INSTITUTE FOR HOUSING STUDIES at DePaul University

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Community Land Trust Task Force Report Executive Summary

Illinois and the nation are experiencing significant and worsening housing affordability challenges. These struggles include a shortage of affordable homes for prospective homebuyers, increasing financial pressures for existing homeowners, and a lack of affordable units for renters. These affordability challenges disproportionately impact households and neighborhoods of color across the state, can lead to increased housing instability and displacement pressure in these communities, and can be intensified by localized market forces such as gentrification and long-term disinvestment.

In May 2023, the Illinois General Assembly passed the Community Land Trust Task Force Act, which assembled a group of experts to evaluate how Community Land Trusts (CLTs) could be better supported to meet these affordable housing challenges. The Task Force included elected officials, State employees, researchers, national experts, and representatives from active Illinois CLTs. Throughout meetings, the Task Force identified challenges impacting Community Land Trust operations, capacity, and reach, and developed recommendations for policymakers to increase the effectiveness of CLTs in Illinois.

About Community Land Trusts

A Community Land Trust (CLT) is a housing and community development model that creates and maintains long-term affordable housing. CLTs generally offer a form of shared-equity ownership in which the cost of ownership is shared between a homebuyer and a program sponsor such as a non-profit or a limited-equity corporation.

In a typical Community Land Trust, the cost of housing is lowered by separating ownership of the home structure from the land underneath. The CLT, a nonprofit organization, owns the land and retains its ownership when the home is sold to a buyer and in subsequent transactions. This process allows the CLT to "steward" the property from one owner to the next. To ensure the home remains affordable over time, CLTs use a ground lease to limit the resale price, keeping the home affordable in perpetuity.

Community Land Trusts typically set income limits for new buyers to ensure that affordable homes are sold to low- or moderate-income households. After purchasing, CLT homeowners build wealth through the equity accumulated through mortgage payments as well as through a portion of the property's appreciation when the homeowner sells. However, to maintain the home’s long-term affordability, the amount of appreciation a homeowner can capture upon sale is capped by a resale formula. Although a CLT homeowner builds less wealth compared to traditional homeownership, this approach ensures that the home remains perpetually affordable for future buyers. This approach is distinct from many affordable housing units created through other subsidy programs, which could be lost once the subsidy expires.

By removing the cost of land for new buyers, Community Land Trusts preserve community-level housing affordability by functioning as an anti-speculation tool in gentrifying markets and by fostering stability in historically disinvested markets. In all types of neighborhoods, CLTs can ensure that as neighborhoods improve, current residents can share in the benefits rather than being pushed out by rising costs.

Recommendations from the Community Land Trust Task Force

Challenge: Consistent and Sufficient Funding and Inventory

One of the primary barriers impacting the ability of CLTs to meet the growing affordable housing needs in the state is a lack of consistent, sufficient, and flexible funding and incompatibility with existing subsidy programs. Additionally, CLTs struggle with inconsistent methods of bringing new homes into a Community Land Trust.

Task Force Recommendations:

- Create a line item in the State budget for dedicated funding to support CLTs
- Increase the number of State grants for organizational capacity-building and housing development, with spending rules tailored to the needs of CLTs and size of CLT projects
- Promote innovative sources of dedicated funding and property for CLTs
- Leverage rising industry and catalytic projects to generate revenue for lasting affordable housing
- Encourage partnerships between CLTs and land banks
- Consider incorporating CLTs into local tax sale processes

Challenge: *Operational Efficiency and Organizational Capacity*

CLTs are non-profit organizations that require extensive start-up support and ongoing administrative costs, which makes them difficult to start or expand. Many new and smaller CLTs face barriers when attempting to access government grants, acquire and redevelop CLT properties, and manage CLT inventories.

Task Force Recommendations:

- Provide technical assistance support to emerging CLTs
- Improve communication between the State government and local CLTs
- Evaluate different approaches to CLT centralization

Challenge: Broad Awareness, Outreach, and Partnerships

Recognition from lenders, individuals, and assessors is necessary for CLTs to expand into parts of the state where they aren't already established. Additionally, if CLTs are to grow either within current areas of operation or in other parts of the state, broad awareness of CLTs' mission and structure is essential.

Recommendations:

- Ensure that existing and future homeownership assistance programs are aligned with the CLT ownership structure
- Earmark funds for a targeted public awareness campaign
- Ensure statewide use of existing tax assessment language and adjust policy to ease burdens on CLTs and CLT owners
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Community Land Trust Task Force Report

In May 2023, the Illinois General Assembly passed the Community Land Trust Task Force Act. The act called for a group of experts to evaluate the viability of Community Land Trusts (CLTs) as an affordable housing solution in Illinois. According to the legislation, the “State of Illinois commits to becoming a national exemplar by supporting and encouraging the establishment of Community Land Trusts across the State.”

The Task Force, comprised of elected officials, State employees, researchers, national experts, and representatives from active Illinois CLTs, met six times throughout 2024. Nicki Pecori Fioretti of the Illinois Housing Development Authority (IHDA) presided over these meetings with Christian Diaz (Palenque LSNA) acting as vice-chair.

This report summarizes the key themes discussed in Task Force meetings regarding housing affordability challenges facing Illinois residents, how Community Land Trusts respond to these challenges, and recommendations to the State to better support the growth of the CLT field in Illinois. This report was authored by The Institute for Housing Studies (IHS), an applied research center situated in the Real Estate Center at DePaul University. IHS’s mission is to provide reliable, impartial, and timely data and research to inform housing policy decisions and discussions about the state of housing in the Chicago region, statewide, and nationally.

Task Force Members:

- **Adrian Kedar Coleman** – Englewood Community Land Trust
- **Christian Diaz** – Palenque LSNA
- **Nicki Pecori Fioretti** – Illinois Housing Development Authority
- **Rep. Will Guzzardi** – Illinois General Assembly (House – 39th District)
- **Kristin Lynn Horne** – Here to Stay Community Land Trust
- **Isabella Hurtado** – Office of the Governor
- **Amy Rosenfeld Kaufman** – Community Partners for Affordable Housing
- **Robert T. Palmer** – Housing Action Illinois
- **Dorothy Patton** – Office of the Governor
- **Kristin Richards** – Illinois Department of Commerce and Economic Opportunity
- **Sen. Elgie Sims** – Illinois General Assembly (Senate – 17th District)
- **Geoff Smith** – Institute for Housing Studies at DePaul University
- **Sen. Win Stoller** – Illinois General Assembly (Senate – 37th District)
- **Rep. Travis Weaver** – Illinois General Assembly (House – 93rd District)
- **James Yelen** – Grounded Solutions Network

Affordable Housing Challenges in Illinois

Background

Illinois and the nation are experiencing significant and worsening housing affordability challenges. These challenges include a shortage of affordable homes for prospective homebuyers, increasing financial pressures for existing homeowners, and a lack of affordable units for renters. These affordability challenges disproportionately impact households and neighborhoods of color across the state, can lead to increased housing instability and displacement pressure in these communities, and can be intensified by localized market forces such as gentrification and long-term disinvestment.

These affordability challenges for prospective homebuyers and existing homeowners can complicate efforts to close the racial wealth gap through increased homeownership for households of color. A recent report from the Chicago Community Trust highlighted that the median net worth of a white household in the Chicago area was $210,000 compared to $40,500 for a US-born Mexican family, $6,000 for a foreign-born Mexican family, and $0 for a Black family.[i] Homeownership is one of the primary strategies for wealth-building, but Black and Hispanic households are less likely to own their homes than white households. Home equity accounted for 63 percent of wealth for Black households and 59 percent for Hispanic households compared to 41 percent for white households.[ii] Because of these significant gaps, creating new homeownership opportunities and stabilizing existing homeowners is crucial.

National research on the racial wealth gap during the pandemic era suggests a few areas of progress for households of color but that persistent long-term challenges remain. Data from the Pew Research Center[iii] show that Black and Hispanic households had the largest growth in median wealth between 2019 and 2021. During this period, the median household wealth for Black households increased by 77 percent and by 43 percent for Hispanic households compared to 23 percent for white households. However, substantial gaps remain. In 2021, the median white household had $250,400 in wealth compared to $27,100 for the median Black household and $48,700 for the median Hispanic household.

During the pandemic, there were gains in Black and Hispanic homeownership and house prices in many Black and Hispanic communities, which helped narrow the racial wealth gap.[iv] Based on IHS data tracking Chicago neighborhood-level price trends since 2000, the city's communities of color saw the most rapid price gains during the pandemic with prices of single-family homes in predominantly Black communities increasing by nearly 63 percent since the start of the pandemic (March 2020) and by nearly 40 percent in majority Hispanic communities compared to less than 25 percent in majority-white neighborhoods. While these recent trends are positive for owners in the city's non-white communities, long-term trends highlight persistent challenges. Between 2000 and 2023, the average long-term homeowner in a predominantly Black neighborhood is estimated to have gained roughly $94,000 in property value appreciation By comparison, the average owner in a majority white neighborhood gained over $345,000 during the same period. [v] Wide gaps remain in homeownership levels, preventing many Black households from leveraging rising home prices. In Illinois, the homeownership rate for white households was 74 percent compared to 40 percent for Black households and 59 percent for Hispanic households in 2022.[vi]

Challenges Impacting New Homebuyers

The policy goal of closing the racial wealth gap through homeownership faces headwinds, particularly as homebuyer affordability conditions have declined sharply. Since the beginning of the COVID-19 pandemic, home prices nationally have increased 47 percent and continue to reach all-time highs according to the S&P Case Shiller Index.[vii] At the same time, interest rates increased sharply in 2022 and have remained high.[viii] The combination of high prices and high interest rates means buyers need higher incomes to afford homes, making homeownership less attainable for households with modest incomes. Nationally, Harvard's Joint Center for Housing Studies reports that in the first quarter of 2024, only 6.6 million renter households (less than 15 percent) had sufficient income to afford the average-priced US home,[ix] and the National Association of Realtor's Housing Affordability Index remains near all-time lows.[x]

These national challenges are consistent with the climate for potential new homebuyers in Illinois. Illinois Realtors' affordability index shows a decline in homebuying affordability throughout Illinois since 2012 with affordability levels near all-time lows in 2024.[xi] These affordability challenges are exacerbated by historically low levels of for-sale inventories and a highly competitive home-buying market. In Chicago, single-family house prices have increased by over 42 percent since the start of the pandemic (March 2020) with the most rapid increases happening in the city's communities of color.[xii] While significant house price gains helped bolster home equity for existing homeowners in communities of color, they also reduced options for prospective modest-income homebuyers hoping to buy a new home. Additionally, similar to national trends, IHS analyses show that the average homebuyer income in Chicago has increased by nearly 20 percent since 2019, suggesting that modest-income households are facing increasing difficulty when buying a home.

In order to inform conversations regarding future homebuying strategies, IHS examined indicators such as the relationship between the incomes of typical homebuyers and renters. Recent data reveals that a substantial gap exists between homebuyer and renter incomes across the city. In predominantly Black neighborhoods, the average new homebuyer's income in 2023 was $72,000 compared to just over $30,000 for the average renter household. In majority Hispanic communities, the average homebuyer income was $81,000 compared to just over $47,000 for the average renter household. While these gaps are substantial, there are also renter households with incomes at or above that of the average homebuyer in all areas. For example, in predominantly Black communities, roughly 15 percent of renters had incomes comparable to or above that of the average homebuyer, and in majority Hispanic neighborhoods, over 20 percent of renters had incomes roughly comparable to or above that of the average homebuyer.

Challenges Impacting Existing Homeowners

Existing homeowners, particularly those with lower incomes, are experiencing increasing housing affordability pressures. Nationally, the Joint Center for Housing Studies at Harvard University (JCHS) reports that between 2019 and 2023, the number of cost-burdened homeowners increased by over 3 million households.[xiii] JCHS research also highlighted that affordability pressures were particularly sharp for homeowners without a mortgage who saw their housing costs increase by 28 percent since 2019.[xiv] These increases highlight the role of rising non-mortgage costs such as property taxes, insurance, maintenance, and utilities on homeowner affordability, and raise concerns about how these increased non-mortgage housing costs may disproportionally affect older, fixed-income, lower-income homeowners.

These national challenges are consistent with trends in Illinois. Statewide since 2019, the share of owner households that are cost-burdened has grown, with the largest increases for households earning less than $75,000 annually. Some of the sharpest increases in owner cost burden have been for lower-income households earning less than $35,000, many of whom are older adults on fixed incomes. Since 2012, statewide and in Cook County, cost-burden levels for lower-income homeowners have increased while cost-burden levels for higher-income households have declined. This trend is partially caused by the growing share of homeowners who are older and likely living on lower and fixed incomes. In Cook County, the share of homeowners over age 65 increased by 3.5 percentage points between 2012 and 2019, from 21.3 percent of homeowners to 24.8 percent of homeowners.[xv] While the older homeowner population grows, many housing costs are increasing. In Illinois and especially in Cook County, homeowners have been particularly grappling with rising property taxes. In Chicago, property taxes on residential properties increased by over 44 percent since 2012, and property taxes in many parts of suburban Cook County, in particular south suburban Cook, have seen even more dramatic recent increases.[xvi]

Challenges Impacting Renters

Renters are also facing unprecedented affordability challenges. In 2022, the number of cost-burdened and severely cost-burdened renters nationwide reached an all-time high of 22 million households.[xvii] Between 2019 and 2022, the number of severely cost-burdened renters (those who pay over 50 percent of their incomes toward rent) also hit a record hit of over 12 million households, an increase of 1.5 million since 2019. While lower-income renters have persistently high levels of cost burden, the data show that cost burden is increasingly impacting moderate-income renters. For example, between 2019 and 2022, the share of renters earning between $45,000 and $74,999 that were cost-burdened increased by 5.4 percentage points compared to pre-pandemic levels.[xviii] A key driver of increased rental affordability pressures is the loss of lower-cost rental units. Nationally between 2012 and 2022, the country lost over 6 million units with rents less than $1,000.[xix]

These national trends are consistent with what is happening in Illinois. Statewide, the number of cost-burdened and severely cost-burdened renters increased during the pandemic. Between 2019 and 2023, the share of renters that were cost-burdened increased from 45.7 percent to 46.9 percent statewide.[xx] This growing rental affordability pressure correlates with a loss of lower-cost rental housing in Illinois. Between 2012 and 2022, Illinois gained over 43,000 rental units. However, there were substantial shifts in the affordability of the state's rental stock during the same period. The state lost over 150,000 units with rents less than $1,000 and gained over 194,000 units with rents over $1,000. The largest loss was for units with rents between $600 and $799 while the most substantial gains were for units with rents between $1,400 and $1,999.[xxi] This erosion of affordability occurs in a variety of ways. In Chicago, for example, IHS research has shown that some of the loss of affordable rental supply can be attributed to the loss of generally affordable rental units found in smaller 2 to 4 units which is driven by market pressures tied to gentrification and historic disinvestment.[xxii]

Housing Market Dynamics in Different Neighborhood Market Contexts

These broad challenges facing prospective homebuyers, existing homeowners, and renters are often exacerbated by neighborhood-level market forces. In higher-cost neighborhoods, high prices indicate limited existing affordability. In gentrifying areas, outside investment and rapid increases in property values highlight potential challenges for modest-income homeowners, prospective homebuyers, and longtime residents. Worsening affordability conditions can bolster housing instability, the risk of displacement, and loss of income, racial, and ethnic diversity. Lower-cost, historically disinvested communities have lower property values, a surplus of distressed real estate, and a high concentration of vacant land, all of which encourage more speculative buying from private investors. This type of speculative activity can limit community benefits from comprehensive community development and neighborhood investment strategies and mitigate the impact of positive investment activity occurring in a community.

These existing localized market challenges can be intensified by large-scale public or private investment projects. These types of projects can further attract outside investors, exacerbate housing affordability conditions, and raise community concerns of displacement despite potential neighborhood benefits. For example, the Bloomingdale Trail in Logan Square illustrated that a large public works project can accelerate and increase existing affordability challenges.[xxiii] There are several other planned or proposed large investment projects statewide that may attract similar outside housing investment and lead to deteriorating affordability conditions, including:

- Quantum Computing Campus - South Chicago and surrounding neighborhoods, City of Chicago
- 1901 Project – West Side neighborhoods, City of Chicago
- Englewood Nature Trail – Englewood, City of Chicago
- Stellantis Plant - City of Belvedere, Boone County, Illinois
- Rivian Factory - City of Bloomington, McLean County, Illinois
- Gotion EV Battery Plant - Village of Manteno, Kankakee County, Illinois

Land Trusts as a Model for Addressing Housing Affordability Challenges for Homebuyers, Homeowners, and Communities

Background

A Community Land Trust (CLT) is a housing and community development model that creates and maintains long-term affordable housing. CLTs generally offer a form of shared-equity homeownership (SEH) in which the cost of homeownership is shared between a homebuyer and a program sponsor such as a non-profit or a limited-equity corporation.[xxiv] CLTs are a useful and comparatively cost-effective tool that complements the existing landscape of affordable housing programs by creating permanent affordability and a mechanism for wealth creation for homeowners.

In a typical Community Land Trust, the cost of housing is lowered by separating ownership of the home structure from the land underneath. The CLT, a nonprofit organization, owns the land and retains its ownership when the home is sold to a buyer and when the home is sold in subsequent transactions. This process allows the CLT to "steward" the property from one owner to the next. To ensure the home remains affordable over time, CLTs use a ground lease to limit the resale price, keeping the home affordable in perpetuity.

Community Land Trusts typically set income limits for new buyers to ensure that affordable homes are sold to low- or moderate-income households. After purchasing, CLT homeowners build wealth through the equity accumulated through mortgage payments as well as through a portion of the property's appreciation when the homeowner sells. However, to maintain the home's long-term affordability, the amount of appreciation a homeowner can capture upon sale is capped by a resale formula.[xxv] Although a CLT homeowner builds less wealth compared to traditional homeownership, this approach ensures that the home remains perpetually affordable for future buyers. This approach is distinct from many affordable housing units created through other subsidy programs, which could be lost once the subsidy expires.

While most CLTs are established to facilitate single-family homeownership, the model can also be applied to other kinds of real estate, including multifamily rental buildings and commercial properties. For rental units, CLTs typically utilize a deed restriction instead of a ground lease to ensure that rents are kept permanently affordable and that the unit is rented to low- and moderate-income households.

Community Land Trusts fill a critical gap in affordable housing programs and often require substantially lower levels of subsidy when compared to other affordable housing subsidy programs. A recent survey by Crain's Chicago Business of recent affordable housing developments in Chicago showed per-unit costs ranging from $521,000 to nearly $900,000.[xxvi] Meanwhile, local CLTs report subsidy needs ranging from $172,000 to $284,000 per unit. This variation in per-unit costs for CLTs relates to acquisition, redevelopment, and marketing costs, which can vary based on the project type, building condition, market competition, and income of the target homebuyer. For example, a moderate- or middle-income homebuyer in a higher-cost neighborhood may need additional subsidy, or a CLT may face higher redevelopment costs if a home requires significant repairs to meet safety standards. However, even more expensive CLT units are cheaper to subsidize than many units found in other affordable housing developments.

Furthermore, CLTs often provide housing types that other programs don't always offer. Task force members noted that other affordable housing programs, such as the Low-Income Housing Tax Credit (LIHTC) or municipal Affordable Requirements Ordinances (AROs), are typically designed to provide affordable rentals in large multifamily buildings. While these units are much needed, they may not be the right fit for all families in need of housing. CLT properties are often single-family homes with multiple bedrooms, making them ideal for larger families or intergenerational households that might not fit into a smaller multifamily unit. Therefore, CLTs can help fill a gap in the offerings of current affordable housing programs.

Benefits of a Land Trust Model to Increase Housing Affordability for Individual Homeowners and New Homebuyers

Community Land Trusts (CLTs) offer several benefits to potential homeowners, primarily by reducing the cost of purchasing a home. This model is especially important in high-demand areas where access to jobs, amenities, schools, and other resources make home prices out-of-reach for low- and moderate-income homebuyers. By offering homes at below-market prices, CLTs create opportunities for families who would otherwise be unable to afford to live in higher-cost communities. Additionally, CLT homeownership provides the stability of homeownership, financial relief,[xxvii] and a gateway for asset building for families with limited access to generational wealth.[xxviii]

Because they create homeownership opportunities for those who might otherwise be excluded, CLTs are a critical policy tool for closing the racial wealth and homeownership gaps. For example, the data show that Black and Latino homebuyers, who are underrepresented in national homeownership rates, make up a significantly larger share of CLT homeowners compared to the general U.S. population.[xxix] Additionally, many CLT homeowners eventually go on to purchase a home on the private market after selling their CLT property.[xxx] This evidence suggests that CLTs may serve as a stepping stone, enabling low-income and non-white families to build wealth and eventually transition to traditional homeownership.[xxxi]

Finally, Community Land Trusts provide housing stability that is not always offered by other forms of housing or traditional homeownership. Unlike renting, CLTs protect against rent increases and the risk of displacement. For homeowners, participating in a CLT may offer potential property tax relief, as CLT properties are assessed based on their resale value, excluding the land value. Additionally, as part of their stewardship role, CLTs work closely with homeowners through homebuyer education and ongoing financial monitoring. This partnership helps homeowners navigate financial challenges, potentially reducing the likelihood of foreclosure compared to homeowners who do not have this ongoing support.[xxxii]

Benefits of Land Trust Models to Preserving Community-Level Affordability

By removing the cost of land for new buyers, Community Land Trusts preserve community-level housing affordability by functioning as an anti-speculation tool in gentrifying markets and by fostering stability in historically disinvested markets. In all types of neighborhoods, CLTs can ensure that as neighborhoods improve, current residents can share in the benefits rather than being pushed out by rising costs.

In gentrifying neighborhoods, a large portion of home price increases can be attributed to the land simply becoming more valuable due to speculation, as opposed to any material changes happening to the property itself. As prices increase, the supply of lower-cost inventory shrinks, residents struggle to keep up with rising rents and property taxes and affordable homeownership opportunities for new residents are limited. However, by removing the cost of land for new buyers, CLTs can preserve housing affordability in such areas and also protect local markets against price growth driven by speculation, especially before and during the construction of catalytic projects.

In historically disinvested neighborhoods that face challenges such as deteriorating housing stock and displacement due to a lack of investment, CLTs can play a critical role in fostering community stability. By acquiring and stewarding properties, CLTs help protect long-term residents from displacement while encouraging neighborhood investment that benefits existing community members. Additionally, CLTs often partner with local organizations to provide supportive services, such as financial literacy programs and community engagement initiatives, further strengthening the social fabric of a community.

Community Land Trusts in Illinois

- Community Partners for Affordable Housing – Northern suburbs of Chicago
- Here to Stay Community Land Trust – Chicago: Hermosa, Avondale, Logan Square, and Humboldt Park neighborhoods
- Englewood Community Land Trust – Chicago: Englewood neighborhood
- Bloomington-Normal Community Land Trust – Bloomington-Normal (Bloomington, Illinois Metropolitan Statistical Area)
- Riverdale Community Land Trust – Chicago: Riverdale neighborhood
- First Community Land Trust of Chicago – Chicago: West Humboldt Park neighborhood
- Dovie Thurman Affordable Housing Trust – Chicago: Uptown neighborhood
- Turning Red Lines Green – Chicago: North Lawndale neighborhood
- Austin Community Land Trust – Chicago: Austin neighborhood
- Blacks in Green – Chicago: West Woodlawn neighborhood
- Casas del Pueblo Community Land Trust – Chicago: Albany Park neighborhood
- Chicago Street Vendors Association – Chicago: North Lawndale neighborhood
- Chicago Housing Trust – Chicago (citywide)

Recommendations from the Community Land Trust Task Force

Over the course of six meetings in 2024, members of the Community Land Trust Task Force met to discuss the role of Community Land Trusts as an affordable housing solution in Illinois, review challenges facing the CLT field, and propose opportunities for the State to increase its support of CLTs. The following section summarizes the challenges that surfaced during these conversations associated with CLT financing, inventory, achieving scale, capacity, partnerships, and public awareness and outlines a series of recommendations for policymakers to address these challenges.

Access to Funding and Challenges with Inventory

Challenges

A lack of consistent, sufficient, and flexible funding. CLTs rely on a variety of funding sources, including government grants, affordable housing subsidy programs, philanthropy, private lenders, and revenue from ongoing operations. These funds are used to support activities such as property acquisition and rehabilitation, subsidizing development costs to make homes affordable for low- and moderate-income households, and covering ongoing staffing expenses. Task Force members emphasized that while CLTs were recently able to access funds from one-time stimulus programs, such as COVID-19 relief funds, the lack of stable and sufficient funding will continue to be one of the primary barriers to scaling CLTs to meet the growing affordable housing needs of the state.

Incompatibility with existing subsidy programs. In addition to limited resources, Task Force members noted that many affordable housing subsidy programs are administratively complex, adding to the challenges of applying for funds and effectively deploying resources. Task Force members observed that many affordable housing programs, such as the Low-Income Housing Tax Credit (LIHTC) program, are engineered to subsidize large-scale rental developments. This orientation limits the programs' compatibility with CLTs, which are often oriented around homeownership, smaller-scale developments, and other housing tenures and development models that fall outside traditional concepts of community development.

Inconsistent inventory. Task Force members noted that in addition to expanded sources of funding, there was a need to identify creative ways to increase CLT inventories and scale. There are several pathways for bringing land into a CLT, with each method presenting unique challenges. CLTs can purchase properties on the private market through standard market transactions, but these purchases can be difficult depending on available financing, market competition, the ability to quickly deploy resources, and market conditions that are highly variable. Properties can be donated to a CLT by private individuals, government agencies, or private market entities such as banks and developers. For example, in 2024, two Chicago residents donated their properties to the Here to Stay CLT.[xxxiii] However, donated properties are rare and usually comprise only a small portion of CLT portfolios. Alternatively, CLTs in some jurisdictions have obtained discounted purchase prices or priority access to publicly owned land in exchange for their commitment to long-term affordability requirements. In Illinois, these arrangements occur on a case-by-case basis depending on the locality and the public agencies involved, which makes this strategy inconsistent and underutilized.

Another method for CLTs to acquire property is for a current homeowner to opt into a land trust while continuing to live in their home. In this scenario, the homeowner receives the stewardship benefits of being in a CLT, such as help with deferred maintenance or property tax relief, in exchange for limiting future home equity gains. Recently, Here to Stay CLT has been testing this approach through the Homeownership Stabilization Partnership pilot program. While a promising model, Task Force members noted that these types of programs can be very labor-intensive because they must be tailored for each property and homeowner, and the trade-offs (such as the loss of potential home equity) and benefits must be clearly defined to the homeowner before joining.

Recommendations

Create a line item in the State budget for dedicated funding to support CLTs. The legislation could resemble the proposed Illinois HB3291 2023, which would have required 1 percent of all funds from the Illinois Affordable Housing Act to support limited equity cooperative housing.[xxxiv] The legislation earmarked these funds for "cooperative homebuyer assistance, building acquisition and renovation, assistance with monthly housing charges, predevelopment funding, and technical assistance." In addition to providing designated funding, legislation should also include an enforcement mechanism for ensuring the policy is implemented. Another model piece of proposed legislation is Maryland HB1104 2023, which would have required 2.5 percent of all Community Development Block Grant (CDBG) funds to go toward CLTs.[xxxv] Minnesota's budget also funds the Community Homeownership Impact Fund, which distributes grants to CLTs and other housing practitioners.[xxxvi]

Give more State grants to CLTs for both organizational capacity-building and housing development, with spending rules tailored to the needs of CLTs. Various levels of government throughout the country have given grants to CLTs in the last decade, including New York State, which granted $3.5 million in 2017 and $8 million in 2019 to local CLTs.[xxxvii] Task Force members noted that in 2023, Illinois granted $5 million in ARPA funds to the Here to Stay Community Land Trust. However, this money had spending rules designed for larger affordable rental housing developments. These rules allowed the CLT to acquire and rehab properties but prevented them from selling properties while the grant was still active. As a result, Here to Stay was required to keep newly purchased properties empty while the rest of the money was being spent. When similar grants are given, spending rules and compliance requirements should be tailored to the practices of CLTs, which operate at a different scale and pace than other affordable housing programs. These grants should also be distributed while taking into consideration racial barriers to affordable housing, ensuring that community-led organizations in Black and Hispanic neighborhoods are not overlooked.

In addition, CLTs could be granted certain exemptions to prevailing wage requirements when receiving grants. These requirements can complicate contracting for small-scale development, and CLT properties usually have a small number of units. One example of this concept in practice is in IHDA's administration of the Neighborhood Stabilization Program, during which Davis-Bacon Act requirements only applied to projects containing eight residential units or more.[xxxviii]

Promote innovative sources of dedicated funding and property for CLTs at other levels of government. For example, a portion of developer in-lieu fees from municipal Affordable Requirements

Ordinances (ARO) or similar policies could be allocated to CLTs for the creation of affordable housing. For example, the City of Chicago's ARO mandates that some affordable units built for homeownership must be administered by the Chicago Housing Trust. Chicago's recent investment in the $3.5 million Shared Equity Investment Program is encouraging.[xxxix] However, Task Force members noted that other cities such as Baltimore[xl] and Oakland[xli] have invested significantly more money into housing trust fund allocations and programs. In addition, Illinois cities could prioritize CLT access to vacant land or public land that is no longer needed for government purposes, similar to California's Surplus Land Act.[xlii]

Leverage rising industry and catalytic projects to generate revenue for lasting affordable housing. In areas where prices could rise in response to catalytic projects and industrial growth, policies can help harness new economic growth for funding CLTs. For example, in Henrico County, Virginia, a tax on data centers funds a $60 million trust fund that provides grants to nonprofits such as the Maggie Walker Community Land Trust.[xliii] Regions with growing industries, such as the electric vehicle plant in the Bloomington-Normal area, provide a similar opportunity. Depending on the level of government, these policies could be included in TIF Redevelopment Agreements or planned development rezoning processes.

Encourage partnerships between CLTs and land banks. Land banks specialize in obtaining distressed tax-delinquent properties, cleaning up ownership and title challenges, and returning these properties to the private market. Cultivating partnerships between land banks and CLTs can help deliver land to CLTs for stewardship after acquisition. This pipeline could be assisted by State incentives and technical assistance for coordination. One kind of collaborative policy could be to give CLTs a right of first offer on land bank properties. Successful examples of partnerships between land banks and land trusts can be found in the Atlanta and Houston metro areas.[xliv] These partnerships may be ideal in communities where land banks have substantial inventories, in typically historically disinvestment neighborhoods, or in economically distressed parts of the state. As a blueprint, Grounded Solutions Network and Center for Community Progress released a resource for Land Banks and CLT partners for these collaborations, based on the partnership between the Atlanta Land Trust and Metro Atlanta Land Bank.[xlv]

Consider incorporating CLTs into local tax sale processes. CLTs could become involved or prioritized in tax sales at the local level, which could help make property acquisition easier. Directing properties with tax liens into CLTs, a policy that has been considered in New York City,[xlvi] could help remedy inequities in the tax sale process.[xlvii] However, some Task Force members noted that this method of acquisition would be better achieved through partnerships with local land banks. As noted in the previous recommendation, land banks are already commonly involved in tax sales and, thanks to their legal authority, may be better positioned to address some of the challenges associated with tax-delinquent and distressed properties than land trusts.

Efficiency and Organizational Capacity

Challenges

CLTs have complicated legal structures and can be difficult to start or expand. CLTs are non-profit organizations that require extensive start-up support and ongoing administrative costs. In one meeting, a representative from the Bloomington-Normal CLT mentioned that the process of being incorporated as a 501(c)(3), as well as setting up the non-profit's legal infrastructure, has been costly and restrictive. Task Force members also noted challenges that many nascent and smaller CLTs are likely to face as they attempt to access government grants, acquire and redevelop CLT properties, and manage CLT inventories. Other Task Force members noted the importance of CLTs being rooted in the community for building trust with and buy-in from residents.

Recommendations

Provide technical assistance support to CLTs. Dedicated resources and funding could be made available at the state level for CLT technical assistance, capacity building, and start-up costs. Administrative requirements for State funding could also be simplified. Alternatively, or additionally, a State program could be created to assist newly formed CLTs, similar to IHDA's inactive Land Bank Capacity Program and Technical Assistance Network. Funded by the National Foreclosure Settlement, the goal of the program was to empower local and regional revitalization efforts by increasing planning and land banking capacity statewide. The program helped create six land banks, which are now operating throughout Illinois. A similar program, possibly led by IHDA or an independent agency receiving State funding, could be created to promote new CLTs in areas that are not presently served by them.

Improve communication between the State government and local CLTs. Task Force members suggested that a staff person at a State agency (such as IHDA) could serve as a central point of contact for CLTs to ensure ongoing communication between CLT practitioners and the State. In addition, there are already networks for inter-CLT communication, such as the Chicagoland Owners Land Trust (COLT) Federation, which could interface with the State government. Another option is to create an ongoing State commission on CLTs, which would provide a formal space for communication and collaboration between CLT practitioners, CLT residents, and State employees.

Evaluate different approaches to CLT centralization. Consolidation of CLTs could increase efficiencies by reducing the administrative costs for smaller CLTs in the same region. For example, existing CLTs can create networks of information and assistance, or a central organization can serve as an incubator to create local CLTs in various communities. On a larger scale, a statewide CLT could provide fiscal sponsorship for newly formed local CLTs that are awaiting their 501(c)(3) designation. However, Task Force members noted that any centralization approaches need to be carefully considered, as consolidation can interfere with missions of equity and community control. This topic could be evaluated as part of previously mentioned technical assistance programs.

Outreach and Partnerships

Challenges

Limited awareness of CLT mission and structure. Recognition from lenders, individuals, and assessors is necessary for CLTs to expand into parts of the state where they aren't already established. Existing CLTs, which are mostly in the Chicago area, have built relationships with lenders and assessors and worked with IHDA to clarify their policies. However, if CLTs are to grow, either within current areas of operation or in other parts of the state, broad awareness of CLTs' mission and structure is essential.

For example, Task Force members noted that many existing CLTs have effectively built relationships with key stakeholders from State financial agencies, local government agencies, and financial institutions to build buy-in and support for CLTs. This collaboration is critical because the CLT shared ownership model is different from traditional forms of property ownership and some funding programs that help individual households afford homeownership aren't reliably compatible with Community Land Trust models. For example, until this year, some IHDA programs did not allow down payment assistance and mortgages to be applied to CLT properties, a policy that limited both the pool of potential homebuyers for CLTs and the supply of affordable properties that these homebuyers could access. While IHDA recently changed these rules to make their homeownership programs compatible with CLTs, it illustrates the potential challenges a CLT may encounter when working with other State and municipal agencies.

Task Force members also noted that CLTs are still relatively unknown to most people, which poses several challenges for CLTs and those who own CLT properties. Community members often don't know how CLTs work or are skeptical of their merits, limiting the population of homebuyers who may opt for a CLT. In addition to individual community members, a lack of familiarity with CLTs from lenders may create challenges for financing properties purchased through a CLT. Real estate attorneys or brokers unfamiliar with CLTs may actively discourage their clients from purchasing a CLT property. Finally, local tax assessors may be unfamiliar with how to assess the value of a CLT property and limit potential property tax savings. Task Force members noted that while assessors in the Chicago area are now acquainted with CLTs and their unique valuation process, this outcome required relationship-building and education. Other Illinois assessor's offices may not yet have this level of familiarity.

Recommendations

Ensure that existing and future homeownership assistance programs are aligned with the CLT ownership structure. While progress has been made at the State level thanks to IHDA's efforts, programs administered at the city and county levels may still have restrictions that prevent applicants from purchasing CLT properties.

Earmark funds for a targeted public awareness campaign. Fund or host education campaigns to demystify CLTs to individuals, banks, officials, and other stakeholders. Increasing general knowledge about CLTs could help homebuyers find lenders and help CLTs apply for grants and donations from philanthropic institutions.

Ensure statewide use of Fair Cash Value in tax assessments and adjust tax policy to ease burdens on CLTs and CLT owners. In Cook and Lake Counties, the existing legal language for tax assessments has been effective in ensuring CLT properties are assessed correctly, providing a model for other county assessors across the state. Other states, including Texas[xlviii] and California,[xlix] have issued legislation or guidance to ensure that CLTs are being assessed uniformly statewide. There are also additional tax policies that could help ease financial burdens on CLTs. For example, AB 84 in California exempts CLTs from paying taxes during the pre-development phase for properties acquired to develop affordable housing, which helps mitigate up-front holding costs.[l]

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