

HISTORICALLY BLACK NEIGHBORHOODS COMMUNITY LAND TRUST
BUDGET PROPOSAL & EXAMPLES FROM OTHER CITIES
UPDATED 7/30/2021

WHO WE ARE & OUR GOALS



Historically Black Neighborhood (HBN) residents are fighting back to protect their neighbors---not just their neighborhoods! We from the HBN Assembly are excited to submit this proposal for your review. The HBN Assembly is a recurring series of meetings and strategy sessions aimed at protecting and stabilizing Black communities against the violence of gentrification. The HBN Assembly brings Black Louisvillians together to develop policies and other strategies. We center those most vulnerable to gentrification

and are developing plans to build social housing in the city of Louisville. Low-income and fixed-income renters and homeowners have the highest risk of displacement, dispossession, and banishment as property taxes and rental rates continue to rise in our neighborhoods. Currently there are more Black households in Louisville making under \$35,000 than making over \$50,000, and there is little to no housing being built where the greatest need is nor guards against our displacement. Current residents deserve the right to remain healthy in their homes during a national pandemic and beyond, despite what changes may come to their community.

PROPOSED BUDGET ITEMS:

- Three years of operational/startup support for Historically Black Neighborhoods (HBN) CLT - \$1,711,350
- Affordable Housing Trust Fund - \$50,000,000
- Affordable Housing Preservation & Tenant Opportunity to Purchase Pilot - \$3,000,000
- Houston CLT Model Replication Pilot - \$3,000,000
- Total \$57,711,350

SCALED-DOWN BUDGET:

- Three years of operational/startup support for Indianapolis CLT - \$1,711,350
- Affordable Housing Trust Fund - \$20,000,000
- Affordable Housing Preservation & Tenant Opportunity to Purchase Pilot - \$3,000,000

- Houston CLT Model Replication Pilot - \$3,000,000
- Total \$27,711,350

HISTORICALLY BLACK NEIGHBORHOODS:

- Smoketown
- Homestead aka Little Africa (Chickasaw, Parkland and Park DuValle)
- Berrytown
- Harrod's Creek
- Petersburg / Newburg
- Old Louisville (St. James and Brownstown)
- Shawnee
- Russell
- California
- Limerick

DEFINITIONS

- Historically Black Neighborhood - an area that for many generations since the Civil War has predominantly housed Black residents, while still maintaining a significant concentration of that population.
- Gentrification - the displacement and replacement of poor and working class residents in an area for profit. This process is the result of housing market speculation---spurred by investment in market rate development---which inflates costs of living in an area beyond the affordability of current residents inevitably forcing them to leave
- Displacement - the direct or indirect expulsion or removal of poor and working class residents currently living in a gentrifying neighborhood. The communities where these residents once lived were once affordable, but as a result of housing market speculation---spurred by investment in market rate development---the costs of living in that area was significantly inflated beyond the affordability of current residents inevitably forcing them to leave

HBN CLT STARTUP/OPERATIONAL SUPPORT - \$1,711,350

Startup resources would be used to hire staff starting at the beginning of 2022 to manage the operations, community engagement and programs of a HBN-wide CLT, an independent membership governed 501c3 non-profit organization. The focuses for the first 3 years would Include:

- Establishing Organizational Infrastructure:
 - Setup 501c3, bylaws and interim board of directors and hire staff
 - The board and staff hires will be majority HBN residents
 - In the future, once the CLT has been fully established to include occupied properties, the board of directors will adapt to fit the classic CLT tripartite governance structure where the board will be composed of three parts, each containing an equal number of seats. One third of the board will be made up of HBN residents who lease land from the CLT (“leaseholder

representatives”). One third will be made up of HBN residents from the surrounding community who do not lease land from the CLT (“general representatives”). One third will be public stakeholders (i.e. social service leaders, researchers, technical experts, nonprofit leaders, business owners, etc.) who are presumed to speak for the public interest (“public representatives”).

- Establish CLT policies, resale formula and coordinate with county assessor and city legal counsel to clear legal issues and taxation of CLT properties
- Organizing and Building Membership:
 - One of our main goals is to encourage and promote a community driven and community controlled narrative on housing policies and resources. To do so, outreach and organizing efforts are key to bring community members to the decision-making table and set priorities that are in line with those who are most impacted by the housing crisis we face today, which disproportionately affects HBN residents. Those most vulnerable to displacement, dispossession and banishment due to gentrification are our primary population: Black Louisvillians making under \$35,000 annual median income. Such efforts would also contribute to the building of a larger membership base for the HBN CLT, making it possible to connect and partner with long-standing community organizers and community-led organizations that can hopefully lead and support CLT efforts within their own communities and neighborhoods. Once established the membership of the CLT will hold an annual meeting and elect the board which will govern the HBN Affordable Housing Trust Fund (described below)
- Connecting Residents to Resources and Connecting City Programs with Residents:
 - Educate and connect residents to existing resources (i.e. rent assistance, mortgage assistance, legal aid, etc.) and create opportunities and spaces for residents to provide feedback and suggestions for improvement of existing City programs. These educational efforts would also include resources and content related to CLTs.
- Conduct Pilots to Replicate Models from Other Cities
 - In tandem with organizing community membership which will provide governance for the Affordable Housing Fund, the CLT staff can conduct smaller pilots (described below) to test whether they will work for our community:

Examples from Other Cities:

- The City Council of Burlington approved a \$200,000 startup grant in 1984 for the Burlington Community Land Trust (now the Champlain Housing Trust).
- Sarasota County pledged annual operating grants of \$250,000 for the first four years to enable the Community Housing Trust of Sarasota County to build organizational capacity, develop a homeownership program, and launch its first projects.

- The city council of Washington, DC, committed \$10 million in public funds to help subsidize the first 1,000 units of resale-restricted, owner-occupied housing developed by City First Homes, a District-wide CLT that plans to eventually create 10,000 units of affordable housing.
- https://www.burlingtonassociates.com/files/5513/4463/2126/2-City-CLT_Partnership - Municipal Support for CLTs.pdf

DRAFT ANNUAL OPERATIONAL BUDGET:

STAFF	
Operations & Finance Lead	\$65,000.00
Organizing Lead	\$65,000.00
Housing Program Lead	\$65,000.00
Benefits	\$49,500.00
HBN Organizers (\$10K x 5)	\$50,000.00
Governance Service Stipends (\$1000 x 15)	\$15,000.00
Youth Service Stipend (\$1000 x 5)	\$5,000.00
Youth Internship (\$5000 x 3)	\$15,000.00
Staff Subtotal	\$329,500.00
OPERATIONS	
Office	\$48,000.00
Equipment	\$8,000.00
Meeting Food/Expenses	\$2,000.00
Supplies	\$4,000.00
Insurance	\$6,000.00
Conferences	\$3,000.00
Professional Services	\$75,000.00
Property Mgmt (In house or hired out)	\$65,000.00

Payroll & HR Services	\$6,300.00
Payroll Taxes	\$13,650.00
Travel	\$5,000.00
Miscellaneous Expenses	\$5,000.00
Operations Subtotal	\$240,950.00
ANNUAL TOTAL BUDGET	\$570,450.00

AFFORDABLE HOUSING TRUST FUND - \$20-50,000,000

The HBN Affordable Housing Trust Fund would be a major investment to fund & finance innovative ways to create and preserve affordable housing. The fund would be governed by the board of the HBN CLT and would be the resource bank that can be used to fund and leverage large-scale investment and expansion of affordable housing. Initial pilots (described below) could be undertaken to explore possible models that could be brought to scale using the trust fund with the oversight and direct community leadership brought by the HBN CLT.

Some possible uses of the funds could include:

- Preserve affordable housing by purchasing projects whose affordability period is ending and convert to affordable rentals or lease to own.
- Build new housing (rental or homeownership) with deep subsidies in partnership with the land bank and CDCs
- Provide deep subsidies to allow people who would not normally be able to afford to purchase a home from the market, converting existing market rate housing to be permanently affordable.
- Provide deep subsidies to help homeowners facing foreclosure refinance their home in exchange for putting their home in the CLT so it stays permanently affordable
- Provide credit counseling and debt relief to get people ready for home-ownership

Examples from Other Cities:

- Housing Production Trust Fund:
<https://dhcd.dc.gov/page/housing-production-trust-fund>
- Cambridge Affordable Housing Trust - adding to the city’s affordable housing stock by buying existing properties and also paying a large sum upfront to building owners so that they extend the affordability period on housing built using federal subsidies. <https://www.cambridgema.gov/cdd/housing/housingtrust>

PRESERVATION OF AFFORDABLE HOUSING & TENANT OPPORTUNITY TO PURCHASE (TOPA) PILOT - \$3,000,000

One clear opportunity to use resources wisely is to preserve existing affordable housing that is

being sold on the market and/or exiting its affordability period. Funds could be used to purchase the property or provide financing to allow tenants to collectively purchase the property and place it in the CLT to ensure it remains affordable in perpetuity.

Examples from Other Cities:

- TOPA was first enacted in Washington, DC in 1980 and is the nation's oldest and most comprehensive policy. Washington DC's TOPA applies to subsidized housing and private rental housing as well. From 2002 to 2013, DC's TOPA helped preserve close to 1,400 affordable housing units and keep thousands of long-time, low-income residents in their home. Tenants can purchase units individually, turning units into condos, or collectively if they form a tenant association and in partnership with a developer. Additionally, the District can acquire housing through the District Opportunity to Purchase Act (DOPA) to preserve affordable housing and address at-risk housing in need of serious repairs. TOPA and Washington, D.C.'s Housing Production Trust Fund have led to the creation of 4,400 limited-equity co-op units across 99 buildings. D.C. TOPA was successful in part because a funding source, the Housing Production Trust Fund, was created about 10 years after the law's enactment, and it is a major tool used to produce and preserve affordable housing in the District of Columbia.

Sources:

<https://allincities.org/node/57486/print>

<https://www.neweconomynyc.org/2020/07/shelterforce-giving-tenants-the-first-opportunity-to-purchase-their-homes/>

HOUSTON CLT MODEL REPLICATION PILOT - \$3,000,000

Starting in 2018, Houston has made major investments (\$52 million) to create funds that provide deep subsidies to allow low to moderate income people who cannot afford to buy a house purchase on the market or purchase a CLT home built in collaboration with the land bank. This model is of particular interest because it transfers housing from the market to become permanently affordable, which would allow the program to be scaled to meet the huge need to for affordable housing. For example instead of having to build 10,000 units of affordable housing you could provide the subsidy directly to qualified home-buyers allowing them to buy on the Market.

Watch 10-minute Video Explaining Their Model:

<https://youtu.be/1toR9AKWUmk?t=2214>

Model Highlights & Accomplishments

- Houston CLT partnered with Land Bank to acquire land and build houses which they sold with \$100-150k subsidy to 80% AMI or lower, average home price of about \$80K.

- Houston CLT started a city-wide program for people to buy houses on the market with \$100-150k subsidy if they agree to put the home in the CLT, average home price of about \$80K
- With this model they have been able to help residents purchase homes as low as 45% AMI and an average of 64% AMI.
- Houston CLT also connects clients with credit counseling to get them home-ready if their credit score is too low (620 minimum)
- Homeowners can pass the home to family members without the income requirements as long as they live in the home 12 months before a family member passes away.

More About Houston Clt Model:

- City plan to expand affordable housing will rely on land trust, subsidies. Houston has launched the initiative with \$16 million in local housing funds — \$5 million to the Houston Land Bank to acquire lots on which the homes will be built, nearly \$10 million to pay contractors to build them, and \$1 million in start-up costs for the land trust, which also is pursuing private fundraising.”
<https://www.houstonchronicle.com/news/houston-texas/houston/article/City-plan-to-expand-affordable-housing-will-rely-13656027.php>
- At one year, Houston's Community Land Trust charts progress, confronts questions, Good summary of Houston CLT & some technical info:
<https://kinder.rice.edu/urbanedge/2019/06/18/one-year-houstons-community-land-trust-cHarts-progress-confronts-questions>

WHO IS IN THE GREATEST NEED FOR THESE RESOURCES?

One of our short-term goals for the HBN CLT is to support those who have the greatest need in the current housing crisis. We believe some of these groups include:

- Tenants struggling to make rent and, in many cases, living in precarious conditions
- Homeowners struggling to maintain their homes or at risk of foreclosure
- Other groups who are in greatest need right now to consider:
 - Seniors who have lived in their homes and worried about the future, fixed income, issues with property taxes
 - Formerly incarcerated residents
 - Undocumented residents
 - Residents with a record of evictions, foreclosure and/or poor credit
 - Unhoused residents