream/handle/11299/192727/KNCBR%201432.pdf?sequence=6.

35 Ibid.

36 Rosenberg, G., & Yuen, J. (2013). *Beyond housing: Urban agriculture and commercial development by community land trusts*. Lincoln Institute of Land Policy. https://www.lincolninst.edu/publications/working-papers/beyond-housing.

37 Sorce, E. (2012). *The role of community land trusts in preserving and creating commercial assets: A dual case study of Rondo CLT in St. Paul*, Minnesota and Crescent City CLT in New Orleans, Louisiana [Master's thesis, University of New Orleans]. https://scholarworks.uno.edu/cgi/viewcontent.cgi?article=2558&context=td.

38 Rosenberg, G., & Yuen, J. (2013). *Beyond housing: Urban agriculture and commercial development by community land trusts*. Lincoln Institute of Land Policy. https://www.lincolninst.edu/publications/working-papers/beyond-housing.

39 Ibid.; Sorce, E. (2012). *The role of community land trusts in preserving and creating commercial assets: A dual case study of Rondo CLT in St. Paul, Minnesota and Crescent City CLT in New Orleans, Louisiana* [Master's thesis, University of New Orleans]. https://scholarworks.uno.edu/cgi/viewcontent.cgi?article=2558&context=td.

40 Anchorage Community Land Trust & Mountain View Community Council. (2016). *Mountain View targeted neighborhood plan*. https://www.muni.org/Departments/OCPD/Planning/Publications/Documents/Mountain%20View%20Targeted%20Neighborhood%20Plan/MVTNP%202016-full%20document.pdf.

41 Anchorage Community Land Trust (2022). *Real estate*. https://anchoragelandtrust.org/our-toolkit/real-estate/.

42 Gabe, T., Falk, G., McCarty, M., & Mason, V. W. (2005). *Hurricane Katrina: Social-demographic characteristics of impacted areas*. Congressional Research Service. https://gnocdc.s3.amazonaws.com/reports/crsrept.pdf.

43 van Holm, E. J., Wyczalkowski, C. K. (2019). Gentrification in the wake of a hurricane: New Orleans after Katrina. *Urban Studies*, *56*(13), 2763-2778. doi:10.1177/0042098018800445.

44 Martinez, N. (2021, April 5). CLTs still going commercial—nonprofit offices, hairdressers, and a sausage factory. *Shelterforce*. https://shelterforce.org/2021/04/05/clts-still-going-commercial-nonprofit-offices-hairdressers-and-sausage/.

45 Crescent City Community Land Trust. (n.d.). *Affordable solutions*. https://www.ccclt.org/example-page.

46 Martinez, N. (2021, April 5). CLTs still going commercial—nonprofit offices, hairdressers, and a sausage factory. *Shelterforce*. https://shelterforce.org/2021/04/05/clts-still-going-commercial-nonprofit-offices-hairdressers-and-sausage/.

47 City of Lakes CLT. (2022). *Our history*. https://www.clclt.org/about.

48 Thaden, E., & Rosenberg, G. (2010). *Outperforming the market: Delinquency and foreclosure rates in community land trusts*. Lincoln Institute of Land Policy. https://www.lincolninst.edu/publications/articles/outperforming-market.

49 Partnership in Property Commercial Land Trust. (2022). *Zahnia Harut*. https://www.pipclt.org/our-business-partners/affinity-residential-care.

50 Inclusive Action for the City (2022). *CORE*. https://www.inclusiveaction.org/core; Kloppenberg, E. (2019). *'If not us, then who': Securing affordability through community ownership*. LISC Los Angeles. https://www.lisc.org/los-angeles/regional-stories/if-not-us-then-who-securing-affordability-through-community-ownership/.

51 Carroll, R. (2016, April 19). 'Hope everyone pukes on your artisanal treats': Fighting gentrification, LA-style. *The Guardian* https://www.theguardian.com/us-news/2016/apr/19/los-angeles-la-gentrification-resistance-boyle-heights; Delgadillo, N. (2017, March 1). The neighborhood that went to war against gentrifiers. *CityLab* https://www.bloomberg.com/news/articles/2017-03-01/the-gentrification-battles-of-east-l-a-s-boyle-heights; Miranda, C. A. (2014, October 14). 'Out!' Boyle Heights activists say white art elites are ruing the neighborhood…but it's complicated. *Los Angeles Times.* https://www.latimes.com/entertainment/arts/miranda/la-et-cam-art-gentrification-boyle-heights-20161014-snap-story.html.

52 Haines, J. (2019). *A missing piece in community wealth building: The Community Investment Trust—financial ownership and real equity*. Community Investment Trust. https://investcit.com/Content/resources/Financial%20Equity%20-%20The%20Missing%20Piece%20in%20Place-based%20Economic%20Development%20031920.pdf; Theodos, B., Marx, R., & Nunna, T. (2021). *Community wealth-building models: Opportunities to bolster local ownership*. Urban Institute. https://www.urban.org/sites/default/files/2022-04/community-wealth-building-models_1.pdf; Theodos, B., & Edmonds, L. (2020). *New models for community shareholding*. Urban Institute. https://www.urban.org/research/publication/new-models-community-shareholding.

53 Community Investment Trust. (2019). *Case study: The Community Investment Trust*: *A new form of real estate investment can help low-income people build assets and resilience*. https://www.mercycorps.org/sites/default/files/2020-01/EPCIT%20Case%20Study%20MC%20White%20Paper%202019%20120519.pdf.

54 Haines, J. (2019). *A missing piece in community wealth building: The Community Investment Trust—financial ownership and real equity*. Community Investment Trust. https://investcit.com/Content/resources/Financial%20Equity%20-%20The%20Missing%20Piece%20in%20Place-based%20Economic%20Development%20031920.pdf

55 Ibid.

56 Community Investment Trust. (2019). *Case study: The Community Investment Trust*: *A new form of real estate investment can help low-income people build assets and resilience*. https://www.mercycorps.org/sites/default/files/2020-01/EPCIT%20Case%20Study%20MC%20White%20Paper%202019%20120519.pdf.

57 Ibid.

58 Community Investment Trust. (2019). *Case study: The Community Investment Trust: A new form of real estate investment can help low-income people build assets and resilience*. https://www.mercycorps.org/sites/default/files/2020-01/EPCIT%20Case%20Study%20MC%20White%20Paper%202019%20120519.pdf.

59 Theodos, B., & Edmonds, L. (2020). *New models for community shareholding*. Urban Institute. https://www.urban.org/sites/default/files/publication/103341/new-models-for-community-shareholding_0.pdf.

60 Community Investment Trust. (2019). *Case study: The Community Investment Trust: A new form of real estate investment can help low-income people build assets and resilience*. https://www.mercycorps.org/sites/default/files/2020-01/EPCIT%20Case%20Study%20MC%20White%20Paper%202019%20120519.pdf.

61 Approximately 15%-25% of businesses do not survive their first year, with small and mid-sized businesses hardest hit, which reflects systemic discrimination and inequitable capital access for entrepreneurs with less wealth, especially BIPOC, women, and immigrant business owners. Data drawn from: Bureau of Labor Statistics. (2021). *Survival of private sector establishments by opening year* [table]. https://www.bls.gov/bdm/us_age_naics_00_table7.txt.

62 Buechler, G. (2017). *Lessons from a commercial community land trust pilot*. University of Minnesota; Rosenberg, G., & Yuen, J. (2012). *Beyond housing: Urban agriculture and commercial development by community land trusts*. Lincoln Institute of Land Policy. https://www.lincolninst.edu/sites/default/files/pubfiles/2227_1559_rosenberg_wp13gr1.pdf.

63 Davis, J. E. (2017). Common ground: Community-owned land as a platform for equitable and sustainable development. *University of San Francisco Law Review, 51*(1), 1-50 (pp. 50).

Acknowledgements

The author is grateful to practitioners who shared their time and expertise for this report:

Rudy Espinoza, Executive Director, Inclusive Action for the City; Gregory St. Etienne, Chief Strategist, Crescent City Community Land Trust; John Haines, Executive Director, Portland Community Investment Trust; Domonique Jones, Executive Director, Partnership in Property Commercial Land Trust; and Radhika Krishna, former Director of Operations, Anchorage CLT.

Within LISC, I am grateful to David Greenberg in Community Research and Impact, Emma Kloppenberg in Los Angeles, Gretchen Nicholls in the Twin Cities, and Leilah Powell in San Antonio.

lisc.org