

Richmond LAND

Measure X Community Advisory Board Presentation

June 30, 2021



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www.richmondland.org

Goals:



Briefly introduce Richmond LAND & the Community Land Trust Model (CLT)



Overview of how the CLT Model provides maximum impact with one-time subsidy, prevents displacement and neighborhood destabilization, and provides homeownership opportunities to BIPOC communities who have been historically and systematically barred from access to community wealth-building processes



Understand the gaps in our current Affordable Housing System in regards to Preservation policies



Review bold ideas and active regional programs that promote preservation/ acquisition-rehab and stabilization across income levels



Gain a clearer understanding of the role of Preservation strategies in mitigating heightened risks of eviction due to COVID-19

Richmond LAND: Mission, Vision, and History

Mission

Richmond LAND's mission is to build resident power for community controlled land-use through community organizing, land acquisition, development, and stewardship of land and affordable housing for longterm community benefit.

La misión de Richmond LAND es desarrollar el poder de los residentes para control el uso de la tierra a través de la organización comunitaria, la adquisición de tierras, el desarrollo y la administración de la tierra y viviendas asequibles para el beneficio comunitario a largo plazo.

Vision

We envision a world where homegrown residents can mobilize to create, finance, control, and sustain affordable housing and community development projects that fulfill long standing community needs and aspirations.

Concebimos un mundo donde los residentes de cosecha propia puedan movilizarse para crear, financiar, controlar y sostener proyectos de vivienda asequible y desarrollo comunitario que satisfagan las necesidades y aspiraciones de la comunidad de larga data.



What is a Community Land Trust?

**A non-profit organization that
acquires LAND & stewards it in
perpetual TRUST for the benefit
of low-income COMMUNITIES.**

Basic Elements of a Community Land Trust Model

Community Participation

- $\frac{1}{3}$ CLT residents & lessees of CLT land, $\frac{1}{3}$ residents of CLT neighborhoods, $\frac{1}{3}$ technical experts/ public good reps

Dual Ownership

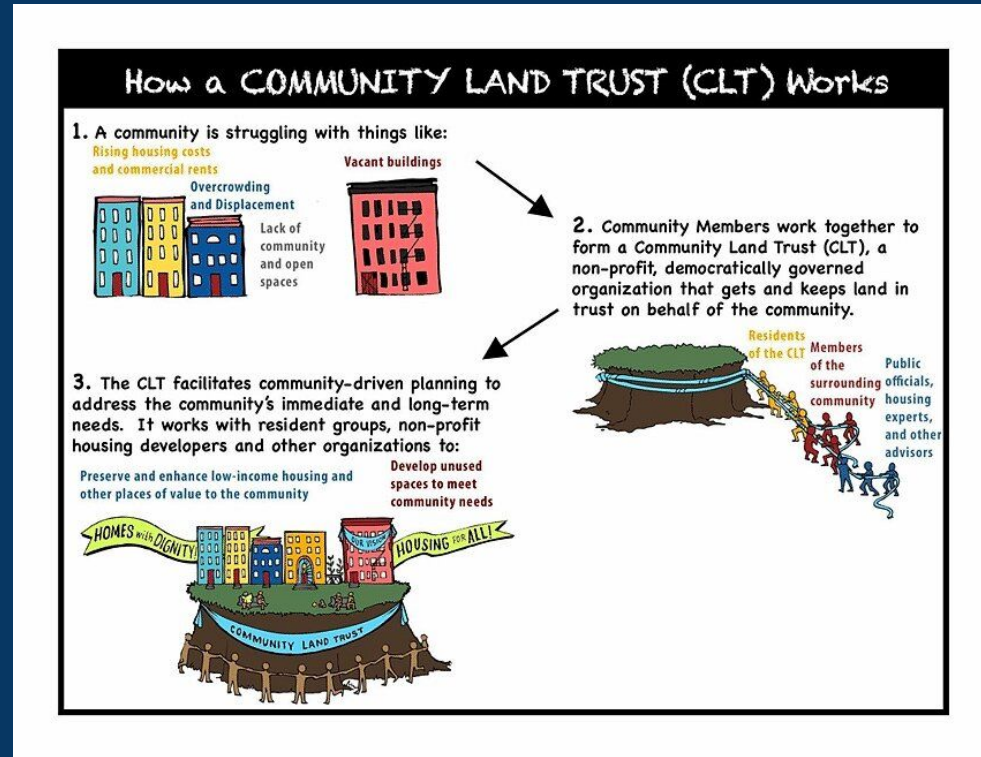
- Individual owns improvements (home)
- Community land trust owns land
- **Ground Lease:** ties improvements and land together for 99 years

Perpetual affordability

- A renewable 99 year ground lease is placed on the land
- Requires owner occupancy but does not require
- Resale restrictions preserve affordability levels

Stewardship of Land and Housing

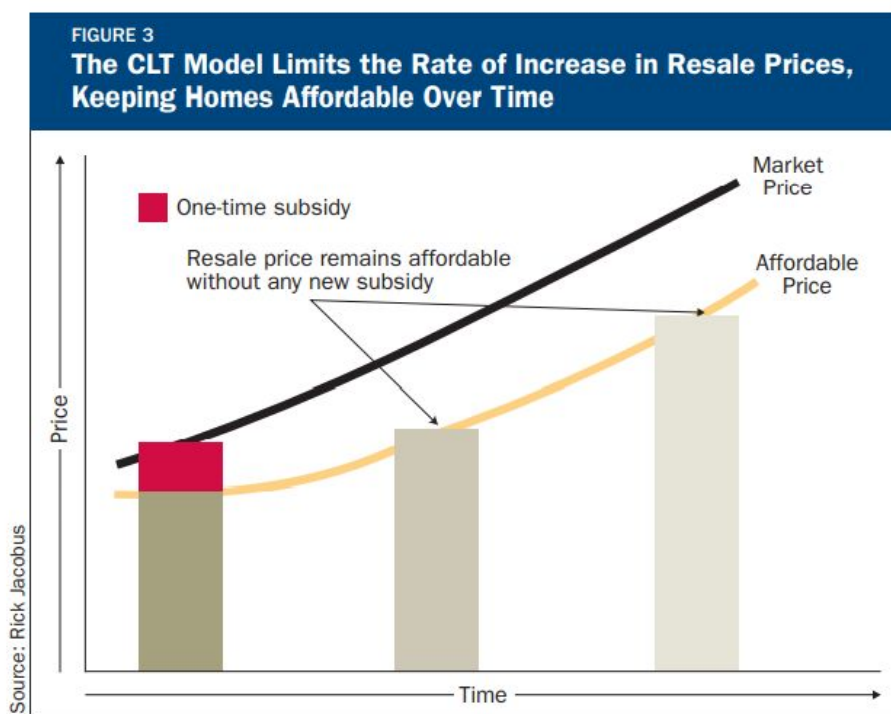
- Preservation of housing affordability and subsidy
- Homebuyer education & support



Addressing the Problem: Utilizing Scare Public Subsidy for Maximum Impact

“CLTs create a stock of permanently affordable, owner-occupied housing by using public (and private) funds to acquire land.

As a result, it can sell homes at prices that lower-income households can afford. By maintaining ownership of land across multiple sales of the house, the **CLT can usually keep homes affordable for many years without the need for additional public subsidy.** “



A one-time subsidy in a CLT home lowers its initial sale price to an affordable level and then limits the rate at which the price can rise over time. This strategy helps to increase the stock of permanently affordable housing.

Addressing the Problem: Combatting inflated land prices driving residents away



Source: Lincoln Institute of Land Policy/ OakCLT

“CLTs create a permanently affordable marketplace for generations to come, helping low-income homebuyers with wealth creation while shielding communities from speculators and preventing gentrification.”

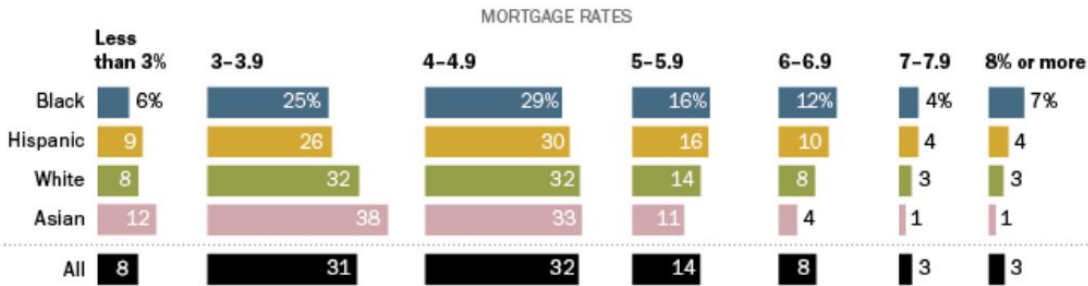
COMMUNITY LAND TRUST



Addressing the Problem: Racial Inequality at the core of Conventional Homeownership

Blacks, Hispanics more likely to pay higher mortgage rates

Among households in 2015 with at least one regular mortgage, % of each group paying these rates

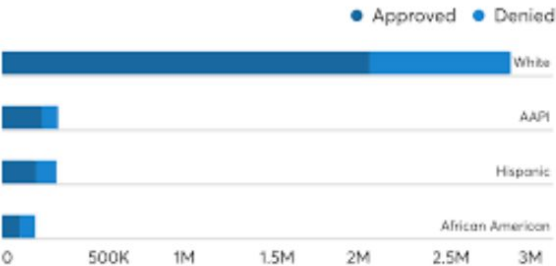


Note: Hispanics may be of any race. "Not reported" categories not shown. Data on whites, blacks and Asians refer to single-race groups.

Source: Pew Research Center analysis of American Housing Survey data

PEW RESEARCH CENTER

Conventional loan applications



Note: Taken from 2017 HMDA reports
Source: AREAA

Continued on next slide

Cont'd: Conventional Ownership vs. Collective Ownership

Conventional Ownership

- Sole responsibility
- Requires down payment
- Government Tax Incentives
- Build wealth
- Isolation, little community accountability
- Racial Inequality in access & value
- Market and Speculation-Driven:
Defaults to more inequitable distribution of resources

Collective Ownership (e.g. CLTs)

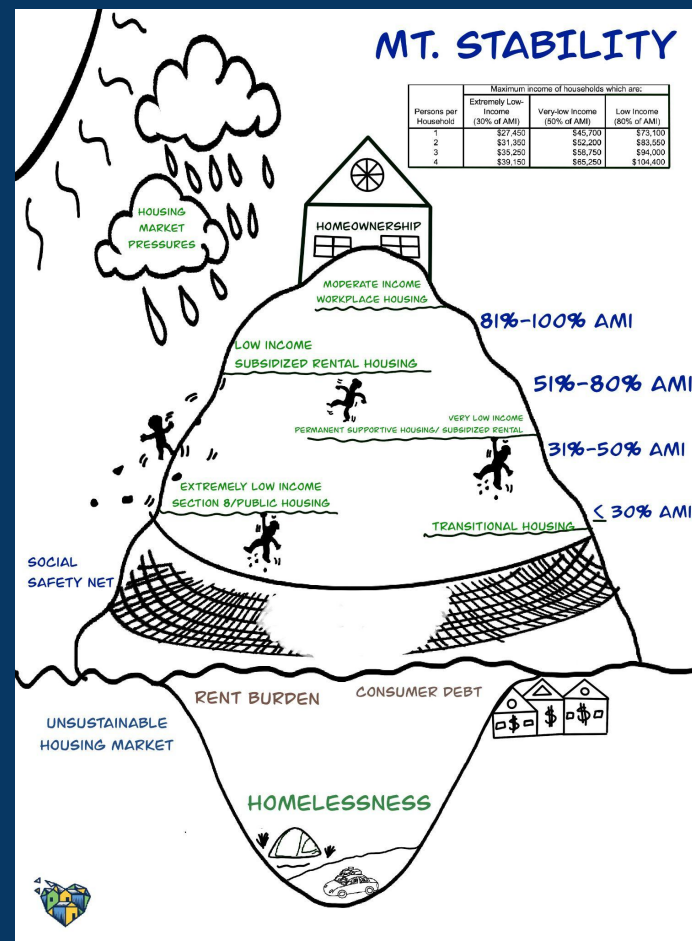
- Shared responsibility
- Shared resources, financially safer
- Finance systems not yet built out
- Group decision making, accountability
- Time investment
- Opportunities for community building
- Various co-ownership types. Some do/don't:
 - Require down payment for individuals
 - Build equity
 - Provide affordability

Strategies to Address the Gaps in Contra Costa County's Affordable Housing System

Elements of an Ideal Housing Justice System

3Ps of Climbing Mt. Stability & the Safety Net When People Fall

- **PROTECTION** for tenants living in market rate rental housing
 - Immediate relief & displacement prevention
 - **Currently only Richmond has won tenant protections and rent control, deep need in other parts of the County**
 - Examples: Rent Control, Tenant Protections, ERAP
- **PRODUCTION** of deed-restricted affordable housing
 - Critical for building future affordable homes to meet growing needs across the income spectrum
 - **Severely impacted by dissolution of Redevelopment Agencies, putting pressure on jurisdictions to find ways to meet needs and leaving little capacity and funding to explore place-based solutions**
 - Examples: LIHTC, ADUs, creative infill development
- **PRESERVATION** of unsubsidized affordable housing, also known as **acquisition-rehab**
 - Aims to preserve shrinking supply of unsubsidized affordable housing
 - A direct anti-displacement strategy that advances racial and economic equity through a place-based approach.
 - **Under-utilized strategy that requires a distinct set of skills (usually from collective ownership models) and more institutional support**



1. Stabilizing low-income homeowners (and their tenants) through a pilot rapid anti-displacement fund or an acquisition-rehab fund

- Loan acquisition funds can provide financing to enable purchase of existing occupied unsubsidized housing
- Empowers community agencies and housing organizations working with tenants to compete with speculative investors in purchasing tenant-occupied buildings and single family homes for sale in higher cost markets
- Can be designed as a special-purpose fund to make quick acquisitions or as an Acquisition-Rehab NOFA that housing organizations and tenant groups may apply for
- **Impact:** Keeps tenants and financially distressed homeowners in their homes + increases supply of permanently affordable below market rate units

Case Study: Measure KK Unit Acquisition and Rehabilitation Program

- \$100M Infrastructure Bond with \$12M set aside for shared ownership models
- Loan Structure, up to \$150,000/ unit
- Generally covers all costs associated with acquisition, rehabilitation, and preservation
- **Administration Cost:** 5-10% of total amount written into the bill
- **Impact:** Since 2019, 7 properties totaling 75 units for acquisition-rehab

Other models to consider:

[San Francisco Housing Accelerator Fund](#)

Estimated Cost to launch pilot program: \$6.5M

- *\$6M acquisitions*
- *\$500K admin/ staffing*

2. Transferring Tax-Foreclosed Properties to not-for-profit housing organizations with capacity to stabilize as affordable housing

- Listed in [2020-2025 Consolidated Plan](#) Goals: “Develop a process for municipally owned / tax foreclosure properties to go to nonprofit land trusts to rehab and preserve long term affordable housing throughout the county. “
- Helps address the limits of County staff in stewarding public assets and converting them into permanently affordable homes

Case Study: LA County [Chapter 8 Sale Program](#)

- In Sept. 2020, LA's BOS directed staff to develop a process to help secure tax-defaulted properties through Chapter 8 sales for Community Land Trusts to create long-term affordable housing
- In November, BOS expanded the pilot program to include non-Chapter 8 properties to protect rent-burdened households from falling into homelessness (similar to an acquisition fund)
- \$14,000,000 from LA County's Affordable Housing Acquisition Fund for the CLT's to acquire and rehabilitate the properties
- CLTs will be responsible for compliance with the California Environmental Quality Act (CEQA), and for the rehabilitation of the non-Chapter 8 properties.

Estimated Cost:
Minimal for Chapter-8 Property
Transfers, cost of admin (~ \$250K/ yr)

3. Establishing a Pre-development & Capacity Building Program to increase neighborhood stabilization strategy stewards throughout the County

- Capacity building program to meet increasing interest in preservation of existing housing stock for low-income families
- “Acquisition-rehab demands a distinct set of skills and capacities as well as institutional support that generally does not yet exist in today’s affordable housing system” - Enterprise Community Partners,” Preserving Affordability, Preventing Displacement,” 2019

Case Study: [Alameda County Housing Development Capacity Building Program in partnership with LISC](#)

- Bay Area LISC provides targeted technical assistance, training, and tailored grant resources to support a cohort of faith-based landowners to make the best decision for their property. Bay Area LISC supports program participants who choose to move forward with an affordable housing development through the process of entering into an equitable joint venture (JV) partnership with an experienced developer.

Estimated Cost: \$1.5M Pilot Program

4. Using the Community Land Trust model, establish an organizations focusing on creating affordable housing opportunities for people living with extremely low income and serious mental health challenges

- Newer initiative currently being implemented in Alameda County

Case Study: [Alameda County's Supportive Housing Community Land Alliance](#)

- Funded by Alameda County Behavioral Health Care Services via the Mental Health Services Act (MHSA) Innovation Funds, and incubated by the Northern California Land Trust (NCLT)
- Began in October 2020
- TOTAL Innovation Budget over 5 years: \$6,151,599

Estimated Cost: \$5-6M (not including financing for site acquisition and operation)

***WHY WE NEED TO ESTABLISH RESOURCES
FOR NEIGHBORHOOD STABILIZATION NOW,
MORE THAN EVER***



The Threat of Inaction:

- Private equity funds are standing by with cash reserves of at least \$328B to purchase new troubled real estate.
- Continuation of a vicious cycle:
 - **Rent debt → Small Landlords behind on mortgage payments → foreclosure → Wall Street investors buy up housing stock → Homes are then flipped to be rented at higher prices = Gentrification/displacement**
 - Innovative neighborhood stabilization strategies help tenant/homeowners compete against speculative investors by partnering with a housing organization like a community land trust to buy the home
- Prevents a similar aftermath we saw during the 2008 foreclosure crisis

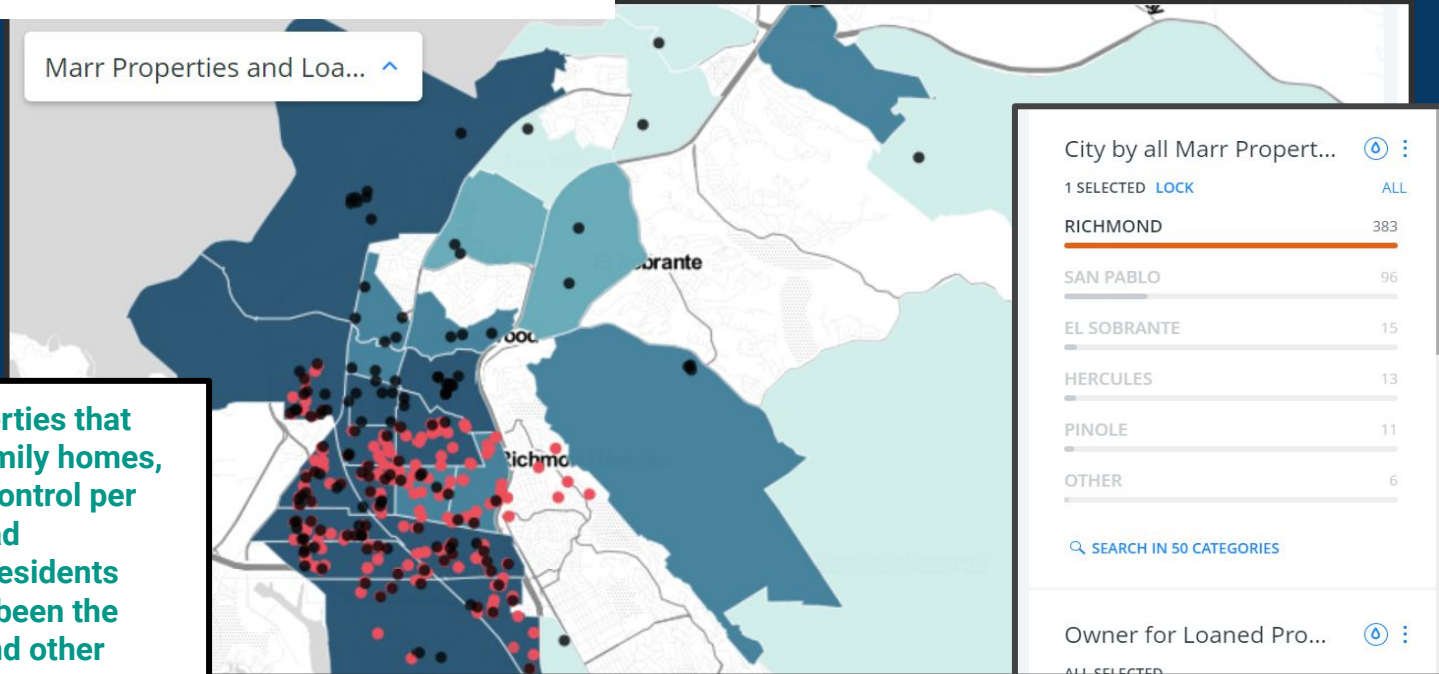
Richmond LAND has already seen community members in Richmond impacted by greedy speculators looking to take advantage of people's financial hardship

Can Community Fund LLC Be Fined For Evicting 92-Year-Old Lela Madison?

Zennie Abraham June 29, 2018

- Marr properties with loans
- All Marr properties

“Because most of the properties that Marr acquired are single family homes, they do not fall under rent control per Costa Hawkins. Widespread displacement of long time residents through rent increases has been the modus operandi for Marr and other foreclosure speculators in the east bay.”

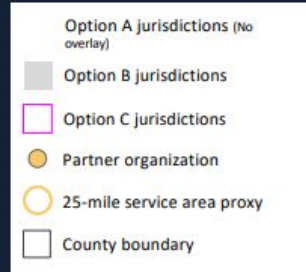



Source: Anti-eviction Mapping Project - Michael Marr / Community Fund LLC

Looming post-eviction moratorium Eviction Crisis

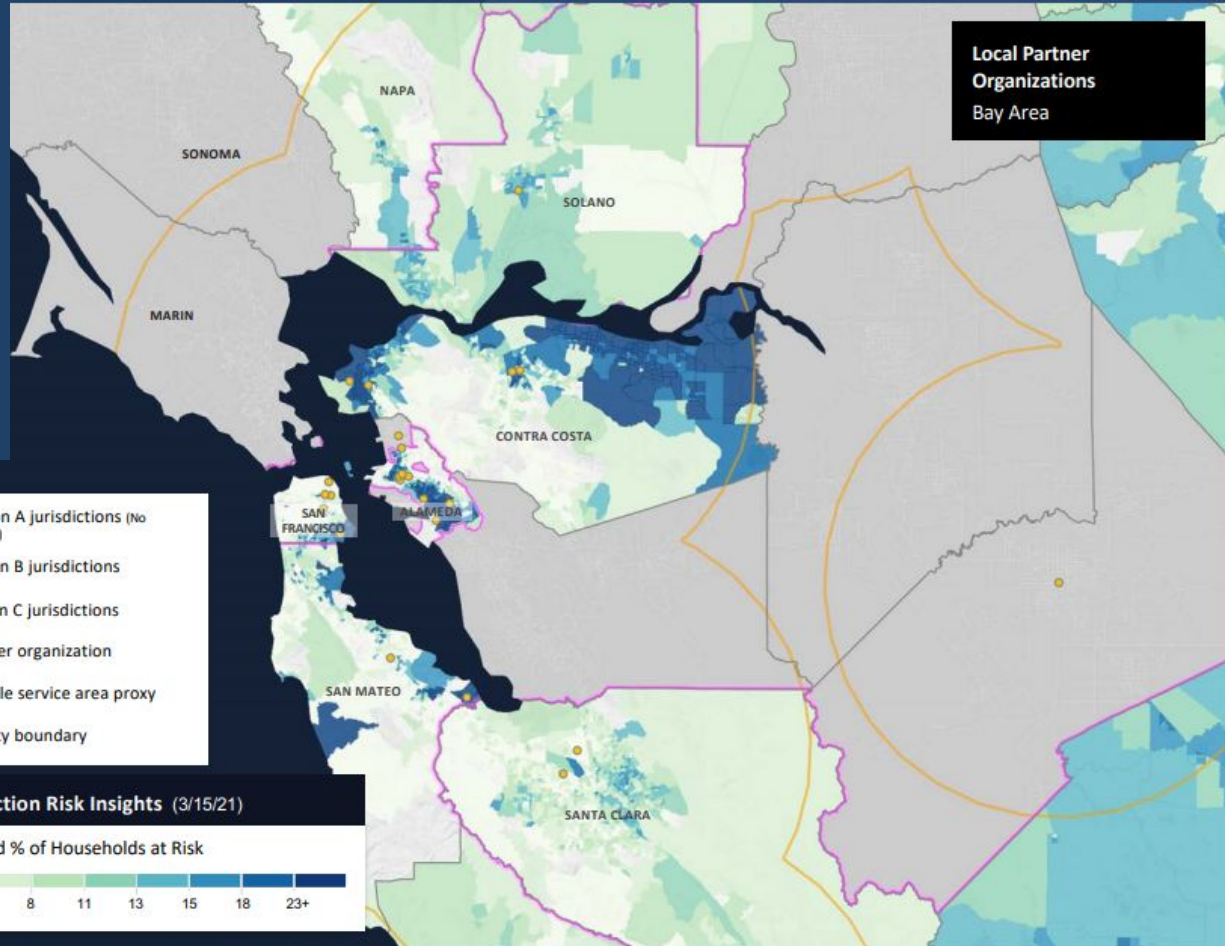
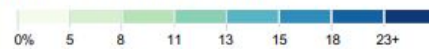
County	HHs at Risk	HHs at Risk > 25mi from a LPN
Contra Costa	25,861	0
Santa Clara	20,587	0
Alameda	20,316	0
San Francisco	13,335	0
San Mateo	10,575	0
Solano	6,631	0
Napa	1,638	208

Figures are for Option A + C Jurisdictions



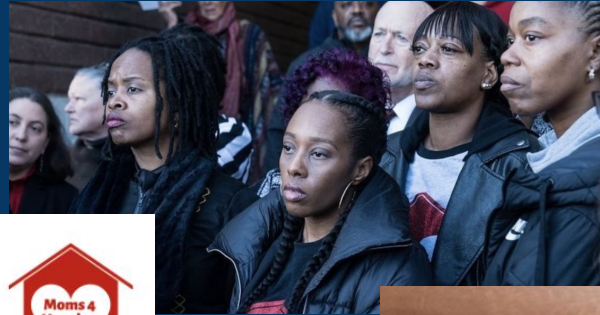
 Eviction Risk Insights (3/15/21)

Estimated % of Households at Risk



Local Partner Organizations
Bay Area

It's time for Contra Costa to join the movement to resist speculation by investing in Preservation strategies that protect low-income families!



Moms 4 Housing-inspired bill becomes California law

New law prevents corporations from bulk-buying foreclosed homes

SB 1079

WHAT IS IT?

- A foreclosure law change authored by Nancy Skinner and signed by Governor Newsom.
- Effective January 1, 2021-January 1, 2026

- This specific bill deals with 1-4 single units only
- In connection with these properties, the bill would also require a trustee to maintain an internet website and a telephone number to provide specified information on the properties that is free of charge and available 24 hours a day, 7 days a week.

WHAT IS A FORECLOSURE?

A foreclosure is a process where a home is seized and put up for sale by the bank that gave the original owner a loan.



Grandma Challenges Real Estate Giant in Early Test of New California Law



Questions?



Contact Mia - mia@richmondland.org