



Preventing Tenant Displacement through Community Ownership Pathways

The Los Angeles County
Community Land Trust Partnership Program

October 2022

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Executive Summary

When the COVID-19 pandemic hit communities across the globe, Los Angeles already was grappling with a major housing and homelessness crisis. Catalyzed by the emergence of the COVID-19 pandemic, the economic crisis posed both immediate and long-term threats to the health and housing stability of low-income communities, especially people in communities of color who reside in gentrifying neighborhoods.

Activists, public agencies, community-based organizations, community land trusts (CLTs), and coalitions all came together in an unprecedented way to respond to the pandemic and protect the most vulnerable residents—including families at risk of displacement. A group of these advocates, community land trusts, mission-minded housing developers, and the County of Los Angeles seized this opportunity to conceive a new, more forward-thinking model of affordable housing preservation in the region.

In September 2020, the LA County Board of Supervisors (BOS) initiated the LA County “Chapter 8” Pilot Community Land Trust Partnership Program (referred to as the Pilot CLT Partnership Program or Pilot Program), enabling the five established CLTs that currently constitute the Los Angeles Community Land Trust Coalition (LA CLT Coalition) to acquire, rehabilitate, and preserve tax-defaulted properties for long-term affordable housing. In November 2020, this Pilot Program expanded to secure unsubsidized multifamily housing, intended to protect renters at risk of eviction and homelessness due to the economic fallout from the COVID-19 pandemic. In acquiring properties using a CLT model, the partnership aimed to assure permanent housing affordability in areas with displacement risk, as well as create avenues for effective community-based land and housing stewardship. In the long term, the CLTs intend to utilize this opportunity to establish zero- or limited-equity housing cooperatives (LEHC) at these properties to foster homeownership for low-income residents.

With an initial county investment of \$14 million, the Pilot CLT Partnership Program preserved eight multifamily properties across all five supervisorial districts with a total of 43 residential units, enabling 110 individuals to live in stabilized affordable housing. In doing so, the CLTs decided how much funding to dedicate to their efforts in each supervisorial district, as well as how to split the funding among the districts. These dollars were used to cover the full cost of all acquisitions, without debt, and to partially rehabilitate some properties. Of the occupied units, 95 percent of households are Black, Indigenous and people of color: at least 59 percent of the residents are Latinx, 24 percent are Asian, 7 percent are African American, 5 percent are Caucasian, and 5 percent indicated “other.”

Liberty Hill Foundation, with support from the California Endowment, commissioned this independent report to examine how the Los Angeles Community Land Trust Coalition and other partners came together to co-design and implement this \$14 million acquisition and rehabilitation program with the County of Los Angeles.

Led by a committee, the analysis of the Pilot Program began with informational meetings with the county and project partners, a collection and review of various program materials, such as project proformas, grant agreements, notes, and reports developed by the program participants. Through a participatory research phase, the residents and partners under the Pilot Program were asked to further examine their experiences, impacts, and lessons learned. This was facilitated through interviews, a focus group, as well as other informational meetings and workshops. During these meetings, partners analyzed the findings, and then provided additional clarification and feedback to drafts of the report. This cyclical process of feedback and data analysis provided the basis for the findings and recommendations outlined in this report.

Key insights that emerged include the following:

- The Pilot CLT Partnership Program offers a cost-effective strategy that, if scaled, could proactively protect working-class Angelenos from falling into homelessness.
- Residents living in the homes acquired through the Pilot CLT Partnership Program expressed a resounding amount of relief with the new owners and CLT model; they want public agencies to create a chain of supports (*cadena de apoyo*) to control rent prices and support organizations helping low-income people reach ownership.
- Original programmatic requirements inhibited the CLT and CDC (community development corporation) partners from achieving their own underlying racial equity goals and limited the county's ability to further its own commitment to racial equity.
- The average total development costs (TDCs) for the Pilot CLT Partnership Program averaged \$327,523 per unit—47 percent less than the cost of new construction projects in the county, and 39 percent less than the cost of acquisition-rehabilitation projects financed by Low-Income Housing Tax Credits (LIHTC).
- Projected annual operating expenses of Pilot Program properties meet the Los Angeles County Development Authority (LACDA) Notice of Funding Availability's (NOFA) minimum underwriting threshold.
- The permanent county single-source subsidy structure for acquisition costs is one of the key strengths of the Pilot CLT Partnership Program. It allowed the partners to acquire properties quickly, reach deeper affordability levels, and create affordable homeownership pathways.
- The CLTs successfully acquired the properties in a rapidly changing, hot market due to the flexible funding and nimble capital availability provided by the combined public and philanthropic investment.

- The Pilot CLT Partnership Program increased much-needed capacity in the field for the acquisition, rehab, and operations of small-scale multifamily housing—accelerated by philanthropic investment, by the unique level of collaboration between the CLTs and CDCs, and contributions from technical assistance providers.
- The LA CLT's model of concurrent on-the-ground organizing, education on community ownership, and deep cultivation of community relationships with renters, property owners and mission-aligned developers could have a measurable impact at scale.

Recommendations

Our findings indicate that the Pilot Acquisition and Rehabilitation CLT Partnership Program is an important and innovative approach, and adds a necessary tool to the toolbox to respond to the housing and homelessness crisis. Each of the following recommendations is broken up into short-term and more long-term strategies, which are outlined in more detail in this report.

Short-Term Strategies

- Establish the Pilot Program as a permanent program in the city and county and expand public and private investment in the program to support future acquisition and rehabilitation of more small-scale, at-risk multifamily properties.
- Retain the single-source subsidy structure in the immediate subsequent rounds of the program and consider compatibility with other public sources of funding and partnerships with community development financial institutions (CDFIs) to achieve greater scale in the future.
- Accompany future rounds of funding with flexible, rapidly deployed predevelopment funds, similar in structure to the SPARCC recoverable grant that leveraged philanthropic investment.
- Standardize programmatic requirements, closing checklists, and guidelines for deployment of funds



Source: *Tenemos que Reclamar y Unidos Salvar la Tierra-South LA (T.R.U.S.T. South LA)*

without slowing down escrow timelines, and provide proof of available funding to back up purchase offers as early as possible.

- Consider formally establishing the program as a housing reparations plan for communities impacted by historic redlining and racially targeted policies to advance racial justice and a post-pandemic just recovery in the county. Redesign tenant selection criteria and other regulatory and statutory program requirements to align with the racial equity tool and self-determination and ownership models of CLTs.
- Expand the pool of acquisition opportunities, and identify at-risk properties by leveraging existing relationships, tools, and aligned work.
- Establish a bench of legal counsel, real estate professionals, and technical assistance providers with specific expertise in community ownership and CLTs to help streamline and manage the acquisition process.
- Increase and sustain philanthropic and public investment in CLTs and other bottom-up approaches seeking to decommodify housing in the near-term to help support future LEHC conversion and to scale their efforts to eliminate housing discrimination policies and practices.

Long-Term Strategies

- Explore opportunities for combining acquired properties to reach greater economies of scale over time and leverage other preservation mechanisms to ensure affordability in perpetuity.
- Prioritize very low-interest and long-term government loans with streamlined criteria as the program matures and capital stacks need to grow beyond a single-source of subsidy.
- Establish supportive policy and other adjacent county-sponsored programs to accompany the CLT Partnership Program.
- Develop future financial tools to fund the cost of major capital improvements.

Introduction

Community Land Trusts (CLTs) are community-based nonprofit organizations that steward land in perpetuity for community needs, outside of market pressures. Land stewarded by a CLT is used for community purposes, primarily housing, but can include other agricultural, economic, and community development uses. Historically, CLTs are most well-known for empowering lower-income people and expanding community control of land. More and more, CLTs are recognized as an economically efficient means of providing permanently affordable housing.^{1,2} CLTs have proven to be an effective pathway to homeownership for families who would not otherwise be able to own their own home. At their core, CLTs implement anti-displacement strategies to remove properties from the speculative market for community benefit, and advance the decommodification of housing through bottom-up control by residents and creating alternatives to real estate speculation.

CLTs grew out of the Civil Rights Movement in the 1960s, centering community control of land for Black communities in the rural South. CLT origins focused on confronting redlining and white supremacy in housing policy and uplifting the right to remain in a community regardless of race. CLTs carry on this work today as part of the modern social justice movement by providing a pathway to self-determination for communities of color through increased housing stability, land control, and democratized decision-making. CLTs directly combat real estate speculation and displacement of communities by never putting the land they acquire back on the market. CLTs allow working class renters to have a seat at the table to make decisions about their own homes and neighborhoods.

CLTs can reverse racist land use policies by the way they organize neighborhood residents, center community voices, and exercise democratic governance of resources

in collaboration with tenants and community residents. Although there are instances in which this is not the case, CLTs tend to strongly prioritize the consideration of residents and caretakers in property management decisions. This practice inherently protects those who are part of the decision-making process. In many cases, particularly in which homeownership is attained, residents have control of not only their housing but also the operations and maintenance of their homes. In the joint CLT and cooperative housing model, residents hold the power to influence the social determinants of health that track with healthy and affordable housing.

A CLT is an organization that wants to help. They work to see what the tenant needs and maintain the building, not just to receive rent. They care about the tenants and their health.

Resident of a Fideicomiso Comunitario Tierra Libre property

A CLT works together with other organizations to help to continue improving our way to live. That's what I understand as a community land trust. That means money in your account will be used to do good, not just one part of the community but all the communities where there are buildings the CLT groups are managing.

Resident of an El Sereno CLT property

A community land trust is an association fighting—along with the community, with tenants, with a partnership—to bring ownership to people like us. In this case to live in harmony, to take care of each other and the interests of the community, because we're part of the community land trust.

Resident of a Beverly-Vermont CLT property

In January 2018, the County of Los Angeles received a Transformative Climate Communities (TCC) Planning

¹ [“How Community Land Trusts Can Help Address the Affordable Housing Crisis.”](#) Mironova, Oksana. Jacobin. July 06, 2019.

² [“The Problem With Community Land Trusts.”](#) Williams, Olivia. Jacobin. July 07, 2019.

Grant from the state to rectify displacement and climate change in unincorporated communities in East Los Angeles, as well as to deepen community engagement around sustainable food systems and community land trusts. With consultant support and technical assistance from the county, community organizations East Los Angeles Community Corporation (ELACC), Legacy LA, and Eastside LEADS led this initiative called *Nuestra Tierra, Nuestro Futuro: A Sustainable Community Ownership and Land Stewardship Pilot in East Los Angeles*³.

Among the final deliverables,⁴ the TCC project partners released seven policy recommendations included in a business plan in June 2019. The recommendations focused on advancing policies and programs in the county to successfully launch a CLT for the unincorporated East Los Angeles communities, and included the following:

1. Redirect existing funding toward affordable housing with **permanent affordability** via threshold criteria or preferential scoring.
2. Convey acquired, surplus, abandoned, and tax-foreclosed **properties to CLTs**.
3. Capitalize a **new fund for the acquisition and rehabilitation** of naturally occurring affordable housing (NOAH) and at-risk deed-restricted multifamily properties.
4. Establish **Right to Purchase** when housing is slated for sale, conversion, or demolition, allowing a CLT to exercise that right on the occupants' behalf.
5. Enact **inclusionary zoning**, award density bonuses, and grant regulatory concessions to steer units into a CLT's portfolio and cover a portion of the cost of stewardship.
6. Ensure the **equitable taxation** of CLT land/housing.
7. Provide legal, organizing, and technical **assistance** to CLTs.

³["Transformative Climate Communities Program Planning Grants."](#) Strategic Growth Council.

⁴["Los Angeles County Housing Initiatives."](#) Department of Regional Planning.



Source: Fideicomiso Comunitario Tierra Libre

These policy recommendations provided a basis for the strategies pursued by the LA CLT Coalition. Over the past few years, the LA CLT Coalition has advanced these strategies, including the recommendation to redirect existing funding for affordable housing with permanent affordability, and the creation of a new fund for the acquisition and rehabilitation of NOAH multifamily properties.

Liberty Hill Foundation, with support from The California Endowment, commissioned this independent report to examine how the Los Angeles Community Land Trust Coalition (LA CLT Coalition) and other partners came together to create, co-design, and implement a \$14 million acquisition and rehabilitation Pilot Program with the County of Los Angeles to help achieve their original policy goals from June 2019.

Background

As Los Angeles struggled with a major housing insecurity, homelessness, and housing crisis in the region, the COVID-19 pandemic hit communities across the globe. As of January 2020, the Greater Los Angeles area had at least 66,436 people experiencing homelessness, a 12.7 percent rise from 2019, and an additional 600,000 Angelenos were spending 90 percent of their income on rent.⁵ The 2020 Greater Los Angeles Homeless Count shows that “two-thirds of the unsheltered adults experiencing homelessness were homeless for the first time last year, and 59 percent of them cited economic hardship as the cause.”⁶ The impact of the housing crisis is not equal—African Americans make up just 8 percent of LA County’s total population, yet they constitute 34 percent of people experiencing homelessness.⁷ COVID-19 and the pandemic-induced recession exacerbated these challenges and laid bare the staggering inequities of this time.

As the COVID-19 pandemic swept through the Los Angeles area and the housing crisis continued unabated, a surge of collaborative, grassroots efforts developed to coordinate at an extraordinary level to build solutions focusing on community health and housing justice. The pandemic inextricably linked health and housing, emphasized by the “stay at home” orders, and advocates prioritized preventing a recurrence of well-capitalized private sector actors acquiring struggling properties and displacing residents, which had happened during the financial crash of 2008 and the 1980s savings and loan crisis. They shared a unifying belief: at no time should families be forced out of their homes and communities, and it is unacceptable to let anyone fall into homelessness because they can’t afford to pay rent. During the pandemic and more than ever, everyone needed and deserved a safe, stable home.

In the Los Angeles area and nationally, communities on the frontline—of COVID-19, systemic racism, and inequities writ large—were seeking autonomy over their lives and control of their livelihoods. This difficult period and urgency created the opportunity to reimagine the future of Los Angeles in ways that had not seemed possible before. It became a once-in-a-lifetime opportunity for CLTs and advocates to help create new solutions, programs, and systems of governance that could uplift collective control of land, working in collaboration with public partners. Together, they could create new efforts to empower historically underserved communities, serve the most vulnerable populations, and rectify housing instability.

In July 2020, a coalition of partners came together and established the Los Angeles Acquisition-Rehab Working Group (Acq-Rehab Working Group). Three coalition entities formed the Acq-Rehab Working Group (Figure 1): the LA CLT Coalition, the Los Angeles CDC Neighborhood Exchange (organized by Enterprise Community Partners), and the Just Recovery Committee of the Healthy LA Coalition.

Members of the Acq-Rehab Working Group include:

- **Community Land Trusts:** Beverly-Vermont Community Land Trust, Liberty Community Land Trust, El Sereno Community Land Trust, Fideicomiso Comunitario Tierra Libre, T.R.U.S.T. South LA
- **Community Development Corporations:** Brilliant Corners, Little Tokyo Service Center, Venice Community Housing, and the San Gabriel Valley Habitat for Humanity.

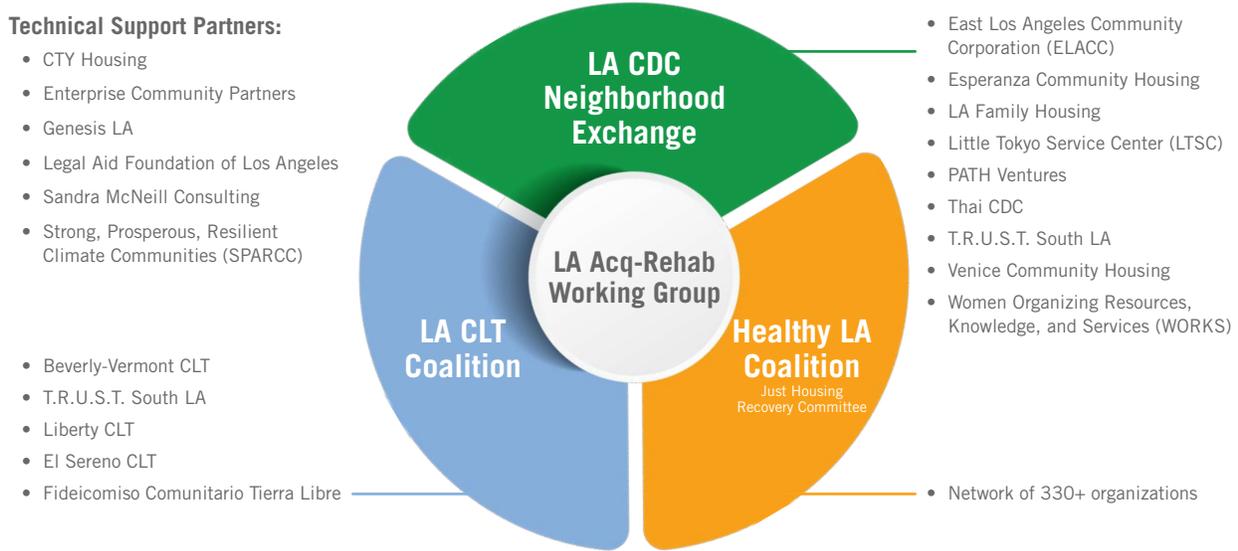
The Acq-Rehab Working Group came together to focus more specifically on acquisition-rehabilitation as a strategy to protect the most vulnerable communities, primarily Black, indigenous, people of color (BIPOC) tenants at risk of displacement and exposure to COVID-19. They aimed to create a model for acquiring multifamily properties with public funds to prevent real-

⁵ “[Homeless Count 2020](#).” Everyone In, United Way.

⁶ “[2020 Greater Los Angeles Homeless Count Results](#).” Los Angeles Homeless Services Authority, September 3, 2020.

⁷ “[Report and Recommendations of the Ad Hoc Committee on Black People Experiencing Homelessness](#).” Los Angeles Homeless Services Authority, December 2018.

Figure 1: LA Acq/Rehab Working Group



estate investors from doing so in the speculative market and fueling displacement, similar to what followed the 2009 foreclosure crisis. They sought to establish an acquisition-rehab program in the region with COVID relief or other funding to protect tenants and steward the properties as permanently affordable, with the possibility of transferring ownership of the housing to the residents.

Initial meetings of the Acq-Rehab Working Group focused on exploring potential models of partnership for this acquisition-rehab project and pairing the CLTs with technical assistance partners. The group also started developing preliminary program designs for various models, discussing roles and responsibilities, developing pro formas, and researching coronavirus relief funds as potential funding sources in the County of Los Angeles.

During this same time, which was within two months of George Floyd’s murder, Los Angeles County passed a motion articulating a commitment to fight “racism in all of its dimensions” and established the Anti-Racism, Diversity, and Inclusion Initiative (ARDI).

Following this announcement, the Acq-Rehab Working Group started working much more closely with LA County staff, building off years of partnership that

members who joined the LA CLT Coalition led with the county in different capacities and efforts. After 15 meetings over the course of several weeks, the Acq-Rehab Working Group successfully supported two LA County motions to be introduced and passed, partially fulfilling some of the original policy recommendations included in a business plan for the CLT under the *Nuestra Tierra, Nuestra Futuro: A Sustainable Community Ownership and Land Stewardship Pilot* in East Los Angeles planning grant.

On September 29, 2020, the LA County Board of Supervisors (BOS) passed a motion, authored by First District Supervisor Hilda Solis to establish the Pilot CLT Partnership Program,⁸ enabling CLTs to acquire and preserve tax-defaulted properties for long-term affordable housing. The motion called for the county to solicit partnerships with CLTs to utilize the process. Following this meeting, Supervisorial District Three requested information on the benefits of CLTs and on CLT and CDC (community development corporation) partnership models to be presented at the county’s Affordable Housing Coordinating Committee on October 1, 2020. This request showed growing interest within

⁸ [“Creating Opportunities for Building Equity: Developing a Pilot Community Land Trust Partnership Program.”](#) Los Angeles County, September 29, 2020.

the BOS for collaboration with CLTs to resolve the increasing pressure on the housing crisis from the pandemic. On October 4, 2020, LA County’s Chief Executive Office started formally convening a working group consisting of Treasurer Tax Collector (TTC), Los Angeles County Development Authority (LACDA), County Counsel, and the LA Acq-Rehab Working Group.

On November 10, 2020, the Los Angeles County Board of Supervisors voted to expand the Pilot CLT Partnership Program⁹ by allocating \$14 million for the purchase of unsubsidized multifamily properties suitable for permanently affordable housing. There was interest from the county to fund projects that had the potential for future conversion to tenant ownership. The motion directed CLTs to acquire multifamily properties currently for sale on the speculative market and for the units to be covenanted, through a restriction placed on the deed, at 30-80 percent of area-median income (AMI).

The vision was for the CLT and CDC partners to rehabilitate the properties into healthy, vibrant homes, steward them as affordable housing in perpetuity, and to engage tenants in decision-making processes,

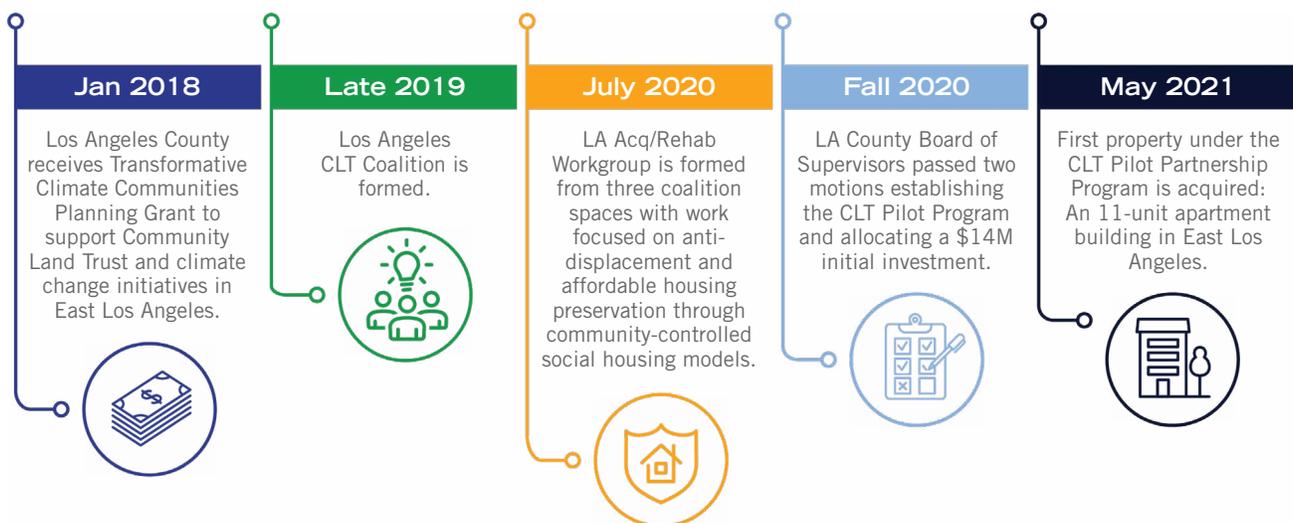
eventually providing residents the option to become owners of their homes by converting the newly acquired rental housing into zero- or limited-equity housing cooperatives (LEHCs).

Limited-equity housing cooperatives are affordable housing cooperatives legally designated to provide housing to low-income residents. The coops are collectively owned and operated by their residents (or “shareholders”) who make collective decisions about the operations of their building, with shareholders each having a vote or through a democratically elected a board of directors. Under the Pilot CLT Program, the LEHC’s would lease the land from the CLT enabling collective ownership of the property, and cap share resale prices to ensure affordability in perpetuity.

A housing cooperative is where all the tenants have an agreement and work together to manage and own a property.

Resident of a Beverly-Vermont CLT property

Figure 2: Pilot CLT Program Timeline



⁹“[Creating Opportunities for Building Equity Beyond Chapter 8 Properties: Expanding the Pilot Community Land Trust Partnership Program.](#)” Los Angeles County, November 10, 2020.

When they explained a limited equity housing cooperative, it was the first time I heard that. It's something new for us. I had never heard that a tenant can own their home. An owner is an owner and you pay rent. I have never heard that the tenant can own their home.

**Resident of a Fideicomiso Comunitario
Tierra Libre property**

The partners acquired their first property in April 2021 and by May 2022, the partners had acquired eight multifamily properties. These comprised a total of 43 residential units, resulting in 110 individuals in stabilized affordable housing. The Pilot Program helped establish greater capacity in the region for the acquisition and rehabilitation of small-scale, affordable housing, added new covenanted affordable housing stock to the region, and has expanded affordable homeownership opportunities in the county. Figure 2 provides a timeline highlighting key milestones of this process.

In this report, we present research and analysis of the LA County Pilot Community Land Trust Partnership Program. The analysis includes data from each of the eight properties, including demographic and equity-related census tract data, financial analysis of project budgets, interviews with eight residents living in the homes acquired through the Pilot CLT Partnership Program, a focus group with the CLT and CDC partners that participated in the program, two interviews with technical assistance partners, as well as comparison data from other preservation programs in the region and similar acquisition-rehab programs for small-scale multifamily properties. Quotes from the resident interviews and focus groups are included throughout the report. The report seeks to highlight short-term impacts of the program thus far, lessons learned and emerging best practices and challenges that can inform future expansion of the program in the greater Los Angeles area, and insights for replication of similar programs in other regions.

Source: Los Angeles Community Land Trust Coalition



Program Design

The Pilot CLT Partnership Program is structured to facilitate CLT ownership of land and properties, operating the units as affordable rentals, and working with residents toward eventual conversion to zero- or limited-equity housing cooperatives (LEHCs).

LACDA administered funding for the Pilot CLT Partnership Program,¹⁰ which comprised \$11 million from the county's Affordable Housing Acquisition Fund, part of the Affordable Housing Programs Budget administered by the Chief Executive Office, and \$3 million from unclaimed funds transferred by Treasury and Tax Collector to the Affordable Housing Trust Fund, held and disbursed by LACDA. The CLT and CDC partners also won a \$500,000 recoverable grant from the Strong, Prosperous, And Resilient Communities Challenge (SPARCC)¹¹ to facilitate due diligence and deposits to secure properties under contract more quickly. The SPARCC recoverable grant converted to a permanent grant for due diligence expenses in which properties were found to be unviable during escrow, up to a limit of \$25,000 per project.

Genesis LA, a local community development financial institution, Legal Aid Foundation of Los Angeles (LAFLA), Sandra McNeill Consulting, Enterprise Community Partners, and CTY Housing all contributed technical support and in-kind assistance to the county, CDCs, and CLTs during the development and implementation of the Pilot CLT Partnership Program.

Figure 3 provides an overview of the originally stated goals of the program, the program's design based on the grant agreements executed with the county, and the results of the Pilot CLT Partnership Program to date. The county grant agreements have been an iterative process drafted in collaboration among the county and the CLTs and CDCs, which partnered with LAFLA for specific legal support. The Pilot CLT

Partnership Program had a goal of acquiring at least one property in each supervisorial district. The LA CLT Coalition assigned districts to each CLT based on the communities that the respective CLTs already were serving, with some variation to meet the one-per-district expectation.

Figure 4 summarizes each property acquired through the Pilot CLT Partnership Program, including the CLT and CDC partners involved in each acquisition, the location, the total number of units and vacant units at each property, average median income levels, and acquisition time. The Displacement Vulnerability Index Score and TCAC Opportunity Areas are both included.¹²

The Pilot CLT Partnership Program was intended to protect residents most impacted by the pandemic. Given this original intention, Figure 4 also shows the category in which each property in the Pilot CLT Partnership Program falls within the [ARDI Equity Index](#), the county's initiative to ensure equitable implementation of COVID-19 relief funding. The index, developed by the CEO's Anti-Racism, Diversity And Inclusion Initiative (ARDI) in collaboration with the Coalition for Equitable American Rescue Plan (ARP) Implementation, considers numerous economic, social, environmental, and health factors to prioritize American Rescue Plan¹³ funding for communities most impacted by COVID-19.

As shown in Figure 4, all the properties acquired through the Pilot CLT Partnership Program fall into the top two ARDI Equity Index categories of highest need,

¹⁰ ["Authorizing a Funding Agreement and Wiring of Funds for the Pilot Community Land Trust Partnership Program."](#) Los Angeles County, January 5, 2021.

¹¹ ["SPARCC LA: LA CLT Coalition."](#) SPARCC, 2020.

¹² The [LACDA Displacement Vulnerability Index](#) scores parcels as moderate, high, or highest risk of displacement. The index uses property and ownership information at the parcel level, as well as demographic and economic data at the census tract level, to assess risk of residential instability. [TCAC Opportunity Areas](#): The California Tax Credit Allocation Committee produces an annual Opportunity Map with an index score for each census tract across the state indicating "highest resource," "high resource," "moderate resource" (rapidly changing), "moderate resource," "low resource," and "high segregation and poverty" areas. The goal is to identify "high opportunity areas" for affordable housing development.

¹³ ["Report on Recovering Better Than Before: Ensuring Equitable Implementation of the American Rescue Plan."](#) Los Angeles County, August 13, 2021.



Source: *Tenemos que Reclamar y Unidos Salvar la Tierra-South LA (T.R.U.S.T. South LA)*

which accounts for 75 percent of the recommended resource allocation based on community need and population size.

- Five of the Pilot CLT Partnership Program properties fall into the highest index category (40 percent of the targeted attention for ARP resources) and
- Three of the properties fall into the high index category (35 percent of the targeted attention for ARP resources).

The analysis indicates that the Pilot CLT Partnership Program does uphold the prioritization of resources to communities with the highest pandemic-related impacts and needs, as identified in the ARDI Equity Index. However, the Pilot Program notably did not receive any pandemic emergency relief funding.

Figure 3: Metrics of the LA County Pilot CLT Partnership Program

	Original Stated Goals (Board Motion)	Program Design Summary based on County Grant Agreements	Results to Date
Property	5+ properties (at least one in each supervisorial district)	N/A	Eight properties acquired across all supervisorial districts (at time of acquisition, before redistricting), 43 residential units, 110 residents (see Figure 4 for details of properties by supervisorial district)
	Purchase price: \$150,000–\$350,000/unit	N/A	Avg. acquisition price: \$232,791
	Building Class B/C (~\$50K/unit in rehab costs)	Grantee to complete rehabilitation of properties within 36 months of execution of Standard Agreement with the county.	Avg. estimated rehab costs: \$51,094/unit
	Multifamily 4–20 units	County granted minimum size exemption for acquisition of duplex (two units) property.	Avg. # of units across properties: five; Max: 11 units; Min: two units.
	Proximity to transit: 0.5 miles	N/A	All properties are within 0.5 mile from a transit stop
Tenants	Organized tenants	N/A	Tenants at two properties had been organized prior to acquisition. At other properties, the CLTs are leveraging their prior relationships and expertise in community engagement to organize tenants. Three of the sellers worked with the CLT out of an interest to ensure housing stability for their tenants.
	30–80 percent AMI	(1) Units must be occupied as primary residence by tenants earning less than 120 percent AMI (with an informal program goal of reaching an average of 60 percent AMI across units) (2) When coop conversion occurs, units shall be sold to qualified buyers who earn up to 80 percent AMI (low-income) or 120 percent AMI (moderate income).	All units avg. AMI: 49 percent
	Displacement Risk	N/A	See Figure 4
Other: Grant Terms		(1) Grantees to comply with all federal and state housing laws. (2) Properties must be maintained and operated with affordability covenants in perpetuity. (3) Grantees to income certify tenants annually. (4) Grant funds may be used for acquisition and/or rehabilitation costs. (5) Cooperative housing conversion is expected.	(1, 2, 3) Grantees have agreed to county's terms. (4) Based on an analysis of the project budgets in the County Grant Agreements, four of the eight properties projected a need to secure additional outside financing to pay for rehabilitation costs. The average County grant award per project was \$1,679,954 with a maximum award of \$2,790,250. (5) Grantees are actively planning the details for the cooperative housing conversions.
Other: LACDA Monitoring Fees		(1) CLT Review/Project Setup: One-time fee of \$2,511/property (\$20,088 for all 8 properties). (2) Rental fee: \$165/per unit, per year (\$7,095/year for all 43 units). (3) Homeownership conversion: \$2,850/property paid at time of conversion (\$22,800 for all 8 properties). (4) LACDA Administration Fee: \$560,000 total out of the \$14 million allocation	

Figure 4: Summary of Program Sites

Property	Simmons	Kenmore	W. 224th St.	Lemp	Atlantic	W 23rd St.	Bryn-hurst	Bonnie Brae
CLT	FCTL	BVCLT	Liberty CLT	BVCLT	EI Sereno CLT	TRUST South LA	Liberty CLT	TRUST South LA
CDC Partner	Little Tokyo Service Center	Brilliant Corners	Venice Community Housing	Brilliant Corners	SGV Habitat for Humanity	Habitat for Humanity LA (for rehab only)	Venice Community Housing	None
Area	Unincorporated East LA	Koreatown	Harbor Gateway	North Hollywood	Alhambra	University Park	Hyde Park	Pico Union
Supervisor District	SD 1	SD 2	SD 4	SD 3	SD 5	SD 1	SD 2	SD 1
Total # Units: 43	11	4	4	5	8	2	5	4
Average Median Income	50%	40%	50%	56%	50%	43%	50%	56%
Acquisition Time (months) ¹	4	7	3	4	3	4	2	1
Displacement Vulnerability Index Score ²	Moderate	High	N/A	Highest	High	Highest	Highest	Highest
TCAC Opportunity Areas ³	Moderate resource	High segregation and poverty	Moderate resource	Moderate resource	Moderate resource	High segregation and poverty	Low resource	High segregation and poverty
ARDI Equity Index ⁴	Highest 87.03	Highest 81.3	Highest 92.72	High 63.94	High 54.85	High 67.51	Highest 97.24	Highest 84.75

Notes: ¹Measured as the time in months between acquisition contract and escrow close date. ²[LACDA Displacement Vulnerability Index](#): The LACDA Displacement Vulnerability Index scores parcels as at moderate, high, or highest risk of displacement. The index uses property and ownership information at the parcel level, as well as demographic and economic data at the census tract level, to assess risk of residential instability. ³[TCAC Opportunity Areas](#): The California Tax Credit Allocation Committee produced an index score for each census tract across the state measured as “highest resource,” “high resource,” “moderate resource (rapidly changing),” “moderate resource,” “low resource,” and “high segregation and poverty.” The goal was to identify “high opportunity areas” for affordable housing development. ⁴[ARDI Equity Index](#): The LA County ARDI Equity Index measures census tracts at lowest, low, moderate, high, and highest needs tiers based on COVID-19 related risk, severity, and recovery needs indicators. An index score of 0 represents the lowest need, and 100 represents the highest need.

Equity Considerations

While the county did not explicitly intend the Pilot CLT Partnership Program to be a racial equity program, the Board of Supervisors conceptualized and approved the motion during a time of great reckoning concerning racial justice, demonstrated by the motion on July 21, 2020, articulating the county's commitment to fight "racism in all of its dimensions" that established ARDI initiative. Even in its earliest stages of formation, the Pilot Program intended to protect communities of color from increased housing instability when having an affordable home in Los Angeles County was, and continues to be, a tenuous prospect, yet a necessary part of one's health and economic well-being.

The COVID-19 pandemic has exacerbated Los Angeles County's housing crisis, creating even more housing insecurity and economic instability. Prior to the pandemic, upwards of 700,000 households were severely rent-burdened, meaning that those renters are paying more than 50 percent of their income on rent. The recent economic shutdowns have had significant impacts on jobs and, subsequently, renters' ability to pay for housing, especially in low-income communities of color.... Partnerships between the county and Community Land Trusts (CLTs) offer one path to creating long-term housing opportunities for low-income households.

Motion by Supervisors Hilda L. Solis and Sheila Kuehl, November 10, 2020

Consequently, this review of the Pilot Program intends to help elicit the racial equity outcomes of the Pilot CLT Partnership Program, and how program development and implementation processes may or may not have contributed to maintaining or reducing racial inequities and/or shifting policies and cultures within the county. The County of Los Angeles has been engaged in efforts to analyze and understand data

around racial inequities and promote racial justice in the region and their programs. Some of these endeavors include a partnership with the Government Alliance on Race and Equity (GARE), the *Report and Recommendations of the Ad Hoc Committee on Black People Experiencing Homelessness*¹⁴ led by the Los Angeles Homeless Services Authority, the Department of Regional Planning's Equity Indicators Tool,¹⁵ and the establishment of the Anti-racism, Diversity, And Inclusion Initiative (ARDI) in the CEO's office.

Without intentional intervention, institutions and structures will continue to perpetuate racial inequities. Government has the ability to implement policy change at multiple levels and across multiple sectors to drive larger systemic change. Routine use of a racial equity tool explicitly integrates racial equity into governmental operations.

Racial Equity Toolkit: An Opportunity to Operationalize Equity, Government Alliance on Race and Equity

GARE, a joint project of Race Forward¹⁶ and the Othering and Belonging Institute,¹⁷ provides tools and support to a national network of local and regional governments working to achieve racial equity and advance opportunities for all. GARE's Racial Equity Toolkit¹⁸ informed our analysis of how successfully the Pilot CLT Partnership Program and policy advance racial equity. Figure 5 provides an overview of the GARE Racial Equity Toolkit, which can be further customized for local implementation.

¹⁴ "[Report and Recommendations of the Ad Hoc Committee on Black People Experiencing Homelessness.](#)" Los Angeles Homeless Services Authority, December 2018.

¹⁵ [Equity Indicators Tool](#), a web-based mapping tool that displays socioeconomic, demographic and other information to identify areas that are experiencing greater degrees of challenges.

¹⁶ www.raceforward.org

¹⁷ www.belonging.berkeley.edu

¹⁸ [GARE-Racial_Equity_Toolkit.pdf \(racialequityalliance.org\)](#)

For a policy or program to be more racially equitable, this intention must be clear and prioritized at the earliest possible time in program and policy development. Each program or policy component needs to be analyzed and evaluated to develop an understanding of how to best address the deep and systemic origins of racial discrimination. Given that the CLT Partnership Program is a Pilot Program, much of this analysis is still unfolding, and the current moment presents an opportune time to implement a more formal racial equity tool for the Pilot CLT Partnership Program as it evolves.

The framework and initial analysis provided in this report is meant to support the CDC and CLT leaders, county staff and elected officials, and other LA area advocates in their efforts to dismantle structural racism in future iterations of the Pilot Program and other housing programs. The following section provides a preliminary analysis of the Pilot CLT Partnership Program through the lens of the GARE Racial Equity Toolkit, and is followed by recommendations in Figure 6

that include considerations for how to more purposefully advance racial equity in this or similar programs in the future. Throughout the rest of this report, more detailed findings and recommendations are outlined that build upon the preliminary analysis of this section.

Having a Pilot Program is a great start, but if you compare it to the history of racial inequality in LA County, it's not enough. As we learn about the limitations of this program we should strive to work collectively to ensure its permanent viability. It is essential to have programs like this to continue to construct social and racial justice programs to alleviate years of racial segregation, redlining, and disinvestment of these communities.

**Roberto García-Ceballos,
Fideicomiso Comunitario Tierra Libre**

Source: Fideicomiso Comunitario Tierra Libre



Figure 5: GARE Racial Equity Toolkit



Figure 6 presents an analysis of the Pilot CLT Partnership Program using the Racial Equity Toolkit, with further analysis on the role of power and influence in the pilot development process. Overall, the Pilot Program is broad-based and contains elements that advance racial equity.

The Pilot Program design did contain some targeted actions to advance racial equity and support communities of color in the region. For example, the stated goals of the Pilot Program identify communities of color as a priority. The county also co-developed the program with the CLTs, all of which are BIPOC-led and exist because of the racialized dynamics of disinvestment and gentrification in their communities. This deep level of collaboration between the CLTs and the county became a major strength of the program development process.

However, despite the LA CLTs focus on rectifying the financial conditions, instability, and marginalization that BIPOC communities face, the program design did not make an explicit intention to reconcile racial injustices, nor did it consider historical trauma and current structural racism experienced by people of color. The urgency and speed in establishing the program and spending down the funds due to the pandemic, or the power imbalance between the county government and CLTs likely contributed to this dynamic.

Formally acknowledging or considering the power imbalance between the county and the CLTs could have created a more balanced process from the start

and resulted in a program more rooted in the historical trauma and racial justice focus of the CLTs. Taking time to consider the impacts of redlining and other discriminatory practices, or specific factors facing the target subpopulations for generations—such as access to savings or generational wealth, or impediments to obtaining public benefits, or being hired for traditional work as an undocumented adult—could have influenced the program design and implementation in ways to advance racial equity more directly.

Further, since the program began as a Pilot Program, it lacked the necessary resources to reduce racial inequities. By imposing broad requirements that do not recognize different starting points or barriers faced by different racial or ethnic communities (see Figure 6), making adequate resources available in a meaningful way is impossible. A racially equitable approach could enable more targeted support and deeper investments to benefit specific communities of color in alignment with their increased risk of harm. The investments in communities could be proportional to the disparate impacts of each specific target community's well-being. An analysis that disaggregates the data of each community of color and includes more qualitative data would help determine the level of support each subpopulation needs, and how it could be delivered. The ARDI Racial Equity Index is an example of the county establishing a more proportionate model of investment based on the focus of that index—the impacts of COVID-19 and risk levels in the region.

Source: *Tenemos que Reclamar y Unidos Salvar la Tierra-South LA (T.R.U.S.T. South LA)*



Figure 6: GARE Racial Equity Tool—Analysis and Recommendations for the Pilot CLT Partnership Program

<p>1. Proposal</p> <p>Define the proposal and set the desired “end” conditions in the community.</p>	<p>The county made a historic investment of \$14 million to support collaboration with community land trusts to enable opportunities for community ownership and preservation of small, multifamily properties.</p> <p>Communities of color were acknowledged as a priority in the policy, yet the circumstances for each community of color were not formally named, recognized, or considered specifically during the design, as a means to assess the impact that the program could have on each community.</p>
<p>2. Data</p> <p>Use inclusive and representative data in the program or policy to prevent causing further harm.</p>	<p>Some outcome targets for the program sought to serve communities of color (property price, building class, multifamily 4–20 units, organized tenants, 30–80 percent AMI targets, displacement risk), yet others resulted in creating barriers (target to reach one property in each supervisorial district, restrictions in tenant selection process).</p>
<p>3. Community Engagement</p> <p>Establish an inclusive process that allows the community most impacted to shape the program or policy.</p>	<p>The county meaningfully engaged the CLT and CDC stakeholders from BIPOC communities, who actively led the program design and implementation of the program in partnership with county agencies.</p> <p>The county’s engagement with the CLT representatives successfully surfaced factors that have had a disproportionate impact on BIPOC communities, and identified problems with traditional affordable housing eligibility criteria that can perpetuate structural racism in implementation.</p>
<p>4. Analysis + Strategies</p> <p>Reassess the program or policy based on community engagement, and consider how to best advance racial equity.</p>	<p>The CLTs and the county identified unintended consequences with the original program design and created more flexibility with program requirements regarding applicants with an eviction or criminal history. Doing so enhanced the benefits of the program and reduced detrimental aspects that would have affected subgroups within communities of color at higher rates.</p> <p>The county has applied standard requirements regarding tenant selection to the Pilot Program (as it would to traditional rental housing programs) that limit local preference and homeownership interest options, thereby dampening the Pilot Program’s potential racial equity impact.</p>
<p>5. Implementation</p> <p>Plan for thoughtful implementation based on previous steps.</p>	<p>The program proved to be realistic and included a historic investment of \$14 million, yet as a Pilot Program, it did not provide the necessary resources to be proportional to the distinct inequitable factors facing low-income communities of color.</p> <p>More mechanisms for data collection, public reporting, engagement, tenant selection, and planning for future investment and rehabilitation needs of the properties will be necessary to ensure continued successful implementation of the program in the future.</p>
<p>6. Accountability</p> <p>Establish processes to ensure accountability, communicate, and evaluate the results.</p>	<p>Impacts of the Pilot CLT Partnership program are documented in this independent report and will be included in a report-back developed by the CEO’s office and the LACDA to the LA County Board of Supervisors.</p> <p>The completion of the Pilot Program provides an opportunity for the county to engage the ARDI initiative, the CLTs, and other program partners to develop ongoing data tracking and evaluation, communication, and partnership strategies.</p>

<p>Advancing Equity: Recommendations for Moving Forward</p>		
<p>Center the needs and leadership of communities of color first; Define more clearly the intended results of the program for target subpopulations.</p>	<p>Identify opportunities to increase community engagement with more members of specific targeted subpopulations from racial and ethnic groups.</p>	<p>Utilize data on each target subpopulation (identified in Step 1) individually, using more representative qualitative and quantitative data for each that recognize and value the historical trauma and unique cultural and socioeconomic factors in which the program can potentially enable improvements; Design specific outcomes for each subpopulation (racial and ethnic groups) in collaboration with the community members from each target subpopulation.</p>
<p>Continue this model of deep collaboration with CLTs and other community-based stakeholders to develop and shape programs and policies for this and other programs within the county.</p>	<p>Acknowledge the power imbalances between the county government and the community partners, and identify shared understandings and agreements with the partners to help ensure more equitable collaboration and input throughout the process.</p>	<p>Engage more with the CLTs and other stakeholders to determine a proportionate model of investment for future rounds of this program concentrated on the targeted populations identified and the disparate impacts of structural racism on each subpopulation.</p>

Findings

This section summarizes key insights and findings that emerged from the analysis of the Pilot CLT Partnership Program. They highlight the program’s financial feasibility, funding structures, and viability as a cost-effective strategy for acquisition and rehabilitation of smaller multifamily properties. This also includes discussion on the CLT model’s ability to resolve homelessness and housing inequities while focusing on community relationships and ownership.

Led by a committee, the analysis of the Pilot Program began with informational meetings among representatives of county agencies and project partners, a collection and review of various program materials, such as project budgets, grant agreements, purchase and sale agreements, acquisition closing statements, notes and reports developed by the program participants.

By means of a participatory research focus, the residents and partners under the Pilot Program were asked to further examine their experiences, impacts, and lessons learned. This was facilitated through interviews, a focus group, as well as other informational meetings and workshops. During these meetings, partners analyzed the findings and then provided additional clarification and feedback regarding drafts of the report. This cyclical process of feedback and data analysis served as the basis for the findings and recommendations outlined in this report.

1. The Pilot CLT Partnership Program offers a cost-effective strategy that, if scaled, could help deter the influx of Angelenos falling into homelessness.

The CLT and CDC partners ultimately acquired 43 units in eight properties, preserving affordable housing for more than 110 individuals. Until the Pilot CLT Partnership Program, preservation of small-scale, affordable housing for at-risk populations has been a

noticeable gap in the ecosystem¹⁹ of funding programs for affordable housing in the county. The families participating in the LA County Pilot CLT Program shared their housing insecurity experiences.



Source: Fideicomiso Comunitario Tierra Libre

Our previous neighborhood was very unsafe. We could not even go out to walk our dogs, sidewalks were blocked with trash and bad smells, our living space was very small. We were overcrowded and our new manager told us we had to leave to be compliant.

Resident of a T.R.U.S.T. South LA property

¹⁹ Such as temporary housing, permanent supportive housing, small-scale at-risk multifamily/naturally occurring affordable housing, public housing, tax credit affordable rental housing, workforce housing, and affordable homeownership.

I lived in a house with 17 other people to be able to afford it. We all had different work schedules, some worked late nights, arriving home at 2 a.m., often disrupting people's sleep. It was a difficult time not being able to have somewhere secure to rest after long days of work. Once there was a change in management, the new manager cited that there were too many people living there. I volunteered to leave so my sister and other family members could stay.

Resident of a T.R.U.S.T. South LA property

After experiencing housing insecurity prior to living in T.R.U.S.T.'s recently acquired property, these residents are now able to afford their housing in perpetuity, and, at a future date, will have the opportunity to own their homes. Such housing security is a critical means of providing health, safety, and homelessness prevention—a way to “plug the gap” in the homelessness and housing system. The program supported community-based organizations in acquiring rental properties and preserving the land and homes for permanent affordability.

I want the city and county to know—thank you for allowing this program to happen. It was a success in our case to have a stable and peaceful home, being able to live in this building that we've been part of for many years. We were harassed and we don't have to experience that treatment anymore. We benefited as poor people who need a lot of support. We don't know when we're going to buy a traditional home. We used to struggle to barely pay rent. We don't want to live without ownership. Thank you for the groups that worked on this program. But, I also know there are people who are homeless and need this support as well. It's important work—we benefited from this and have hope now.

Thank you.

Resident of a Beverly-Vermont CLT property

As of mid-June this year, 47.6 percent of households in the LA-Long Beach-Anaheim Metro area have reported being behind on their rent or mortgage, and anticipate an eviction or foreclosure in the next two months. This represents 62 percent of all Californians reporting housing instability, concentrated in the LA-Long Beach-Anaheim Metro area.²⁰ In 2019, while 207 people experiencing homelessness in LA County found housing each day, 227 people *fell into* homelessness.²¹ The county can make meaningful strides to reduce homelessness only if the number of people falling into homelessness is less than the number of those who find housing to resolve homelessness.

This imbalance in numbers is likely to continue unabated if “naturally occurring”²² affordable housing (NOAH)—properties that are currently unsubsidized and which do not have existing affordability covenants—remain at risk of being purchased on the private market and converted to higher-income rentals. LA County currently has 18,209 NOAH properties encompassing more than 396,000 lower-rent apartments for households earning 80 percent of AMI or lower.²³ Even as the county seeks to build more affordable housing to meet its Regional Housing Needs Assessment (RHNA) goals, inadequate preservation of existing affordable housing will lead to “leaks” in the affordable housing system, hindering the effectiveness of affordable housing production.

Policymakers and industry professionals in California have been increasing their focus on the preservation of affordable housing in recent years, a latent addition to the overarching narrative focused on production of new units. Yet mechanisms for the preservation of affordable housing—both subsidized and unsubsidized properties—have been vastly underdeveloped in Los

²⁰ [US Census Bureau Household Pulse Survey Dashboard](#). Data from March 30 to April 11, 2022.

²¹ [“2020 Greater Los Angeles Homeless Count Results.”](#) Los Angeles Homeless Services Authority, September 2020.

²² Naturally occurring is placed in quotes here because a range of policies, discriminatory actions, and investment and land use decisions have created unnatural conditions that are deemed “natural” in this term.

²³ [“Affordable Homes at Risk.”](#) California Housing Partnership, February 2022.

Angeles County as compared to other major urban centers across the country.

This analysis of the Pilot CLT Partnership program indicates that the program is an important and innovative approach in the Los Angeles region and adds a necessary tool to the toolbox to rectify the housing and homeless crisis.

2. Residents living in the homes acquired through the Pilot CLT Partnership Program expressed a resounding amount of relief with the new owners and CLT model. They want public agencies to create a chain of supports (“cadenita de apoyo”) to control rent prices and support organizations helping low-income people reach ownership.

Many of the residents interviewed said that their lives were “good” or “fine” before COVID-19. While they had employment before the pandemic, they all experienced economic insecurity and repeated challenges in paying rent and finding employment afterwards. Most attributed this to workplaces being shut down. Several of the residents previously had experienced living in overcrowded households and faced evictions if they did not leave. The interviewed residents clearly appreciated that the CLTs, the new owners, communicated with them that there were no plans for eviction with the purchase of the property. They unequivocally expressed relief with this newly found housing stability. The eight residents interviewed have lived in their homes an average of nine years, ranging from 28 years to four years, along with one recent resident having lived there for five months after moving in with another longer-term resident.

Before COVID 19, we already had problems with our owner. We were stressed but we knew if they tried to evict us, we would still fight for our right to stay, day by day. We weren't as stressed prior to the pandemic—we knew we had problems, but we attempted to remain optimistic. Now with the pandemic there is still a bit of

concern for the future, but it's a relief to know where we're going to live. It allows us to think positively. Right now, we know that we have a home. As a mother, I feel a bit afraid of the future, especially as a poor undocumented immigrant in the United States. But we aren't in danger. At the very least we know now we're housed with no issues.

Resident of a Beverly-Vermont CLT property

When you introduced yourself and let us know who you were, I felt relief. I felt I was in good hands. Too many investors are trying get rid of old tenants, then fix the apartments and bring in new tenants with a high price. When we knew you bought the property, I felt relief. I said thank you, they are not buying and kicking us out.

Resident of an El Sereno CLT Property

TRUST South LA has done a great job in explaining and answering our questions in our monthly meetings. Throughout the learning process, I always understood there is someone willing to support us in maintaining our housing and improving the quality of our housing. It is not particular to T.R.U.S.T., but cooperative living is a difficult process, particularly here in LA where housing insecurity is layered with other issues like mental health and community safety. The necessary relationship building needed among CLT residents is complicated by those issues. T.R.U.S.T. has done their best to help us navigate those difficulties and restore community.

Resident of a T.R.U.S.T. South LA property

When you bought the property with Brilliant Corners, I felt safe, secure, and it gave us a moment to breathe. When you told us the news, it felt a relief for me, my kids, and my husband. Now that we have a stable life, we can fight the day-to-day obstacles that we have outside of housing. We have a calm now that we know we don't have to fight our landlord to remain housed or be on alert.

Resident of a Beverly-Vermont CLT property

3. Original programmatic requirements inhibited the CLT and CDC partners from achieving their own underlying racial equity goals and limited the county’s ability to further its own commitment to racial equity.

Of the occupied units, 95 percent of households are Black, Indigenous and people of color; at least 59 percent of the residents are Latinx, 24 percent are Asian, 7 percent are African American, 5 percent are Caucasian, and 5 percent indicated “other.” The CLTs intended to reach more Black households in the Pilot CLT Partnership. Out of a total 43 units, only three homes are occupied by Black households. The partners identified two challenges to reaching more Black households in the program: the program requirement to identify properties in each supervisorial district, and the challenge of doing so many rapid acquisitions. A sense of urgency limited coordination with anti-displacement organizing efforts, and systematic identification of buildings that would best attain the CLTs’ own racial equity goals.

I think these competing priorities were a challenge. It felt like having one in each district was the highest priority. The amount of funds per project was also not consistent, and we were trying to get it to each of the land trusts. So, at some point, we didn't have enough money to be too picky about what sites we were selecting. So making sure there's enough resources [going to each CLT] ... there was a unique and special way that we all got a little piece of the pie, but that in itself was another thing that we needed to work out. Ultimately, the location being a top priority and then how to allocate the funds across the districts made it difficult to make different choices for the acquisitions.

Allison Riley, Venice Community Housing

Liberty CLT pursues a specific goal of preventing displacement of African American households, and the

CLT’s operational boundary is the most expansive of all the CLT groups. Due to the one-project-per-district funding requirement, Liberty CLT stepped in to fulfill that requirement when one district didn’t have a CLT to acquire a property in that area. Several other CLTs also had to stretch out of their core neighborhoods to reach the geographic target goal across the districts. The CLTs in some cases had to realign their acquisition focus to prioritize the program’s regional project distribution requirement, compromising their defined mission.



Source: Fideicomiso Comunitario Tierra Libre

Our mission was to stop speculation, gentrification, displacement of Black families in our target area, which is the Crenshaw area. Yet of the CLTs, Liberty CLT can go anywhere in LA County, and because we had to fulfill the requirement of getting a building in each district, we weren't able to focus in our target area as much

to fulfill our real mission of non-displacement and affordability in a Black community.

Kim Yergan, Liberty CLT



Source: Fideicomiso Comunitario Tierra Libre

The CDC and CLT participants also shared that during the implementation process, the program has been layered with certain provisions that may work in the context of more traditional affordable housing programs but are not a suitable match for this program. In some cases, the CLTs negotiated more functional terms with the county, and in other cases, were not able to do so.

For instance, the issue of tenant selection remains a troublesome unresolved challenge in the Pilot Program for the CLTs. The LA CLT Coalition works to stop the displacement of residents from LA's diverse cultural neighborhoods. While the county and CLTs designed the

Pilot Program to mitigate displacement risk, the county thus far requires a standardized approach to tenant selection that does not include a local preference option for currently vacant units, or units that will be vacant in the future. This prevents the CLTs from targeting families facing displacement in the neighborhoods of the Pilot Program properties to help them secure an affordable home with the land trust. Similarly, the CLTs are not permitted to establish a tenant selection process that considers the interest of a tenant in becoming a homeowner through a cooperative. This can limit the viability of conversion to ownership for the acquired buildings and prevent attainment of the overarching program goals of affordable ownership pathways in the future.

In contrast, the county originally required that during the lease-up of units, residents would be ineligible if they have a previous eviction or criminal history. Applying these types of standard practices to this program does not make room for no-fault evictions or resolve the inequitable impact of incarceration on LA's BIPOC communities. Nor does it consider that the CLTs in the Pilot CLT Partnership Program seek to provide solutions for tenants that may fall outside of the criteria for traditional affordable housing. After further discussion with the CLTs, LACDA accommodated these concerns by eliminating requirements to reject applicants with an eviction or criminal history, leaving these decisions to the CLTs. This affords the CLTs a stronger potential to achieve racial equity goals and fulfill their missions.

Stability for us means not being displaced and feeling calm that we won't be evicted. We didn't want to move again to find security—we've moved from place to place a lot within the last few years. We wanted to be together since we were living in separate homes, so stability means being together as a family.

Resident of a Beverly-Vermont CLT property

In affordable housing, we know the frustrations around

and shortcomings of first come-first, serve policies and the lottery process—CLTs should not be subject to these one-size-fits-all solutions or approaches. Ultimately, CLTs need self-determination in programs like this. We need to choose a tenant selection criterion that recognizes the history and current needs of their communities. A local community preference has the potential to protect residents at risk of displacement and to create opportunities for individuals and families to return to neighborhoods they once called home.

Caroline Calderon, Little Tokyo Service Center

Fideicomiso Comunitario Tierra Libre has been having ongoing discussion with other CLTs and affordable housing developers about the importance of incorporating local tenant preferences for lower-income households into this strategy. Studies show that NOAH properties are at risk of losing their affordability due to the ongoing flipping of buildings in East Los Angeles. Housing like the building we acquired through the LA CLT pilot program can help stabilize housing for those who are at greatest risk of displacement from their communities due to gentrification that has resulted in increased housing costs and housing cost burdens for existing residents, by using local tenant preference.

**Roberto García-Ceballos,
Fideicomiso Comunitario Tierra Libre**

A well-crafted partnership model between the county and CLTs, responding to the above concerns, enables the county to advance a strategy to atone for discriminatory housing policies that continue to drive displacement and housing insecurity. It may be necessary to establish or adapt other countywide policies to support more housing options focused on extremely marginalized groups and to provide homeownership opportunities for people of color.

4. The total development costs (TDCs) for the Pilot CLT Partnership Program averaged \$327,523 per unit—47 percent less than the cost of new construction projects in the

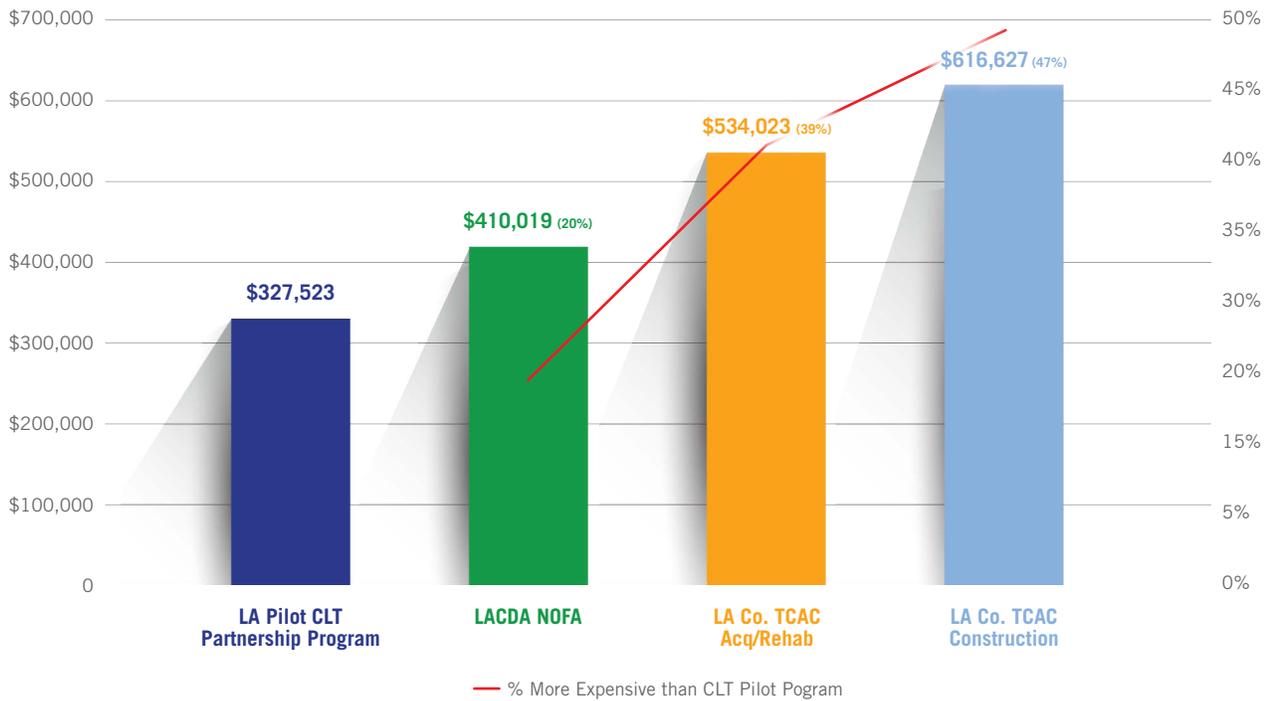
county during the same reporting period, and 39 percent less than the cost of acquisition-rehabilitation projects financed by Low-Income Housing Tax Credits (LIHTC).

The Pilot CLT Partnership Program is a promising, efficient, and cost-effective approach to adding newly covenanted affordable units compared to new affordable multifamily LIHTC construction and existing preservation programs in LA County. Figure 7 compares the CLT Pilot Program average per unit total development cost (TDC) to new construction LIHTC projects, LIHTC acquisition-rehabilitation preservation projects, and LACDA NOFA-funded preservation projects (discussed further below) across the years 2019–21.

It is important to note that low-income housing tax credit executions comprise the bulk of affordable housing preservation activity in the LA region. This is typically achieved through re-syndication of properties with existing LIHTC affordability covenants. Typically, these properties are in year 15 of a 55-year affordability covenant. The re-syndication serves to both recapitalize the property with tax credit equity that funds the cost of rehabilitation and places a new 55-year covenant. Tax credit projects are cumbersome to execute due to layering of multiple funding sources and associated regulatory requirements, often requiring up to two years or more to fully execute, and with burdensome financing, transaction, regulatory, and legal fees that compose a large percentage of the overall TDC. Generally, the LIHTC program does not work well with collective ownership models (such as LEHCs), and tax credit investors have limited incentive to invest in smaller-scale multifamily preservation projects. As such, public investment in the Pilot CLT Partnership Program presents a promising, unique, and cost-effective means of expanding existing preservation efforts in the county to include smaller-scale multifamily properties.

Los Angeles County has historically provided a capital subsidy source for acquisition-rehabilitation projects via LACDA's recurring Affordable Multifamily Rental Housing NOFA. Between 2019 and 2021, three projects comprising 278 total units received a total

Figure 7: 2019-2021 Average Total Development Cost Per Unit



Program	2019*	2020*	2021	2019–2021 Avg
LA County TCAC New Construction**	\$634,877	\$623,238	\$591,766	\$616,627
LA County TCAC Acq/Rehab Projects**	\$478,603	\$531,351	\$592,116	\$534,023
LACDA NOFA Program***	\$478,177	\$341,861	N/A	\$410,019
LA County Pilot CLT Properties****			\$327,523	\$327,523

* 2019 and 2020 Figures are adjusted for inflation to 2021 dollars using the Bureau of Labor Statistics' national CPI index for urban consumers.

** TCAC data includes 4 percent and 9 percent tax credit projects for all years.

*** In 2019 and 2020, three LACDA NOFA Preservation Awards were presented. There were no LACDA NOFA Preservation Awards in 2021.

**** Sources: Pilot CLT Partnership Program Affordable Housing Grant Agreements Exhibit C; Purchase and Sale Agreements; and closing state-ments

of \$3 million from the program. Two projects used the NOFA subsidy in conjunction with LIHTC re-syndications, and one property used the subsidy in a new LIHTC syndication. Across the three projects, the average LACDA NOFA capital award per unit was \$15,152 and the average TDC per unit was \$410,019. By comparison, the average per unit grant amount across all eight Pilot CLT Partnership Program projects was \$312,550. This figure is significantly higher than the LACDA NOFA capital award per unit for the LIHTC acquisition-rehabilitation projects due to the single-source subsidy structure of the Pilot CLT Partnership

Program. The TDC However, notably, the Pilot CLT Partnership Program averaged \$327,523 per unit, which was 20 percent less than the average cost of the acquisition-rehabilitation projects financed by LACDA's NOFA program between 2019 and 2021.

The LACDA NOFA program can function as a preservation mechanism; however, the three referenced projects were already subject to in-place affordability restrictions via either existing TCAC affordability covenants or a HUD Housing Assistance Payments (HAP) Section 8 contract (in the case of the new

syndication). In comparison, the CLT Pilot Program placed brand-new affordability covenants on previously unrestricted units, adding affordable housing stock to LA County.

Acquisition and rehabilitation of existing housing units without the use of LIHTC also is a relatively fast and cost-effective strategy compared to producing new affordable housing. It takes a matter of months to acquire and rehab, generally faces less opposition, and costs less per unit than new construction, as found in a recent study.²⁴ In addition to costing 47 percent less than new construction projects in LA County, the Pilot CLT Partnership Program's developments have timelines that are more efficient compared to those for new LIHTC construction. Across all CLT properties, the process of opening negotiations with sellers to escrow, close, and recordation of affordability covenants spanned one to seven months. On average, and depending on a project's complexity, new construction LIHTC projects require four to seven years from predevelopment to placed-in-service (the date at which a LIHTC property is considered ready for occupancy).

While acquisition-rehab of small-scale, unsubsidized multifamily properties is not a wholesale replacement for new construction, it is a necessary and viable "tool in the toolbox" for production of affordable housing units and a preventive measure for the displacement of low-income households. To illustrate this further, consider a 75-unit new construction LIHTC project that takes five years to develop and lease-up. This equates to 15 units of affordable housing produced per year. Projects in the Pilot Program had an average escrow time of approximately four months and resulted in the acquisition of 43 units. If doubled, this pace of affordable housing preservation would equate to 86 units of newly covenanted housing per year. Applying that rate of preservation to the equivalent five-year production timeline for a new 75-unit LIHTC project yields 430 preserved, newly covenanted and permanently affordable CLT units within the same time

span.

Overall, the eight CLT Pilot Program projects are less expensive on an average TDC per-unit cost than the other three traditional affordable housing development project types. Additionally, this point-in-time analysis also does not include future re-syndication costs that will apply to new affordable housing construction in the future. Given that a comparable future expense doesn't exist for the smaller-scale properties in this CLT acquisition-rehab program, this program provides a cost-effective approach to adding newly covenanted affordable units in multiple ways.

5. Projected annual operating expenses of the Pilot Program properties meet the LACDA NOFA's minimum underwriting threshold.

Annual operating expenses across the Pilot CLT Partnership Program properties average a projected \$7,248 per unit per year. LACDA's NOFA requires a minimum assumed operating expense for family units of \$6,700 per unit per year regardless of project type (i.e., new construction or acquisition-rehab). The LACDA NOFA underwriting threshold also considers costs associated with LIHTC transactions, resident services and other operating expenses that aren't applicable to the CLT properties. The CLT and CDC ownership groups are already exploring economies of scale, and as their portfolios grow, the partners will pursue strategies to achieve more operational efficiencies.

In all current Pilot Program projects, positive net cash flows are projected through year 15 of operations, although the cost of rehabilitation may change these figures. Operating budgets can be developed with projections under LEHC conversion scenarios to ensure long-term operational health of the properties; this is further discussed in Appendix 1 of this report.

6. The permanent county single-source subsidy structure for acquisition costs is one of the key strengths of the Pilot CLT Partnership Program. It allowed the partners to acquire properties quickly, reach deeper affordability

²⁴ [Preserving Affordability, Preventing Displacement: Acquisition-Rehabilitation of Unsubsidized Affordable Housing in the Bay Area.](#) Enterprise Community Partners, 2020.

levels, and create affordable homeownership pathways.

In all eight of the projects acquired in the pilot, the county's funds acted as the only source of acquisition financing. In four transactions, the county program funds were sufficient to pay for the projected rehabilitation costs as well, eliminating the need to identify and secure other sources of financing, including conventional debt, for those four properties. The other four properties utilized various financial tools to pay for rehabilitation—some used a portion of county funds to pay for rehab and sourced minimal amounts of conventional debt from CDFI partners like Genesis LA, or they sought philanthropic donations. Under these financing structures, the pilot program preserved 43 units of housing serving households with average AMIs between 40 percent and 56 percent (see Figure 7 for property-specific data).

The Pilot Program's single-source subsidy structure enabled a simplified capital stack and less need for the projects to leverage large amounts of "hard debt," which often have costly upfront transaction fees, interest reserves, fixed debt service payments, and repayment terms that limit the range of affordability and the price the buyer can pay for the property. This allows the Pilot Program properties to serve households earning lower AMIs, reaching a wider range of low-income residents in LA County with the potential to become homeowners through an LEHC.

Most preservation funding programs²⁵ currently in existence in California allow for up to 80 percent AMI income levels or higher, and require the combination of conventional debt and equity to supplement any public subsidy or below-market financial products.

The preservation and stabilization piece really hit the deeply affordable AMIs that we wanted to serve.... We're

²⁵ Such as: San Francisco Small Sites Program, San Mateo County Affordable Rental Acquisition and Preservation Program, and City of Oakland Affordable Housing Acquisition, Rehabilitation and NOAH Preservation Program

working with a population that's lived in the building for a long period of time and has been impacted by the neglect. The fact that the CLT and CDC were able to come in and rehab the building ... we're able to see the impact on people's lives already.

**Roberto García-Ceballos,
Fideicomiso Comunitario Tierra Libre**

I think the most useful thing about (a limited equity housing coop) is unity. Like a community, the community land trust has an important role, not stronger than a cooperative or a tenant association, but an important one. As a cooperative, we fight to build, and we trust the CLT's experience and resources. As tenants we're going to build the cooperative for our interest, and the community's interest, and collaboratively with the community land trust and our neighbors.

Resident of a Beverly-Vermont CLT property

7. While a challenge, the CLTs successfully acquired properties in a rapidly changing, hot market due to the flexible funding and nimble capital availability provided by the combined public and philanthropic investment.

The CLT and CDC partners attribute having access to nimble capital and a single source of funding for the acquisition as the single most important factor for them to be competitive and acquire these properties in a rapidly changing and hot market. The \$500,000 recoverable grant from SPARCC was essential to fund predevelopment costs, including deposits. The philanthropic investment filled a strategic gap for the Pilot Program that the public funds could not. Compared to other public subsidy acquisition-rehab programs, the Pilot CLT Partnership Program funding provided a flexible, single source of funding disbursed quickly, which allowed the partners to compete better on the open market and thus be more successful at acquiring target properties. In a competitive real estate market such as LA, the ability to close escrow quickly and provide proof of existing available funding

are crucial factors that can strengthen an offer of acquisition considerably.



Source: Beverly-Vermont Community Land Trust

Competing in the speculative market was challenging, and it didn't help to have to go through a lengthy compliance process with the county before getting offers out. It was difficult to get offers out with those requirements.

Kim Yergan, Liberty CLT

LACDA indicated that it needed at least 45 days upon executed purchase agreement to deploy funds and close escrow. In some cases, LACDA disbursed funding faster to meet more demanding timelines. According to CLT Partner T.R.U.S.T. South LA, sellers were generally looking for 20-day due diligence-contingency periods

while the CLT and CDC partners were typically proposing 45 days to align with LACDA's minimum timeline. Sellers often questioned the immediate availability of public funding; however, in later acquisitions LACDA supplied letters verifying funding availability and the ability to close on escrow, which gave sellers confidence that they could move forward and allowed greater flexibility in extending closing timelines when necessary.

This Pilot Program emerged from a collaboration of working groups proactively focused on preventing = displacement of low-income tenants hastened by speculative real estate investment. The market is still reflective of such conditions. However, as economic conditions change, the tools available for affordable housing preservation must likewise adapt to the conditions of the market to ensure responsible owners and operators of affordable housing are competitive during the acquisitions process.

8. The Pilot CLT Partnership Program increased much-needed capacity in the field for the acquisition, rehab, and operations of small-scale multifamily housing. This was accelerated by philanthropic investment, the unique level of collaboration between the CLTs and CDCs, and contributions from technical assistance providers.

The Pilot Program forged unique partnerships between existing CLT and CDC entities, with each half of the partnership bringing their specialized skill sets and perspectives to ensure successful project outcomes. The CLT groups brought expertise in tenant engagement, community organizing, advocacy, and relationship-building, as well as collective land governance, alternative homeownership models, and stewardship. The CDCs contributed real estate experience and authority, along with the ability to navigate escrow, conduct property due diligence, provide trusted vendors, and the ability to close on acquisition transactions. Both groups shared mission alignment in their dedication to BIPOC-led, community-driven vision and strategies, which was critical to their success. The CLTs and CDCs also set up their partnerships so that both

groups helped build the capacity of the other, from their respective areas of expertise, during the process. This allowed each organization to establish and build capacity.

The value we brought was the community organizing piece, being able to approach tense situations from a community justice point of view, to focus on building relationships. We offered more creative ideas around ownership, working together, breaking down the power dynamics that exist between landlords and tenants. The support we got from our CDC partner was expertise going through escrow: What things should we be aware of? What reports do you do during escrow as you're going into development? In our collective space, we had more power negotiating than we would have had on our own.

Faizah Barlas, Beverly-Vermont CLT

The CLTs also brought critical philanthropic investment that served as a catalyst for the program's success. Before the Pilot Program launched, the LA CLT Coalition raised substantial philanthropic grant funding to support the operations of the individual CLTs, and to support the coalition's collective capacity building. This included support that enabled the Acq-Rehab Working Group to facilitate collaboration as well as the CLT, CDC, and accorded technical support partners the capacity to advocate, plan, and develop the program alongside the county. Without this critical philanthropic investment, the CLTs would have been unable to drive the engagement with the county, create the planning tools, or absorb, organize, and institutionalize the learnings that resulted from the months of program development and implementation. The county also allowed developer fees that were instrumental in helping the CLT and CDC partners. The developer fees were split between the CLT and CDC partners, except in two cases—with T.R.U.S.T. South LA and El Sereno CLT—in which the CLT served as developer, and the CDC was a

contractor rather than a joint development partner.

The CLT and CDC partners reported hurdles early in the acquisition process but continued to work collectively, sharing information and lessons learned. They acknowledged challenges navigating the rapidly changing market conditions due to the COVID-19 pandemic and competing in the speculative market—aggravated by needing to establish and troubleshoot a functional compliance process with the county before getting offers out to sellers. Throughout the process, they also had to constantly teach partners at county agencies and within the escrow agencies about CLTs, which added complexity and time.



Source: Beverly-Vermont Community Land Trust

We knew BVCLT was interested in buying the building and preserving our housing, and talked about ownership

for us, and so as neighbors we decided to fight to ensure BVCLT would be the new owners. We found out during the spring that a deal had gone through after months of negotiations. I felt joy and was content with the process. BVCLT updated us throughout the negotiation and fought for the best—I felt them fighting for us.

Resident of a Beverly-Vermont CLT property

To get through these complexities, the partners coordinated regularly and shared their knowledge and resources with one another. When a hurdle would come up in one property, the CLTs and CDCs discussed it together as a group, strategized next steps, and then collaborated to figure it out. The partners treated the process as collective learning opportunities discussed regularly at their scheduled weekly meetings and other meetings as needed. Several members of the group met jointly with a contractor so they could all learn and/or provide their expertise. They shared vendors and contacts of entities that were able to navigate the uniqueness of the pilot with one another. This helped to increase the capacity of subcontractors in the field as well. The CLT and CDC partners identified their partnerships as a key success that eventually helped develop a small ecosystem of key actors, including escrow agencies and contractors, for the uniquely structured Pilot CLT Partnership Program.

An ongoing challenge faced by affordable housing developers is capacity within the industry. It is widely questioned if there are enough staff to effectively manage the affordable development pipeline, and sufficient expertise is being developed to help meet the current and future demand for affordable housing production. Retention of project management staff and consistent movement of employees between developers, or out of the industry altogether, indicates capacity building will continue to be an issue across all means of affordable housing work. In this regard, however small, a positive outcome of the CLT Pilot Program has been an expanded knowledge base in transactional and regulatory requirements of affordable housing

development due to intentional collaboration among CLT and CDC partner organizations.

The biggest driver of success was the camaraderie and all the things we learned from each other. We could put things together around a shared goal, and it enhanced us getting through it together, and getting through it to the end.

Zerita Jones, Liberty CLT

We moved multiple projects at once, so it allowed us to learn about variations on the same process, and to jointly troubleshoot. It was also timely to establish this model in advance of state and other local acquisition-rehab funds.

Sandra McNeill, Sandra McNeill Consulting

It's just been such a good partnership in terms of working in East LA and looking for properties together. There were a lot of complementary skills. Working with the residents—that's a key part of making sure you have a successful rehab. Fideicomiso has been really fantastic. We're going through everything together.

Debbie Chen, Little Tokyo Service Center

Contributions from the technical assistance providers also provided critical support to the program.

Sandra McNeill Consulting and Enterprise Community Partners (Enterprise) assisted in the formation of the LA Acq-Rehab Working Group beginning in June 2020. They coalesced a number of other mission-aligned partners together from their respective networks, primarily CLTs and CDCs committed to pursuing strategies to prevent speculative investment in the region and consequent displacement of low-income households.

Sandra McNeill acted as the lead facilitator of the Acq-Rehab Working Group and coordinated collective communication and negotiations with the county during



Source: *Tenemos que Reclamar y Unidos Salvar la Tierra-South LA (T.R.U.S.T. South LA)*

policy and program development, and throughout implementation. She also coordinated with capital partners, and with key advocacy partners, including the Healthy LA Coalition and ACT-LA which had secured initial philanthropic funding to staff the effort.

Acting in an intermediary role, Enterprise applied its expertise and resources in the region to identify local, mission-driven, geographically-aligned CDCs to help conceptualize the Pilot CLT Partnership Program with the CLTs, and facilitated establishment of the initial working relationships and joint-venture partnerships between the CLT and CDC partners. Close attention was paid to each organization's geographic areas of focus and value alignment. Enterprise also provided research, tool development, and program development capacity, and lent expertise in housing preservation and capital opportunities, including making the referral to the group for the SPARCC recoverable loan opportunity.

Both Enterprise and Genesis LA, a local CDFI, participated in early presentations and meetings with representatives of county agencies, giving technical support to all partners in the process of developing the pilot. In early discussions with the county, Genesis LA advised on investment and capital strategies, and later assumed the role of administrator of the \$500,000 SPARCC recoverable grant, which resulted in immediate access to capital for purchase deposits and due diligence activities.

CTY Housing developed the initial pro formas used by the partners.

The LA CLT Coalition also originally engaged the Legal Aid Foundation of Los Angeles (LAFLA) prior to the formal creation of the Pilot CLT Partnership Program. LAFLA helped establish the Memoranda of Understanding (MOUs) between each CDC/CLT partnership, and drafted model documents for

acquisition pursuits. Following the County Board of Supervisors' motion formalizing the Pilot CLT Partnership Program, LAFLA remained engaged, assisting the CLT and CDC partners in negotiating a standard Grant Agreement with the county that would work across the different ownership structures used by the CLT and CDC partners. During the acquisitions phase, LAFLA provided real estate counsel to the CLT and CDC partners as needed for a handful of the closing transactions.

The productive involvement of all technical assistance providers, and shared commitment and vision with the CLT and CDC partners and residents nurtured the spirit of the Pilot Program. This collaboration supported innovation outside the established realm of existing affordable housing preservation models (such as LIHTC acquisition-rehabilitation and acquisitions on the open market utilizing private equity funding).

9. The LA CLT's model of concurrent, on-the-ground organizing and deep cultivation of community relationships with renters, property owners and mission-aligned developers could have measurable impact at scale if supported and formally included in the program.

As described earlier in this paper, the LA CLTs emphasize a community organizing and bottom-up approach to their work in preventing displacement and advancing housing justice. This is demonstrated by their model of democratic decision-making with residents, their deep community relationships, and coordination with other advocacy and coalition groups. There are indications in the Pilot Program that this is a very promising approach that could have greater impact at scale, if it is included as a strategy in future iterations of the program. Two of the eight properties acquired included pre-existing relationships between the CLT and either the residents or property owner (Kenmore and W. 23rd St., respectively), and in two other properties, the CLT was seen as an asset to the seller (Brynhurst and Lemp), which helped them in being more competitive against other buyers.



Source: Fideicomiso Comunitario Tierra Libre

One of the Kenmore tenants had successfully fought off an illegal eviction from their landlord in 2020. Unfortunately, they had to continue living in a building with a hostile landlord, who was looking for a way to flip the property. The tenants' eviction defense attorney connected BVCLT with the tenants. During that same time, the Acq-Rehab Working Group was seeking funding from the county. We maintained a close relationship for over six months, where the tenants updated us on what was occurring at the building and with the owner, and we continued to negotiate with the owner to convince him to sell the building to us. We were ultimately victorious and the Kenmore tenants threw a block party to celebrate once escrow closed.

Faizah Barlas, Beverly-Vermont CLT

In the case of T.R.U.S.T. South LA's 1441 W. 23rd St. property acquired through the Pilot Program, the CLT had been in conversation for more than four years with the owner of the duplex, which is located in an extremely high displacement-risk neighborhood near the University of Southern California (USC) campus. The owner selected T.R.U.S.T. South LA as a buyer, and sold the property at significantly under market value, because he wanted to ensure long-term stability and future ownership for his tenants.

There have been other efforts outside of the Pilot Program that demonstrate the potential for incorporation of organizing and relationship-building as a priority component of the program design. TRUST's direct organizing of the existing residents at the future site of Rolland Curtis Gardens, a 140-unit affordable rental housing community completed in 2019, and with a nonprofit development partner wrested control of the land and existing housing from a prominent real estate investor and developer. The investor had planned to convert the property into housing for USC students, announcing plans to displace the 48 in-place low-income households. The partnership between Abode Communities, a prominent nonprofit affordable housing developer, and T.R.U.S.T. South LA resulted in the successful relocation of all existing households to move forward with construction, half of whom elected to return to live in the newly developed Rolland Curtis Gardens through a right-to-return arrangement.

The CLTs had other properties with organized tenants or owners interested in selling to them, yet in the end they were not able to purchase the properties because of resource limitations or challenges identified during due diligence with specific properties. However, the above successful instances illustrate how incorporating community organizing of tenants and engagement with mission-driven sellers could show rewards in future iterations of the program and should be explored more fully.

In our case, we were able to acquire property that the seller was very interested in selling to a CLT. He said, "I don't want to sell to a speculator who's going to come in and put the tenants out and redo it." So we were fortunate to have a mission-aligned seller with our CLT.

Kim Yergan, Liberty CLT

This quote and other experiences of the CLT and CDC sponsors illustrates that a county-sponsored acquisition-rehabilitation program working with mission-driven CLTs could provide a welcomed alternative solution for value-aligned property owners, and could help counteract property flipping and "cash for houses" scams in the county.

Source: Beverly-Vermont Community Land Trust



Recommendations

Recommendations to improve the Pilot CLT Partnership program are included below, separated into two sections: **Short-Term Strategies** that are actionable and could have immediate positive impacts on the next round of funding; and **Long-Term Strategies** that will further ensure program success, scalability, long-term operational health of the properties, and the opportunity to convert the newly covenanted affordable rental units into homeownership opportunities for residents who would like to be homeowners.

Short-Term Strategies

1. Establish the Pilot Program as permanent, and expand public and private investment in the program to support future acquisition and rehabilitation of more small-scale, at-risk multifamily properties.

Overall, the Pilot CLT Partnership Program is a promising model, yet its funding was insufficient in this first iteration, particularly for the volatile conditions of the market with fluctuating costs for construction materials, labor, and shipping delays. As national and state initiatives mature into funding for affordable homeownership and preservation of unsubsidized housing, establishing a track record is important. The Pilot CLT Partnership Program is a significant contributor to those efforts in the Los Angeles region. The partnership models developed in this pilot improve the landscape not only in the LA region, but also across the country as the CLT movement and infrastructure continue to expand.

I would like this program to continue. So many people don't have homes and so many people are fighting to stay housed, and this program benefits the ones who need it the most. We need more programs like this for more social living. It was a great help for me and can be for others. I want more people to benefit like us.

Resident of a Beverly-Vermont CLT property

Continued commitment from the county in this program now is important to grow and sustain capacity in the region for these types of acquisitions, funding opportunities and partnership strategies. If the county continues to fund this program, it will help respond to the influx of people falling into homelessness as new construction projects are built. It will also be an investment in the region's ability to absorb state funding for housing preservation, such as the new Foreclosure Intervention Housing Preservation Program (FIHPP), and the proposed Community Anti-Displacement and Preservation Program (CAPP). The CLT and CDC partners estimate an investment of \$30.4 million will grow the acquisition-rehab (non-Chapter 8) program to add an additional 80 homes; and a commitment of \$9.4 million will expand the Chapter 8 tax foreclosure pilot to all five supervisorial districts to pay off tax debt and rehabilitate 50 homes. Further study into the dollar-for-dollar impact of county investment in this program and other opportunities can help guide the county in making difficult decisions about funding allocations with limited resources. It is also important to note that for this program to continue to be successful, investment in LACDA staffing capacity to implement community ownership programs—including the acquisition-rehab grant program, Chapter 8 acquisition-rehab, and acquisitions by qualified tenant purchasers—will be necessary.

2. Retain the single-source subsidy structure in the immediate subsequent rounds of the program and consider compatibility with other public sources of funding and partnerships with CDFIs to achieve greater scale in the future.

As discussed in the “Findings” section of this report, the single-source subsidy structure became a primary

strength of the Pilot Program, allowing the CLT and CDC partners to make competitive purchase offers, streamline acquisition transactions and ensure deep levels of affordability. Allowing the County grant subsidy to pay for both acquisition and rehabilitation reduced transaction costs which arise from separate closings (ie. acquisition and construction). Future iterations of the Pilot Program may bring fundamental changes to the financing structure of the projects as additional sources of funding are layered in to help scale up. To ensure the original stated Program goals are maintained, proposed changes to the financing structure should also consider impacts to the projects' budgets and ability to achieve deep levels of affordability. Providing county funding as a single source for acquisition should be retained in future rounds of the program. This is especially important in the short- and medium-term period of two to five years, and allows for evolution of the program in the following ways:

- Expanded familiarity with CLT and LEHC ownership models—both formally and informally—by providing education, collecting feedback and ideas, and adapting the movement and practice of collective ownership within the region
- Greater capacity and growth established within the region and industry, including the addition of other similar preservation or foreclosure prevention public funding programs
- Continued achievement of deep affordability levels (less than 60 percent AMI)
- A longer term for growing debt leverage capacity that a CDFI could help bridge with a short- to medium-term predevelopment loan

A single-source subsidy structure in near-term iterations of the program would allow the resident engagement, leadership, and LEHC training programs to grow deliberately along with the number of acquisitions. Continuing to focus on acquisition of smaller properties will grow ownership portfolios at a manageable rate, eventually reaching economies of scale that better support LEHC feasibility. The CLT and CDC partners

can build on the initial county public investments by managing operations and debt capacity, and can prepare to leverage larger amounts of capital from state and other public or private sources to scale acquisitions.

3. Accompany future rounds of funding with flexible, rapidly deployed predevelopment funds, similar in structure to the SPARCC recoverable grant that leveraged philanthropic investment.

The SPARCC predevelopment grant funding provided critical bridge resources for the CLT and CDC partners to quickly get properties under contract and close escrow. Future rounds of program funds should be accompanied by similar predevelopment sources. In the absence of external capital to serve in that capacity, a set-aside of public funds should be established in the range of 5 to 7 percent of the total investment that is dedicated to predevelopment uses, including purchase deposits and due diligence activity. This set-aside of public funds should be administered by a nimble CDFI or other intermediary as a recoverable grant or revolving loan to retain flexibility and ensure immediate availability and timeliness. This is especially important for smaller properties, which must be acquired quickly. The SPARCC recoverable grant converted to a permanent grant for due diligence expenses pertaining to properties that were determined to be infeasible during escrow, up to a limit of \$25,000 per project. The SPARCC investment funded a key intervention that allowed greater flexibility and increased value in the decision-making to identify the best-suited properties for the program and remove them from the speculative market in perpetuity.

Program participants also expressed the need for application of more resources into this program, particularly for costs associated with rehabilitation and bringing the properties up to code. This will be important if the program is replicated in the City of Los Angeles, which requires that projects consisting of more than four units submit a report from a Certified Accessibility Specialist in order to ensure compliance Section 504 of the Rehabilitation Act of 1973 and

Americans with Disabilities Act standards.²⁶ In the near term, the county and other municipalities can work with philanthropic organizations to further subsidize the predevelopment fund and expand opportunities to cover the cost of due diligence and rehabilitation of the properties.

It really helps to have a single funding source be applied quickly to two parts of the process [acquisition and rehab] initially. We can reach the deepest affordability with rents right now and be able to project conversion at those affordability levels.

Sua Iris Hernandez, El Sereno CLT

4. Standardize programmatic requirements, closing checklists, and guidelines for deployment of funds without slowing down escrow timelines, and provide proof of available funding to back up purchase offers as early as possible.

Partners discussed the challenge presented by shifting and inconsistent requirements to close on county funding during the brisk period of program co-development, and an initial reluctance by sellers to trust the CLT and CDC partners' abilities to close due to the county's participation in the acquisition. The LACDA's programmatic requirements—including escrow closing checklists—can be further developed and standardized to meet the specific needs of the CLT Program.

Standardized closing checklists will help manage expectations for the CLT and CDC partners and their respective consultants. Specifying the acceptable formats and content for closing documents and reports—such as insurance certificates, general contractor MOUs, environmental reports, property management fees and agreements, and relocation plans, among other items—will contribute to more efficient contingency and closing timelines. Speedy,

reliable closing timelines strengthen offers, and the creation of a standard set of closing requirements will enable the CLT and CDC partners to proactively assemble documents in advance of escrow close.

As a matter of course, the county should also provide evidence of acquisition funding and a commitment to close escrow within no more than 45 days after the buyer waives contingencies.

One piece that changed from our second-to-last to our last acquisition was when we were submitting offers, we asked the county if they could give us proof of sources of funding to give to the sellers who didn't believe that we had money. They wanted to see bank statements as proof of income. When people heard that we were working with the county, they didn't want to work with us because they wanted a faster close.

LACDA saw that we really needed that paperwork because we couldn't get any offers accepted. They started drafting letters unique to the offer, and [it helped that] the program had acquired a number of sites by then.

Oscar Monge, T.R.U.S.T. South LA

5. Consider formally establishing the program as a housing reparations program to advance racial justice and a post-pandemic just recovery in the county. Redesign tenant selection criteria and other regulatory and statutory program requirements to align with the racial equity tool and with the CLTs' models of community self-determination and ownership.

The county's CLT partnership model provides a unique opportunity for the county to operationalize a strategy to atone for discriminatory housing policies, support housing options focused on extremely marginalized groups, and provide homeownership for people of color.

²⁶ [Accessibility \(ADA\) compliance requirements – LAHD \(lacity.org\)](https://www.lacity.org/accessibility)

While the county did not establish the Pilot CLT Partnership Program explicitly as a racial equity program, the members of the LA CLT Coalition—all BIPOC-led organizations that operate within a racial justice analysis—pursued strategies toward anti-speculation, community control through land stewardship, affordability in perpetuity and resident ownership expressly from a racial justice framework. To align with their existing efforts to understand data around racial inequities and promote racial justice in the region, county agencies could prioritize the CLT Partnership Program as the foundation for a housing reparations program. Future iterations of the program should proactively respond to current and historic marginalization of specific communities of color in the region, and advance a strategy that can overcome these disproportionate impacts and reduce structural racism.

CLT and CDC partners reported that the Pilot Program’s requirement to acquire at least one property in each district limited their choice and acquisition of attractive properties due to uneven distribution throughout the districts. Ultimately, the CLTs lost promising leads to acquire properties more aligned with racial justice goals as a result of focusing on meeting the one-building-per-district requirement. However, the redistricting process then occurred simultaneously with the partners’ concentrated acquisition efforts, and ultimately rendered the hard choices that the CLTs had made ineffective; redistricting lines crossed over several properties post-acquisition, disrupting the careful work that had gone into getting buildings spread across all five districts. Removal of the county’s requirement to acquire at least one property per district in future rounds of the program would help alleviate these impediments and also enable advancement of racial equity goals more easily.

We know that Black and Brown people are being displaced at the highest rate, so we know that if we want to target those communities next time, there needs to be more time and resources to target those areas.

Faizah Barlas, Beverly-Vermont CLT

This program gave me peace and a great relief. Other people should benefit from this program because there are many people like me. Other families need this. I think this program should continue because it helps many people who need it.

Resident of a Beverly-Vermont CLT property

Reparation efforts are emerging across the nation, illustrated through formal apologies, public acknowledgement, and the establishment of reparation funds, commissions, or programs by both the public and private sectors. The State of California established a Task Force to Study and Develop Reparation Proposals for African Americans (Task Force) in 2020, under Assembly Bill 3121. On June 1, 2020, the Task Force released its first interim report²⁷ that outlines key factors behind the institution of slavery and its current effects, key findings, and preliminary recommendations.

State and local governments also can establish housing reparation programs to redress structural racism in the housing market and to reduce racial disparities in health outcomes. Housing reparation programs are often multicomponent programs that increase access to housing, invest in marginalized communities, support homeownership for people of color, and/or expand the social housing sector by increasing housing resources held in public trust by public, nonprofit, or community organizations.

The County Health Rankings & Roadmaps (CHR&R) program at the University of Wisconsin Population Health Institute provides data and guidance around developing a housing reparations strategy and the multiple factors that influence health, to support leaders in growing community power to improve health equity.²⁸ A study on COVID-19 suggests that reparations would have decreased the transmission risk and

²⁷ [Reparations Reports | State of California - Department of Justice - Office of the Attorney General](#)

²⁸ “[Housing Reparations.](#)” County Health Rankings and Roadmaps, University of Wisconsin Population Health Institute.



Source: *Tenemos que Reclamar y Unidos Salvar la Tierra-South LA (T.R.U.S.T. South LA)*

disproportionate impact of COVID-19 among Black Americans, and reduced risks to the population at large, in part through improved housing stability.²⁹

To begin this work, the county can engage with ARDI and other stakeholders to review these resources, and continue the analysis of the Pilot CLT Partnership Program against the GARE Racial Equity Toolkit (Figures 5 and 6). The county and LA CLT Coalition can continue to collaborate and engage other stakeholders to use GARE’s Racial Equity Toolkit³⁰ when planning the next phase of the program. This can help the partners align the racial equity goals, data, and desired outcomes for future iterations of the acquisition-

rehabilitation program.

The CLT and CDC partners also noted that an important piece to change in any future iteration of the program is to stop looking at the model as an apples-to-apples comparison with existing affordable housing programs, and instead to start building program requirements from a perspective that recognizes that these CLT properties operate differently, on a mission basis and also in practice, compared to a typical LIHTC preservation project. This will be an important step in developing the next phase of the program and also can be guided by the GARE Racial Equity Toolkit process.

²⁹ Richardson ET, Malik MM, Darity WA Jr, et al. [Reparations for Black American descendants of persons enslaved in the US and their potential impact on SARS-CoV-2 transmission](#). *Social Science & Medicine*. 2021;276:113741.

³⁰ [“Racial Equity Toolkit: An Opportunity to Operationalize Equity.”](#) Local and Regional Government Alliance on Race and Equity.

This type of preservation work doesn’t bring the same capital as the LIHTC traditional models. We were asked several times to reduce our developer fees in our pro

formas to make it pencil. While it is a challenge, it is also a great opportunity to work with the county to innovate a program that is not following a traditional developer model.

Oscar Monge, T.R.U.S.T. South LA

A CLT has a particular mission that is driven towards social justice, to attack the injustice and the redlining that Black folks have been marginalized and disinvested in for decades, centuries. The county's affordable housing policies for CLT programs must be adapted to line up with this.

Kim Yergan, Liberty CLT

It felt to me that LA County staff had expectations or documentation based off of old county programs or categories that they knew about but weren't a good fit for what we were doing in the pilot. Being the largest county in the nation, LA County is such a big administration. It is likely hard for them to adjust their expectations or process to accommodate the fact that the CLT Pilot Program was new, but they are doing it.

Grant Power, San Gabriel Habitat for Humanity

6. Expand the pool of acquisition opportunities by leveraging existing relationships, tools, and aligned work to identify at-risk properties and acquisition opportunities.

The County of Los Angeles has several initiatives that could expand impact of the program in the future, particularly if the county supports more fully the CLTs' organizing approach with tenants and established and trusted networks, many of which overlap with the county's initiatives. Those networks and agencies include the Department of Consumer and Business Affairs/HUD foreclosure counseling program; TRACT, a data-driven mapping and analytics tool for displacement vulnerability throughout LA County developed by LACDA and Strategic Actions for a Justice Economy (SAJE); Stay Housed LA's eviction defense counsel; and continuing communication and coordination with offices

of elected officials.

In some instances, the CLT and CDC partners had longstanding relationships with either brokers or property owners who were interested in selling but shared the goal of preventing displacement of existing tenants. Expanding these relationships could provide a less strenuous path to acquisitions in future rounds of program funding.

7. Establish a bench of legal counsel, real estate professionals, and technical assistance providers with specific expertise in community ownership and CLTs to help streamline and manage the acquisition process.

As the CLT and CDC partners navigated through the initial round of acquisitions, sharing information among partnerships to streamline closing processes for the acquisitions that came later became critically important. Greater efficiencies could be realized by establishing a bench of "go-to" consultants to handle the universal tasks required to get a building under contract and close escrow. Standardizing real estate and consultant intermediaries, such as title and escrow companies and due diligence providers (e.g., environmental consultants, surveyors, appraisers, and physical needs assessors) who understand the unique needs of the Pilot Program will help closings run smoother.

The CLTs must have independent legal counsel that can adequately and meaningfully represent them on all closings and negotiations for acquisition transactions. LAFLA conducted the bulk of its work at the front end of the design and conceptualization stage of the Pilot Program, and performed real estate counsel for closing transactions on an as-needed basis for some of the CLT and CDC partnerships. A centralized legal provider like LAFLA, which also shares mission alignment with the CLT and CDC partners, may best serve the CLT Partnership Program in an advocacy role, synchronizing the goals and recommendations of the CLT and CDC partners with program regulations formalized by the

county. For the acquisition transactions themselves though, a specialized bench of real estate attorneys, oriented to the program, should be established and then contracted by the CLT and CDC organizations to assist in closings and ensure that each entity involved in the process has independent counsel.

8. Increase and sustain philanthropic and public investment in CLTs and other bottom-up approaches seeking to decommodify housing in the near term to help support future LEHC conversion and to scale their efforts to eliminate housing discrimination policies and practices.

The CLT partners involved in the Pilot CLT Partnership Program prioritize anti-displacement, organizing, and resident-driven leadership to respond to the needs of LA’s BIPOC communities above all, making them well-positioned to engage in work to increase housing stability and community control of land for public benefit. Similarly, neighborhood-based CDCs that have been engaged in their communities for years have naturally accrued specialized knowledge, relationships, and trust among residents and other community stakeholders. However, BIPOC-led organizations are significantly underfunded relative to white-led organizations.

Increased and sustained philanthropic investment in BIPOC-led CLTs and other bottom-up approaches seeking to decommodify housing in the near term is a critical investment in the overall movement now. The CLT and CDC partners have estimated a five- to six-year timeline for conversion of the newly acquired affordable rental housing to an LEHC, marked from the time of commencing rehabilitation to formalizing conversion. The timeline will vary depending on CLT capacity, rehab scope, progress in resident education and training, formation of a functional coop resident association, amount of lease-up and/or share sales necessary to fill vacancies, and other unique circumstances of each building. These are opportunities for philanthropic partners to engage.



Source: El Sereno Community Land Trust

Further, with the early philanthropic and public investments described previously in this report, the LA-based CLTs have proven their ability to do this work effectively. They have successfully re-ignited the national CLT movement’s origins as an anti-displacement organizing strategy seeking racial justice, driven by community leadership—not simply just as an affordable housing advocacy effort.³¹ Increased philanthropic commitments now and over the next several years is critical to grow the operational support and capacity of the CLTs over time as they and their state and local public agencies (1) prepare for LEHC conversion, and (2) continue identifying new approaches and revenue streams for these innovative housing programs and acquisition-rehab initiatives that can sustain their efforts through sufficient developer fees.

³¹ “[The Problem With Community Land Trusts.](#)” Williams, Olivia. Jacobin. July 7, 2019.



Source: El Sereno Community Land Trust

Long-Term Strategies

To date, the CLT Pilot Program has resulted in the preservation of 43 newly covenanted affordable housing units, or 0.01 percent of the 421,000 NOAH units estimated in the referenced CHP report.³² More work remains to be done. Approaches to scalability and how to ensure long-term operational health of preserved properties must be fully vetted to help shape viability of future program design, requirements, and implementation.

1. **Explore opportunities for combining acquired properties to reach greater economies of scale over time and leverage other preservation mechanisms to ensure affordability in perpetuity.**

³² "Affordable Homes at Risk." California Housing Partnership, February 2022.

As the CLT and CDC partners acquire properties and begin laying the groundwork for conversion to LEHC ownership, much can happen in the occupancy and governance of the buildings. Combining all of the properties under a single ownership entity is one strategy that can create additional funding and financing opportunities. It also can provide options for the future stewardship of the affordable housing, including conversion to collective ownership under a larger, multi-property LEHC, or an assemblage to effectuate a scattered site LIHTC syndication. Both preservation models work best when economies of scale in operation and relatively close physical proximity are achieved. Yet this type of structure has implications for ownership and tenant management that would need to be thoughtfully considered by the residents and the CLTs.

Given the existing depth of collaboration, trust, and shared infrastructure the CLTs have with one another, over time the partners can assess if a multi-property ownership structure would best achieve future outcomes for and with the residents. A larger assemblage of units could help leverage and bring in additional capital sources, whether that's funding for the expansion of collective ownership or more traditional routes to a LIHTC syndication and a permanently affordable rental outcome. In either scenario, the CLT ownership model provides a guarantee of affordability in perpetuity.

An LIHTC syndication rehab will require qualified occupancy of the syndicated units. To qualify for LIHTC equity, a unit must be occupied by a household earning no more than 80 percent AMI. If a syndication strategy is of interest, an assessment of household income compliance should be conducted to determine the presence and number of over-income households. The size of the potential LIHTC project and financing structure (i.e., conventional debt and available public subsidy serving as "gap filler") should be examined to ensure project feasibility and to limit relocation costs and displacement of over-income households.

CDFIs can be useful partners in this interim period of three to five years into the life span of the projects.

In the longer term, after five or more years, when the ecosystem is further built out, significant scaling can start to happen; these early properties can convert to ownership, stay as rentals, or be incorporated into larger portfolios. This could create a structure in which some of the county's investment is shorter term and repaid (upon refinance). In the long-term, the investment can then be recycled into future projects by leveraging debt or other capital sources.

2. Prioritize very low-interest and long-term government loans with streamlined criteria as the program matures and capital stacks need to grow beyond a single source of subsidy.

Scaling up the program will likely require layering other public subsidies and/or debt. Adding more sources comes with additional regulatory complexity, cost, and time considerations.

When discussing how to scale up the program in the future, the CLT and CDC participants of the program highlighted the importance of having a 30-year government loan as the program expands. They emphasized that when other public funds are layered in, criteria must remain uniform among the different sources in order to protect affordability and prevent increased costs and timelines. The CLT partners have also started exploring the idea of different types of forgivable debt with CDFI and philanthropic partners, such as debt terms with interest-only payment and partial amortization.

To fulfill racial equity goals for this approach, terms for government loans or other subsidies must be structured to achieve deep affordability levels while maintaining operational solvency of each building; this will maximize opportunities for low-income BIPOC communities and allow for conversion to collective forms of resale-restricted resident ownership.

Compatibility of other new or proposed homeownership and preservation sources should also be a priority when it comes time to scale up the program. The includes programs, such as HCD's CalHOME Program,

the Foreclosure Intervention Housing Preservation Program (FIHPP), and the proposed Community Anti-Displacement and Preservation Program (CAPP), as well as the City of LA's Measure ULA³³ ballot initiative, which would provide a local source for affordable housing acquisition and rehabilitation.

Currently, regulatory alignment among the financial tools necessary to bring the program to scale hasn't evolved as it has with other institutionalized forms of affordable housing development such as LIHTC. After attainment of certainty and consistency in the program elements—such as multi-year funding, clear guidelines and other systems for implementation—a nimble, missioned-aligned intermediary could be a helpful partner to supply the capital up front for 12 months to two years while the capital stack is put together. A regional housing finance agency also could fulfill the function of creating a large-scale acquisition fund that might combine different capital tools at a size that would help achieve scale and efficiency. Programs like FIHPP could be a jolt in that direction, and in the meantime, other local sources could be assembled to furnish that more traditional, stable public subsidy source.

Additionally, developing a scaling strategy for the program could be a useful way to prepare CLT and CDC partners for larger acquisition projects (of 20 units or more), and allow the county to right-size monitoring fees and appropriate regulatory requirements. The strategy should be developed with a close eye on future outcomes of projects that utilize FIHPP, CAPP, and Measure ULA Acquisition-Rehabilitation and/or Alternative Models for Permanent Affordable Housing allocations (should voters approve the initiative in November).

3. Establish supportive policy and other

³³[United to House LA's Measure ULA](#) is a November 2022 ballot measure to create a real estate tax proposal on properties that sell for more than \$5 million in the City of Los Angeles. It is expected to yield \$8 billion to fund supportive and affordable housing programs, including development, construction, acquisition, rehabilitation, and operation of housing. Funds would also subsidize financial, educational, and other resources to low-income and other tenants at risk of homelessness, displacement, or eviction.

adjacent county-sponsored programs to accompany the CLT Partnership Program.

Other supportive policies and additional layers of regulatory protection can help create a more enabling environment for future rounds of the program and, in addition to the ARDI initiative already discussed, the county has several initiatives already underway:

- Tenant Opportunity to Purchase Acts (TOPAs) or similar ordinances require property owners to navigate regulated disposition processes, ensuring that tenants or nonprofit housing organizations partnering with tenants have the right of first refusal when a property goes on the market. A TOPA policy can help slow down the sales process of a property, allowing its residents (and a responsible buyer) time to organize themselves, engage in negotiating a sale, and assemble financing. The county is currently researching the establishment of a TOPA or related policy at the county level³⁴, with a consultant report projected for delivery before the end of 2022.
- The County of Los Angeles recently approved a motion³⁵ directing the Chief Executive Office to explore the viability of a public land banking model that would help support affordable housing preservation and production with a dedicated source of funding. The land bank model, utilized in conjunction with the CLT Program, could be a productive and efficient way of scaling up acquisition of unsubsidized multifamily properties and incorporating them into the CLT Partnership Program model.
- The CLT and CDC partners also could coordinate with owners of publicly owned land within the boundaries of the City and County of Los Angeles to facilitate land swaps or donations of underutilized public land to the regional land bank. This can

include state and local or regional entities, such as Caltrans and regional transit authorities, public school districts, parks and recreation departments, local housing authorities, and state or regional conservation authorities. Priorities for land and property acquisition would target disadvantaged communities and/or high-need areas, including those already prioritized by the CLTs, and take environmental and natural hazards into consideration to determine the best properties for inclusion into the CLT Partnership Program. Any such expansion of land acquisition strategies adds to the CLT portfolios, generally increasing their capacity and long-term sustainability, and thereby also increasing their ability to grow and sustain their small- and medium-scale multifamily portfolios.

4. Develop future financial tools to fund the cost of major capital improvements.

The useful life of the mechanical systems in a multifamily property ranges between 10 and 15 years. Eligible uses of program funding in future rounds should be expanded to include major capital improvements and rehabilitation of existing CLT and LEHC housing. This will help ensure the long-term operational health of these housing communities. Secondarily, mission-aligned CDFI partners like Genesis LA, SPARCC and LIIF could explore the creation of rehabilitation loan products providing below-market rates for CLT and LEHC housing.

Conclusion

Until the LA County Pilot Community Land Trust Partnership Program was established, there was a critical gap in the preservation of small-scale, affordable housing for at-risk populations in the ecosystem of funding programs in Los Angeles County. The Pilot Program created an opportunity for tenants, CLTs, and CDCs to build capacity, increase scale, and—through a community-based ownership model—preserve small, unsubsidized multifamily affordable housing, adding

³⁴ “Developing Recommendations for a Tenant Opportunity to Purchase Act (TOPA) for Unincorporated Los Angeles County,” Los Angeles County, August 10, 2021.

³⁵ “[Establishing the Land Bank Pilot](#),” Los Angeles County, June 14, 2022.



Source: El Sereno Community Land Trust

newly covenanted affordable units in the county, and expanding affordable homeownership opportunities. Furthermore, developing this pilot program has helped prepare LA County to contend with shifts in the real estate market, including future waves of real estate defaults, workouts, distressed sales, and foreclosures as we have seen occur throughout history.

With this Pilot Program and recent aligned philanthropic investments, the LA-based CLTs have proven their ability to do this work effectively, and successfully reignited the national CLT movement's origins as an anti-displacement organizing strategy seeking racial justice in the region.

In conclusion, analysis of the program indicates that the county's partnership with CLTs to advance a community-based ownership model is one key strategy to advance racial equity, have a positive impact on the influx of people falling into homelessness in the region, and

prevent displacement and the loss of affordable housing stock in the region.

To build on the initial successes of the pilot, it will be essential to (1) invest in the program to continue building capacity in the field, and absorb aligned state funding for acquiring and preserving small-scale affordable homes for at-risk populations, and (2) to develop strategies to ensure that the existing and future properties have the resources they need to make permanently affordable homes in healthful environments available to people in the region. These initiatives would help grow cost efficiencies and capacity, and provide greater solutions for ensuring racial justice in housing. Overall, the Pilot CLT Partnership Program is an important and innovative approach in the Los Angeles region, and adds a necessary tool to the toolbox to rectify housing displacement and the crisis of homelessness.

Appendix 1

Steps to Prepare for Future Conversion of Affordable Rental Housing to Cooperatives

The following outlines initial steps and high-level considerations to convert properties from affordable rental housing to zero- or limited-equity housing cooperatives (LEHCs).

Assess LEHC financial feasibility: Model a 15-year operating pro forma under an LEHC conversion scenario to determine long-term financial feasibility, coop “maintenance fees” (which will replace contracted rents), and equitable share price structure. The analysis should consider achieving a critical mass in the total number of LEHC units to achieve operational efficiency and effective cooperative governance. The pro forma should include critical annual operational components, including typical operating expenses, reserves to fund major capital improvements, and applicable LACDA (or other lender) regulatory fees. This pro forma analysis will help assess the impact of annual fluctuations in expenses on increases to maintenance fees, directly affecting affordability. The cost of cooperative conversion should also be conducted as part of this analysis. Costs of conversion may include financing costs (in the event debt is added or restructured), marketing and shareholder selection expenses, and legal fees. Sources of funding to pay for cooperative conversion costs must also be identified.

Resident engagement: Develop training and educational curricula on CLTs and LEHC operation and governance to engage tenants during the rehab phase. Formalize a democratic decision-making process among tenants to encourage self-determined housing outcomes with goals including, but not limited to: establishing an informal, democratically elected resident association to serve as the decision-making body for the future LEHC; developing standard cooperative bylaws to be adopted at coop conversion; and planning and facilitating a formal voting day among building residents to either remain affordable rental housing or pursue conversion to an LEHC.

Development of CLT and CDC partner expertise: Concurrently, the CLT and CDC ownership group should engage with legal counsel and other technical assistance providers to draft documents and determine processes for cooperative conversion. This work includes but is not limited to: developing the LEHC regulatory agreement and/or adapting the original Grant Agreement(s) to be compatible with LEHC ownership structure—this includes conveyance of the agreement to the LEHC entity and right-sizing the county’s fees and compliance requirements to align with an LEHC structure; bifurcation of land and improvement ownership (if necessary); filing property tax exemption; formation of LEHC corporation and filing of documents with State Attorney General; and conveyance of the improvements and ground lease to the LEHC corporation.

After properties convert to cooperatives, the CLT is likely to play a technical assistance role including: facilitating meetings and coop board elections; monitoring compliance of share sales; assistance in securing grants, loans, or other financial tools for recapitalization events; and connecting cooperatives to relevant services such as environmental resiliency programs, purchasing insurance policies, property management trainings, legal counsel, and resident association and shareholder financial trainings.

About the Authors

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About LeSar Development Consultants

LeSar Development Consultants (LDC) is a strategic and innovative consulting firm that works with leaders in creating large-scale, lasting social change through customized consulting services focused on creating a future in which all people can thrive in good-quality affordable homes and inclusive, resilient communities. LDC specializes in working with diverse stakeholders to confront complex public policy and planning issues, such as developing and implementing innovative housing programs, homelessness crisis response and planning, and helping clients resolve locally specific issues related to community development. LDC is particularly adept at developing innovative strategies and plans to rectify housing and equity disparities by leveraging our unique understanding of policy, finance, real estate, and equity on behalf of the communities we serve. We have established deep relationships with thought leaders in the public, private, nonprofit, academic, and philanthropic sectors, and excel at aligning diverse interests to achieve lasting change.

For more than 45 years, Liberty Hill has served as L.A.'s social justice foundation.

Thank you for being part of the movement.

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