

RESEARCH SCAN – Social housing, community ownership, self-governance

PURPOSE

The purpose of this research scan is to provide information on affordable housing models that seek to build community wealth and promote the local, democratic, and shared ownership and control of community assets. Specifically:

1. A guaranteed set aside for a social housing pilot pairing land trusts with rental housing
2. Tenant self-governance models
3. Renter equity programs.

Each intervention is described, and implementation models are noted below.

COMMUNITY-CONTROLLED AFFORDABLE HOUSING MODELS

1. Social Housing

Typically, social housing is permanently held by community land trusts, controlled via tenant governance boards, and no person or family would pay more than 30% of their income in rent. The mixed-income nature of the building would allow for cross-subsidy from higher-rent to lower-rent units, defraying some (but likely not all) of the cost of providing below-market units. Within the context of Chicago, Low Income Housing Tax Credit buildings that use vouchers to ensure that extremely low-income households pay no more than 30% of their income come close to that particular aspect of the model. Within the context of the U.S., similar proposals have been implemented by community-controlled housing developers who have patched together public and private funds for pre-development, construction/rehab, and operating costs to reach deep affordability (30% AMI and below) as well as rents affordable to people at higher AMIs (40%-80% AMI).

Affordable housing projects that have been able to accomplish a similar model have been successful because of:

- Leadership and government support at housing departments and public housing authorities
- Activists and community organizers who've learned the basics of development in order to make informed policy plans
- Community groups and affordable housing developers coming together to solve financial puzzles

Note that where cross-subsidy is the only form of ongoing operational subsidy, affordable set-asides have generally been limited to a minority of total units and generally do not include extremely low-income units unless paired with vouchers.

2. Community Land Trusts – Rental Housing

A Community Land Trust (CLT) is a structure that allows land to be held “in trust” for community needs, including permanent affordability of rental housing, cooperative housing, and homeownership. Typically, the CLT model has been implemented to address homeownership, through a limited-equity formula and a democratically controlled member-based governance structure. However, the focus on homeownership excludes people from accessing the wealth-building and housing stability benefits of the CLT model as it excludes people who may not qualify for a mortgage due to an inability to meet underwriting, credit-score, or income requirements.

CLTs and Rental Housing

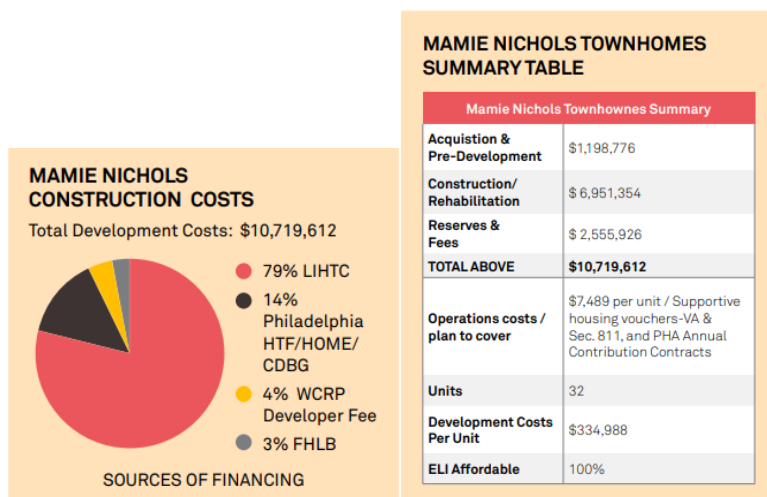
As a result, some CLTs have adapted the model to include rental housing, which has allowed CLTs to expand affordability and opportunities for community governance to low-income renters who do not qualify for mortgages but are still in need of high-quality, stable, and affordable housing. CLTs have taken different development paths to finance and manage rental properties. However, the complex financing structure of community-controlled rental housing has made this model difficult to scale.

For example, [Partners for Dignity & Rights examined pro-formas](#) from 10 CLTs who took on affordable housing projects and found that development paths are largely differentiated by whether a CLT primarily uses federal Low Income Housing Tax Credits (LIHTC) to finance rental units or a preservation strategy to use Land Banks and State & Local Housing Trust Funds to cover pre-development, acquisition, and rehab costs of rental units.

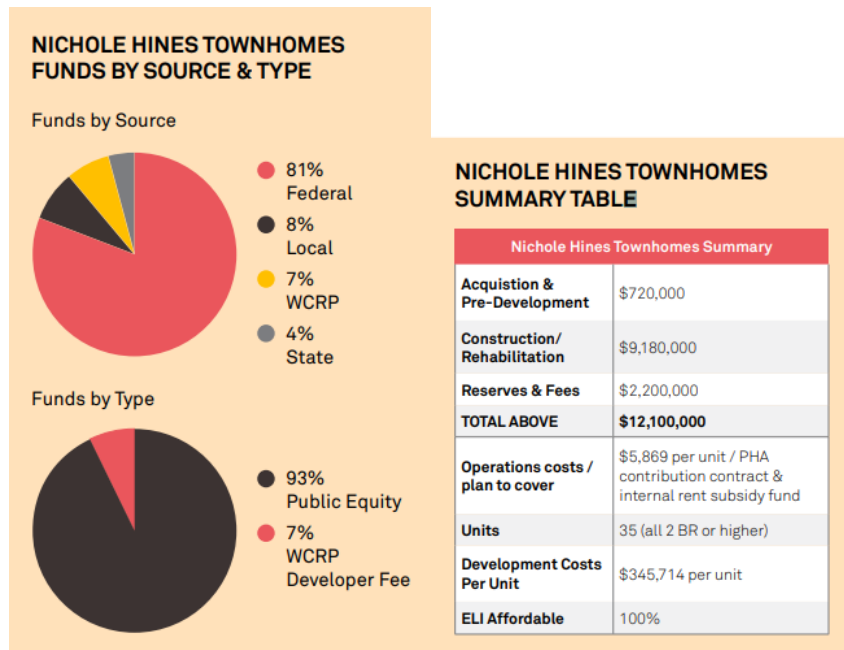
CLTs have leveraged a complex stack of private and public housing resources to develop permanently affordable, community-controlled and governed housing through the following pathways and examples:

1. CLT acts as the sole developer on a LIHTC project.

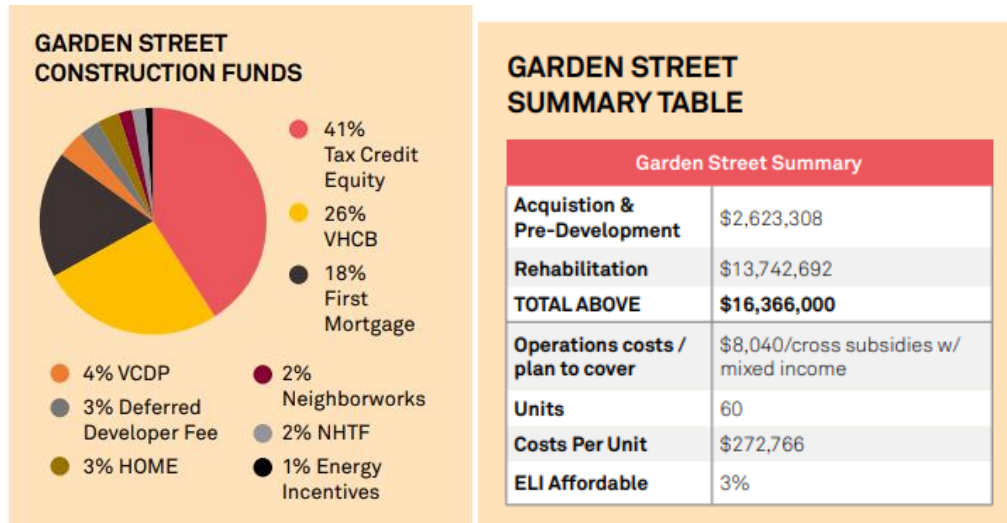
- Constructed in 2020 by the Women’s Community Revitalization Project in Philadelphia, the Mamie Nichols Townhome Project secured 9% tax credits to develop 31 townhomes all at 30% AMI, with an equal number of one, two, and three-bedroom units. The parcels of land were donated by Philadelphia.



- Constructed in 2020 by the Women’s Community Revitalization Project in Philadelphia, the Nichole Hines Townhome Project secured 9% tax credits to develop 31 town home units, all 2 bedrooms or more. When LIHTC affordability restricted expires, the townhomes will be eligible for sale to existing residents and remain permanently affordable through the Community Justice Land Trust.



- **CLT and developer form a partnership or joint venture on a LIHTC project**
 - A CLT will partner with a trust local developer in order to learn the development process.
- **Private developer uses LIHTC and agrees to permanent affordability through agreement to sell building to the CLT.**
 - A private development company agreed to develop Garden Street Apartments a 60-unit LIHTC new construction project in Vermont with an agreement to sell the building to the Champlain Housing Trust and Housing Trust to remain permanently affordable.



- **CLT will forgo tax credits and choose to start small**
 - If a CLT decides to not utilize tax credits for rental development, their funding options will look similar to the funds used for home ownership development and they may acquire smaller building or scattered site single-and multi-family homes.

TENANT SELF-GOVERNANCE MODELS

Neighborhood, condominium, and homeowner associations tend to cater to residents who are homeowners and unit owners, rather than renters. Renters have organized tenant associations/councils or created other community-controlled models such as tenant management organizations or tenant-controlled mutual housing associations to broaden the influence and power of renters to govern and control their housing.

HUD Programs and Resident Councils

The Biden-Harris Administration released a [White House Blueprint for a Renter Bill of Rights](#), which articulates that tenants in HUD programs have *recognized rights to organize*. The tenants of multi-family HUD-assisted housing and public housing projects have the right to establish and operate a tenant organization for the purpose of creating a positive living environment and addressing issues related to their living environment.

HUD has published a [Multifamily Brochure on Resident Rights and Responsibilities](#) and a [Public Housing Resident Organization and Participation Toolkit](#) for residents, which provides guidance on formally organizing and running a resident council: sample documents to help formally establish and run the resident council; tools for effective use of tenant participation funds; and a [case study of resident organizing and councils within Chicago public housing properties](#).

CLTs and Renter Controlled Governance Structures

CLTs managing rental housing have faced challenges taking on large rental projects early in their rental careers as they’ve had to re-think how to fit renters into the CLT governance structure. Smaller scale rental projects have allowed for neighborhood based CLTs to ease into rental management. Whereas some CLTs contract out property management, other properties governed by resident-led housing associations will take on the direct responsibilities of ensuring compliance with funding streams, managing the buildings operations, and taking on property management.

Ex. See below for a table on development and management strategies and outcomes.

Table 8: Development and Management Strategies and Outcomes

	Start Small & Do PM*		TCs & Do PM		Start Small & Contract PM		TCs & Contract PM		Mixed-Tenure	
	Need	Finances	Need	Finances	Need	Finances	Need	Finances	Need	Finances
Original CLTs	Slowly creates more units. PM creates connection with tenants.	Funding harder to find with out debt, but with out debt it can generate income. Possible to save \$ with PM.	Quickly creates more units. PM creates connection with tenants.	More stable funding, but development, compliance, and PM an issue for smaller CLTs. Long-term, no income.	Slowly creates more units. May require proactive strategies to connect with tenants.	Funding harder to find with out debt, but with out debt it can generate income. Hard to find PM.	Quickly creates more units. May require proactive strategies to connect with tenants.	More stable funding, but development & compliance an issue for smaller CLTs. Long-term, no income. Contracting PM saves \$	Slowly creates more units. May require proactive strategies to connect with tenants.	Funding harder to find with out debt. Qualified buyers harder to find.
Program CLTs	Slowly creates more units. PM creates connection with tenants.	Funding harder to find with out debt, but with out debt it can generate income. Possible to save \$ with PM.	Quickly creates more units. PM creates connection with tenants.	More stable funding. More experience with development, compliance, and PM.	Slowly creates more units. May require proactive strategies to connect with tenants.	Funding harder to find with out debt, but with out debt it can generate income. Hard to find PM.	Quickly creates more units. May require proactive strategies to connect with tenants.	More stable funding. More experience with development & compliance. Contracting PM may save \$	Slowly creates more units. May require proactive strategies to connect with tenants.	Funding harder to find with out debt. Qualified buyers harder to find.

* PM = Property Management; TC = Tax Credit

RENTER EQUITY PROGRAMS

Affordable housing developments have created programs to build assets into the provision of rental housing as a strategy to incentivize renter participation in governance activities and community-building while simultaneously building wealth for low-income renters.

[Cornerstone Renter Equity Program \(Cincinnati\)](#)

Cornerstone Renter Equity provides affordable rental housing in partnership with a renter equity program designed to build renters financial assets through a participatory property management system that allows renters the opportunity to provide input into the rules, regulations, and management of the property. Participating residents earn “equity credits” on a monthly basis for completing “renter obligations” totaling a cash value of up to \$1,600 per year. Obligations include paying rent on time every month, attending monthly tenant meetings, participating in maintaining the property or participating in

meetings to help design improvements to communal areas. In return, Cornerstone manages and capitalizes tenant equity accounts that renters can access after three years as cash. In the interim, residents can borrow against their credits similar to a home equity loan. For property owners the advantages include savings on property management and maintenance costs are attributable to higher occupancy rates, low-turnover, and residents' participation in management responsibilities associated with the program. Funding for "equity credits" comes from a variety of sources such as through a capitalized developer fee, grants, and operating reserves saved by keeping the occupancy rate high.

[Credit Builders Alliance Rent Reporting Technical Assistance Center](#)

The Rent Reporting Technical Assistance Center is designed to assist affordable housing developers to implement a rent reporting program for credit building as a strategy to enable low-income renters to establish or improve credit as a financial asset without taking on additional debt. Unlike mortgage payments, rental payments are not traditionally tracked by credit rating agencies. CBA is partnering with affordable housing providers (including public, non-profit, and for-profit owners and operators) to develop and pilot reporting rental payments to credit rating agencies.