

LISC

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Commercial Community Ownership  
as a Strategy for Just Development

Case Studies and Implementation Lessons

# Community ownership as a strategy for development without displacement

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Together with residents and partners, LISC forges resilient and inclusive communities of opportunity across America—great places to live, work, visit, do business and raise families.

# Since 1979

**\$29.7 Billion Invested**



**\$82 Billion Leveraged**



## 489,261 Homes

Affordable homes and apartments built and/or preserved including:

- Multifamily rental
- Supportive housing for special populations such as chronically homeless, LGBTQ, seniors and veterans
- Affordable homeownership

We also emphasize sustainability through green, healthy housing and transit oriented development.

## 81.5 Million Square Feet

Square feet of commercial, retail and community space, including:

- Early childhood centers
- Schools
- Fields/recreational spaces
- Healthcare centers
- Grocery stores
- Financial Opportunity Centers

## \$548 Million

Total Net Assets

- Net worth has increased 90% in the past 5 years
- Raised \$192 million in private revenue in 2021

## S&P 'AA-' Rating

LISC is the first CDFI to tap the general obligation bond market, with a \$100 million issuance in 2017

# Our Reach

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Locations

Atlanta, GA  
Boston, MA  
Buffalo, NY  
Charlotte, NC  
Chicago, IL  
Cincinnati, OH  
Cleveland, OH  
Denver, CO  
Detroit, MI  
Duluth, MN  
Flint, MI  
Greenville, SC  
Hartford, CT

Honolulu, HI  
Houston, TX  
Indianapolis, IN  
Jacksonville, FL  
Kalamazoo, MI  
Kansas City, MO  
Los Angeles, CA  
Louisville, KY  
Memphis, TN  
Milwaukee, WI  
Minneapolis/  
St. Paul, MN  
New York, NY

Newark, NJ  
Norfolk, VA  
Oakland, CA  
Peoria, IL  
Philadelphia, PA  
Phoenix, AZ  
Providence, RI  
Richmond, VA  
San Antonio, TX  
San Diego, CA  
Seattle, WA  
Toledo, OH  
Washington, DC

**Rural Program working in  
49 states and Puerto Rico**

### 3 National Affiliates

National Equity Fund  
[www.nefinc.org](http://www.nefinc.org)

New Markets Support Company  
[www.newmarkets.org](http://www.newmarkets.org)

LISC Strategic Investments  
[www.liscstrategicinvestments.org](http://www.liscstrategicinvestments.org)

# Defining community ownership

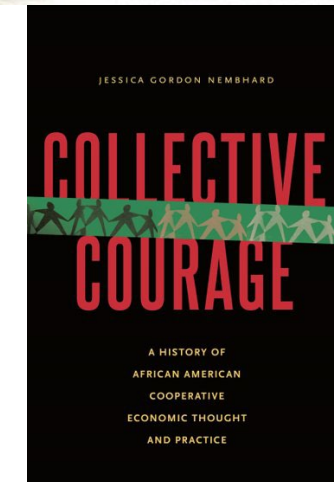
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Community ownership is more than having an equity stake in a building or receiving financial benefit from real estate development.

Community ownership means that the people most impacted by racial, economic, and environmental injustice have meaningful decision-making power over development, 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.”**

Common ground requires ongoing community planning and organizing, even if projects initially begin, as several of the case studies in this report do, with nonprofit acquisition of real estate, with plans to build tenant and community governance or ownership structures later.



# Goals and approaches

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
- Promoting community wealth building

These goals can at times be in tension with each other, so defining values and goals at the outside is critical for deciding which approach makes most sense to advance community priorities

The report focuses on community land trusts and community investment trusts as two promising models for commercial development, but there are other models for community ownership of real estate



Graphic: LISC Twin Cities

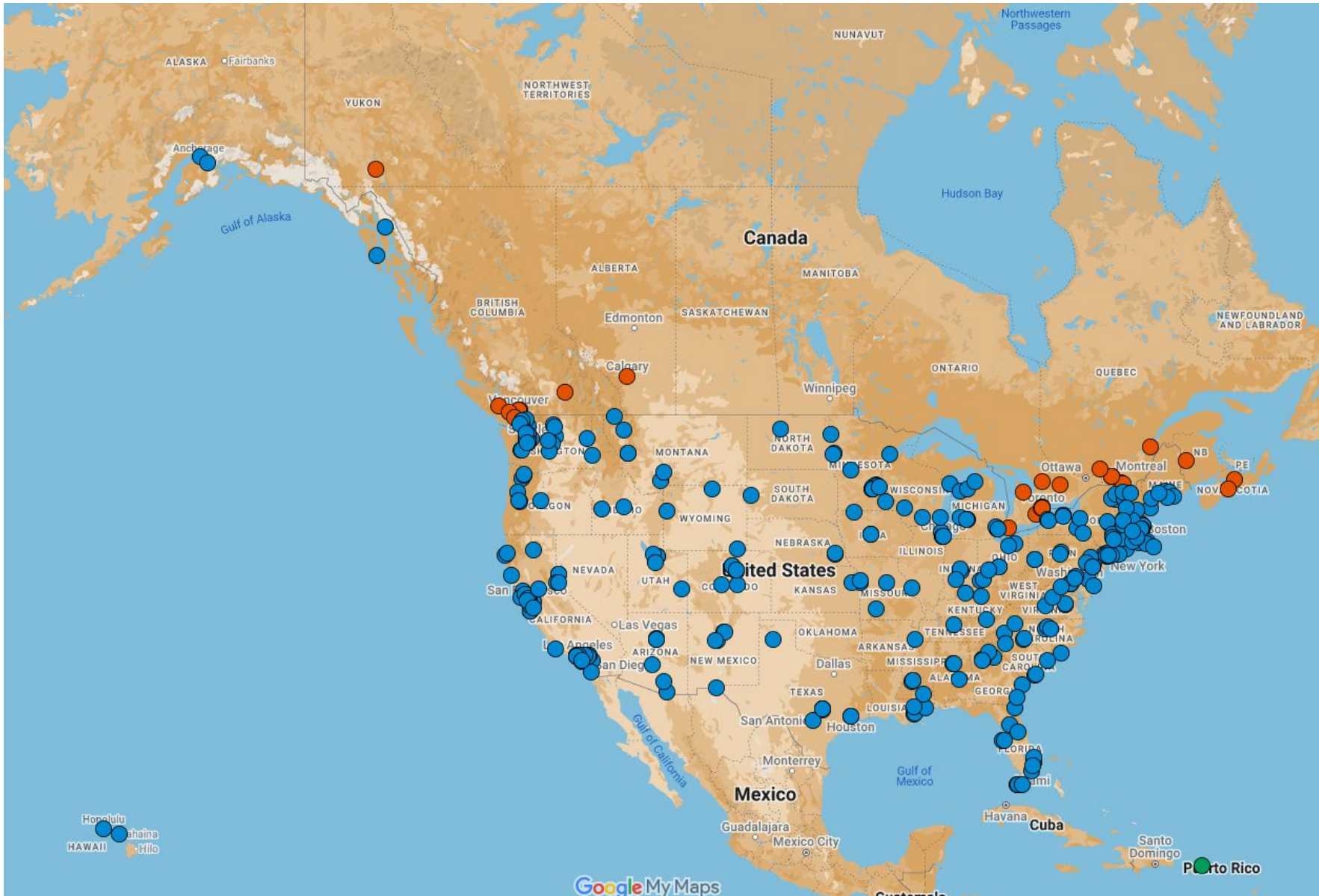
# CLT Basics

## Community Land Trusts

- Separate ownership of land and buildings
- Permanent affordability
- Democratic community governance
- Ultimately, a CLT is a way to give people power over the places that they live.



Graphic: [NYC Community Land Initiative](#)





# CLT Impacts

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- **CLTs are on the rise, with 7x as many established in the 2010s compared to the 1970s**, in response to rising housing costs and national organizing and support efforts.
- There are now **over 300 CLTs** nationwide with more than **40,000** units of housing, nearly all of which have affordability terms longer than 30 years. **Nearly half of these units are rentals**, and **just over half are another form of tenure**, including single-family shared equity homes, cooperatives, manufactured homes, and lease-purchase.
- CLT mortgages were **8x** less likely to be in foreclosure and **4x less likely** to be seriously delinquent through the worst years of the Great Recession. **CLTs are also less likely than other community-based development organizations to have negative net income, be insolvent, or experience financial disruptions.**
- On average, CLT/shared equity homes are affordable to families **at 80% AMI**, with homeowners accumulating **\$14,000 in equity**. **Nearly half of CLT homeowners are people of color, 87% are first-time homeowners, and nearly 1/3 of CLT households are headed by single-parent mothers.**
- CLTs have also successfully **commercial space, community and cultural space, and urban gardens and farms**—plus **mobilized communities** to plan and implement visions for development without displacement; **built coalitions** between unhoused people, tenants, and community development practitioners; and **won public investments** in CLTs as a tool for advancing racial and economic justice.
- **One 2011 survey found that at least 13 of 96 CLTs that responded had some commercial properties, and some have developed a significant commercial footprint.** 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. The Urban Land Conservancy in Denver, CO has developed over 650,000 square feet of affordable commercial space for community-serving organizations and businesses.

Sources: [Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations](#) & [The 2022 Census of Community Land Trusts and Shared Equity Entities in the United States](#).

# Case Studies

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**Building a neighborhood economic base from within**  
Anchorage Community Land Trust, Anchorage, AK

**Finding a path to sustainable stewardship through demonstration projects**  
Crescent City Community Land Trust, New Orleans, LA

**Cooperation among cooperatives to promote affordable ownership for BIPOC entrepreneurs**  
Partnership in Property Commercial Land Trust, Twin Cities, MN

**Collaborating to fight commercial displacement with a pathway to tenant ownership**  
Community Owned Real Estate, Los Angeles, CA

**Preserving community assets through small-scale investments and commercial stewardship**  
Community Investment Trust, Portland, OR



Photo: East Portland Community Investment Trust

# Findings

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.

- 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.



Photo: Partnership in Property CLT

# Findings

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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.

“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.”

# Findings

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In response to both disinvestment and speculation in commercial properties, groups 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.

- 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.
- 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.

“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. “

# Findings

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.
- Community ownership initiatives may also 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.

“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.”

# Findings

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.
- 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.



Photo: Partnership in Property CLT

# Findings

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**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.
- In response to the ongoing movement for racial justice and the historic 2020 uprisings, community ownership has increased attention from public officials as well as private funders. 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.

“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.”



# Recommendations

**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

***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.

**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—is critical for ensuring these models can scale. 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 ownership projects**

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. 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.

# Pima County CLT, Tucson, AZ

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Launched in 2010 in response to foreclosure crisis, with support from HUD, City of Tucson, and Pima County, Neighborhood Stabilization Program funds supported acquisition and rehab of 89 foreclosed and vacant homes

Added Property Acquisition & Development Program in 2016 to combat gentrification in urban core neighborhoods

Now stewards over 100 permanently affordable rental and homeownership properties focused on families earning 50-80% AMI

Mi Casita Program uses ARPA funds to provide ADU gap financing for low-income homeowners; other programs to support homeowners include Homeowners Assistance Fund, down payment assistance, and pre- and post-purchase counseling



# Durham CLT, Durham, NC

Founded in 1987 by residents in the West End, a historically Black neighborhood struggling with absentee landlords and decline, with a focus on preserving Black homeownership and wealth

Started as resident-led, volunteer home repair program, and then started acquiring properties through donation and purchases funded with federal pass-through dollars. Offered lease to purchase program and advocated for state property tax reform to assess CLT homes at resale-restricted value, to combat displacement of legacy homeowners

Now stewards 282 homes, including 230 rentals and 52 single-family owner-occupied homes, focusing on families earning <80% AMI

CLTplusOne program to support ADU construction on CLT land, with DCLT managing the ADU rentals on behalf of homeowners



# City of Lakes CLT, Minneapolis, MN

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Founded in 2001 to preserve affordable homeownership, and now manages a portfolio of 300 homes

Manages new construction and acquisition-rehab programs, as well as a homebuyer-initiated program, in which buyers receive pre-purchase education, down payment assistance, and post-purchase rehab assistance

Project: Sustained Legacy assists homeowners facing potential loss of housing by curing debt or rehab challenges. In exchange, the homeowner deeds the land and a share in future equity appreciation to CLCLT, and the home remains permanently affordable. The program has served 15 homeowners, mostly extremely low-income seniors with little mortgage debt, but facing tax foreclosure or cod violations



# Other notable examples

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[Guadalupe NDC](#) & City of Austin CLT program, Austin, TX – GNDC is Austin’s oldest CLT, and has mainly focused on new construction, affordable homeownership. A new City of Austin-run program has struggled to find qualified buyers since its first homes came online in 2022

[Newtown CDC & CLT](#), Tempe, AZ – Founded in 2001 and stewards 150 homeownership homes in Maricopa County; mainly as preservation-rehab that are then sold to qualified buyers

[Sawmill CLT](#), Albuquerque, NM – Emerged from environmental justice organizing and is now the largest CLT in the U.S by area; mostly master-planned, new construction, with 93 single family homes and three apartment complexes.

[West Side CLT](#), Charlotte, NC – newer effort that is focused on single family homeownership, and is also exploring an ADU component

# Resources – CLTs

## LISC Resources

- [Commercial Community Ownership as a Strategy for Just Development](#) and [Community ownership through real estate: Propelling a movement beyond a moment](#).webinar
- [Pathways to Tenant and Community Control](#) webinar
- [Real Power is in the Land: Community Land Trusts Past, Present, and Future](#)
- [New Communities and Community Land Trusts in Movements for Black Lives, Land and Liberation](#) webinar
- [Community Land Trusts & Community Development: Partners Against Displacement](#)

## Other Resources

- [Increasing Community Power and Health through Community Land Trusts: A Report from Five Movement-Driven Community Land Trusts.](#)
- [Creating Community Controlled, Deeply Affordable Housing.](#) Partners for Dignity and Rights.
- [A Guide to Transformative Land Strategies: Lessons from the Field.](#) MIT CoLab.
- [Outperforming the Market: Delinquency and Foreclosure Rates in Community Land Trusts.](#) Lincoln Institute of Land Policy
- [Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations.](#) Lincoln Institute of Land Policy
- [The 2022 Census of Community Land Trusts and Shared Equity Entities in the United States.](#) Lincoln Institute of Land Policy.

# Contact

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