

Community Land Trust Advisory Committee Report and Recommendations

December 19, 2024

This document is an update to the Des Moines City Council and community partners summarizing the efforts to create a Community Land Trust (CLT) to date. Included is a refresh on how we got to where we are today, summary of the initial recommendations of the CLT Advisory Committee and anticipated work in the coming months.

Key Landmarks

- 2022 – AMOS hosts Grounded Solutions workshop and invites 50+ local leaders to learn about CLTs
- 2023 – City of DSM + AMOS partner to explore creation of a CLT. City Hires Brenda Torpy as technical consultant and forms CLT Advisory Committee.
- 2024 – CLT Advisory Committee begins work. Polk County Housing Trust (PCHT) provides some additional funds towards technical consultant costs. City of West Des Moines and Polk County join staff support team. Initial recommendations formed.

Charge to Technical Assistance Consultant and City Staff Team

The work has been focused in three phases with community engagement ongoing throughout the process. We are currently mid-way through phase two, which includes the Advisory Committee making a series of recommendations about how the CLT should be designed. Those recommendations will get operationalized when the CLT is incorporated, and the founding board starts to work.

- Phase One: Community Outreach and Engagement
 - Milestones: Kickoff event in fall 2023, recruitment and seating of an CLT Advisory Committee, establishment of an email listserv, multiple press releases at milestones, presentation to neighboring cities, and continued engagement with partners like AMOS and neighborhood associations hosting informational sessions.
- Phase Two: Community Informed Decision Making
 - Milestones: The CLT Advisory Committee began in January 2024 and anticipates meeting through the initiation of a founding CLT board. Our plan is to transition to a founding board in early 2025. This is the phase we are currently working within and preparing for the start of the next phase.
- Phase Three: From Planning to Implementation

Charge to the CLT Advisory Committee

Explore the need for and function of a Community Land Trust in our area. Make recommendations for what design for a Community Land Trust would make sense in our community.



Photo of CLT Advisory Committee and support staff

The CLT Difference

When considering if this is needed, the Advisory Committee started with what CLTs are uniquely good at and if that matched our community's needs. Specifically, CLTs are good at preserving affordable home ownership. Downpayment assistance and other programs cannot protect affordability in perpetuity, whereas a CLT can ensure lasting affordability. While CLTs can include rentals and other types of property, the Advisory Committee first focused on affordable home ownership.

Does a CLT Fill a Need?

Recently, the City of Des Moines, City of West Des Moines and Polk County collaborated on the [2024 Analysis of Impediments to Fair Housing](#), a required review and report for jurisdictions receiving HUD funds. As a part of that analysis, a survey was completed with 1,849 respondents. In review of the data, participants clearly called for increase in affordable housing. The prioritization of affordable housing aligns with past reviews of needs and strategies for our metro.

Regionally, our metro has a need for affordable home ownership for those income brackets for whom affordability, not supply is the issue. The Workforce Housing Strategy report identified that there is a volume of need in the household income range of \$50,000-\$75,000 (or 50-80% AMI). The report writes,

Over three quarters of all new households projected by 2038 will not be able to afford new construction. In Polk County, this is expected to include over 18,000 renters earning less than \$50,000 and over 25,000 owners earning between \$50,000 and \$75,000 (czbLLC, 2019, p. 9).

The Regional Workforce Housing Strategy report goes further to recommend goals to serve needs for different populations. To help compare apples to apples, the finding discusses households between \$35-49,999 in 2019. This translated into households of 2-5 people at 50% AMI. Households of 1-2 people would have also been in this bracket at 80% AMI. Within this bracket the report writes,

In this income range, a household has good rental housing choice across the Des Moines region...can afford the region's median rent of \$860 and only 25% of renters households are cost burdened. They are also within striking distance of becoming homeowners, though they may have to stretch financially—37% of owners are cost burdened—and sacrifice quality and location to do so (czbLLC, 2019, p. 23).

There is good reason to believe that in our market many households could make a jump into homeownership. A Community Land Trust can be one more way to assist in bridging location and quality barriers.

It is worth noting that our market has one example of shared equity housing. CLTs are one type of shared equity housing. Habitat has used a shared equity approach to their homes in recent years. They use a different legal tool that has a shorter timeframe to protect the affordability. Habitat has seen that demand for homes in their shared equity model has persisted and far out paces what they are able to provide at their current scale. The key to demand is focusing on the target audience: enabling people who cannot access homeownership in the traditional market have access. The Advisory Committee addresses this within its recommendations.

Finally, when considering if a CLT fills a need it is worth thinking about the strengths and limitations within our existing development community. In the setup of a Community Land Trust, our existing efforts and this new addition will be most successful if done in alignment and partnership—we should be mindful to not undercut existing work to create a Community Land Trust. In the chart below, we outline the leading partners in our community for affordable housing development, their type of development and the length of affordability achieved. Thinking about current partners draws out four ways a CLT may benefit our development community as the program design is further explored:

- Expanding access: Many of the single family, non-profit developers have had success in creating opportunity within the City of Des Moines. Rising land prices and construction costs, flat or reduced funding and opportunities have made affordable housing development in suburban communities rarer. Due to these factors private developers can only build at a price point outside of affordability. A CLT that leverages opportunities in more locations and expands the reach of affordable home ownership to more of the metro, would provide housing choice.
- Diversity of deals: The CLT may expand the types of deals that can be stewarded long-term as affordable housing. For example, a CLT could be a partner in development deals, such as

townhome or condo construction, with private developers to add affordable homes to the mix that the CLT can then steward long-term. Currently our Cities and the County can only preserve affordability for shorter terms, eventually losing the homes thus created to market pricing. Additionally, a contribution to the CLT for its participation and stewardship could be negotiated as Cities contribute to infrastructure to support single family home developments.

- **Intentionality:** The CLT could be an intentional tool to preserve affordable homeownership in locations where the market is changing, such as Special Investment Districts. Many of the partners currently must focus on volume where land is low cost. In some areas, these locations would not make sense for a CLT and ensuring return to homeowners. In other locations, intentionally layering in the CLT prevents gentrification, preserves access, and protects from predation by investment firms. A CLT assures a path to secure properties for affordable housing intentionally and for the long-term, helping help multiple partners reach their goals in ways that are not currently available.
- **Preservation:** Our metro has many great champions of affordable housing and affordable home ownership. A consistent theme with these developers is that affordable housing is a significant community lift to produce as it requires opportunity, financing, development, and partnership to make it happen. CLTs are a community investment tool—especially when they are not developers themselves. While not a fit for all deals, by incorporating a CLT into developments, community partners could preserve their investment in affordable housing longer than without a CLT.

Partner	Development Type	Affordability
HOME, Inc.	Single family home	Affordable at first purchase
Habitat for Humanity	Single family home	Affordable at first purchase and through restrictive covenant for 20-40 years if renewed
Neighborhood Finance Corporation (NFC)	Single family home	Some are market rate, some affordable at first purchase, robust down payment assistance program
Invest DSM	Single family and rental	Some affordability with partnership, largely market rate
Community Housing Initiatives	Apartment/rental	Rental – continual affordability
Anawim	Apartment/rental	Rental – continual affordability
Homes of Oakridge	Apartment/rental and some homeownership	Rental – continual affordability
Private Developers	Rental and homeownership with a wide range of housing types.	Short term affordability for 10, 15 or 20 years

Recommendations to Date

The following are the recommendations made by the CLT Advisory Committee as of November 1, 2024. The Advisory Committee was tasked with establishing big picture goals and guiding values for

the new CLT. The selection and location of new projects, how the ground lease will work, and many more specific program elements will be decided by the founding board with guidance from its municipal partners as we have done to date with the Advisory Committee. Detailed background about each recommendation is included in the next section.

- **Recommendation 1) Location**—Include as the service area all of Polk County, all of Des Moines, and all of West Des Moines and commit to engaging with other surrounding communities in the future, outside of or in Polk County.
- **Recommendation 2) Population to Serve**—Target the program to households at 80% Area Median Income, with an overall income cap of 100% Area Median Income.
- **Recommendation 3) Resale Formula**—Use an appraisal- based resale formula. The appraisal terms and percentage share will be set by the CLT board as the ground lease is finalized. City staff provide notes on market trends to test any proposed formula.
- **Recommendation 4) Steward**— Move forward with current informal negotiations with HOME, Inc. to define a proposal, budget, and agreement to serve as the initial operational steward of the Community Land Trust.
- **Recommendation 5) Membership Structure**—Have a membership as part of the organizational structure however use an approach to quorum that balances engagement and ability to operate efficiently and effectively.
- **Recommendation 6) Membership Voting**—Have a membership as part of the organizational structure where decision making rests primarily with the Board of Directors and the membership has limited, clearly defined powers.
- **Recommendation 7) Board Structure**—Use a board of 15 members and maintain the tripartite structure of a classic Community Land Trust, to include residents of CLT homes, general members from the service area and public member drawn from the municipal partners.
- **Recommendation 8) Nominations**—Include language in the bylaws in which the Board may designate Standing Committees and include nominations within a committee’s role.
- **Recommendation 9) Initial Board Selection**—Use the existing Community Land Trust Advisory Committee, with support from municipal partners, as the nominations and selection committee for the Initial Board of Directors that will serve until the first Annual Meeting, at which time a successor Board shall be elected.
- **Recommendation 10) Initial Board Selection**—Start with a 15-member board structured as described in #7 above, (details included later in document).
- **Recommendation 11) Name**—Use the name Central Iowa Community Land Trust
- **Recommendation 12) Mission Statement**—Use the mission of: Empowering residents to create equitable, resilient, and thriving communities through permanently affordable housing.
- **Recommendation 13) Purpose Statement**—A recommended purpose statement is included in the detail section below.

Detail of Recommendations

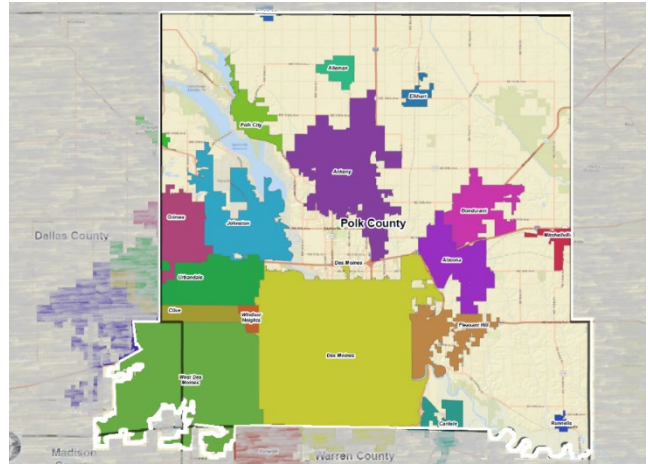
The fuller detail section brings the 13 recommendations into 5 categories:

- Location – recommendation 1
- Population to serve – recommendation 2
- Resale formula – recommendation 3
- Governance – recommendations 4-10
- Description –recommendations 11-13

Location

Recommendation 1) Include as the service area all of Polk County, all of Des Moines, and all of West Des Moines and commit to engaging with other surrounding communities in the future, outside of or in Polk County.

Background: CLTs are place based organizations and define a service area to focus their impact, set boundaries, and enable community support. The CLT Advisory Committee made a recommendation on service area.



Rationale discussed included:

- Dream big. Bring affordable housing to more places.
- Build upon existing, known strengths. Des Moines, West Des Moines, and Polk County are at the table. Let's make sure they can fully partner with the CLT.
- Be intentional about expansion. From the organizational standpoint, you can lose impact if a county or city hasn't been engaged as the local government is vital to building the land trust portfolio—not just through funding projects but leveraging partnerships, land acquisition, etc. From a household standpoint, it is important to meet people where they have community. A Community Land Trust should bring connection and support for the households it serves.

Population to Serve

Recommendation 2)—Target services for households at 80% Area Median Income and below and use an income maximum of 100% Area Median Income.

Background: CLTs must define within their program design who they aim to serve. Most often they define this by the household incomes they aim to serve. Core to this recommendation was discussion of: who cannot access or struggles to compete in the traditional homeownership market without assistance? Who sacrifices location or quality in a substantial way because of affordability? Discussion focused on the following:

- Our local market: Regardless of interest rate, households below 80% AMI struggled to access home ownership, however many local studies have identified that households just

under 80% AMI are within arm's reach of homeownership. Reviewing data within our market, when interest rates are high, households between 80-100% AMI also struggled.

- Helping who needs it most: When focusing on the target of 80% AMI and below, the Advisory Committee discussed the intention to help households who could not otherwise access the home ownership market independently or with existing programs such as a small dollar down payment assistance program. With the first focus on homeownership makes this upper limit make sense, and over time a more diverse portfolio of housing types, such as rentals, may enable us to serve lower income households and protect renters from displacement.
- Flexibility: While most of the effort will be at 80% AMI and below, CLTs around the country have had times where flexibility of going slightly above the target audience has been useful to remain in step with their mission. For example, working with a family who is at 70% AMI at the start of housing counseling, but the counseling process aids them in shifting to 85% AMI at the time of closing on a house. Flexibility to still qualify that household matches the intention of the program and the CLT can still use the ground lease to protect the long-term affordability of the individual house.

Resale Formula

Recommendation 3)–Use an appraisal- based resale formula. The appraisal terms and percentage share will be set by the CLT board when the ground lease is finalized. City staff provide market data and analysis to test the formula.

Background: A defining feature of a Community Land Trust is preservation of affordability in perpetuity. The CLT needs a mechanism that allows the initial assistance for the first home buyer to continue to benefit the second, the third and the fourth home buyers. One of the big goals of a Community Land Trust is to help folks create generational wealth, so there is a balance in looking at a resale formula to make sure it benefits the homeowner even as it preserves affordability. The Resale Formula is a part of the ground lease between the homeowner and CLT and is the tool that preserves the affordability. It defines the process for selling, how the proceeds of a sale are split between the homeowner and the Community Land Trust, and who is eligible to purchase that home.

The CLT Advisory Committee looked at a few different types of resale formulas for how the market appreciation is split and recommended what is called an appraisal-based resale formula. To many of the committee members this formula felt understandable as it still references the traditional market appraisal pricing method, whereas other formulas do not. Homeowners will see other neighboring homes change in value and understand how that could relate to their value. Also, it incentivizes maintenance more than other types of formulas supporting the long-term quality as well as affordability long term.

With the appraisal resale formula, a market rate appraisal will be performed before the homeowner purchases the home and again just before the homeowner sells the home. The difference is the appreciation which will be split between the homeowner and the CLT according to the percentage

established by the board. The homeowner's share, along with what they have earned as they paid down their mortgage will constitute their overall return. The most common percentage used across the country for appraisal based resale formulas is 25%. Initial testing looks promising to start with that percentage.

Governance

The Advisory Committee is currently working to answer a very key question: who should govern the CLT? That is at the heart of all the following organizational recommendations. There are recommendations about an initial operator, role of membership and board structure summarized here.

Steward/Initial Operator

Recommendation 4) – Move forward with informal negotiations with HOME, Inc. to define a proposal, budget, and agreement to serve as the initial operational steward of the Community Land Trust.

Background: Our technical assistance consultant advised that early in the CLT it is critical to have either an organization with experience in affordable housing development and homebuyer counseling standing up the CLT or to have an intentionally designed partnership with such an entity.

City staff and Advisory Committee members have been in communication with many nonprofit affordable housing developers. This included one-on-one and group meetings talking about the CLT and collaboration. Through these meetings we learned that there is not a nonprofit looking to become the CLT themselves, but there is interest from HOME, Inc. to explore what it would look like for them to stand up the CLT by providing the initial operations, management and services. There has been a history of success with this in our community when you look at NFC, NDC, and others.

Knowing that the core skills, needed in early operations are experience in local affordable housing development and specifically homeownership, the Advisory Committee discussed and recommends moving forward with seeking a scope and proposal from HOME, Inc. that will include a budget and description about their stewardship and organizational management roles.

Collaboration with other housing nonprofits will be needed. NFC has expressed interest in partnership as an early lender to CLT home buyers and through their property development work. Habitat expressed an interest in partnering and exploring projects. Invest DSM has identified possible future collaborative projects. As we continue to take next steps with HOME, Inc. intentionally planning and designing alongside the other housing nonprofits will be critical in the stand up the Community Land Trust.

Membership

Background: Within the CLT model, membership is made up of CLT lease holders, those living in homes on CLT land, and committed community members from throughout the service area. CLTs

across the country have many approaches to membership from robust rights and participation in decision-making to limited roles or no membership at all. Many members of the Advisory Committee felt that the membership helps put the community in Community Land Trust. Recommendations 5 and 6 reflect a commitment to having a membership and a middle ground approach to membership in governance.

Recommendation 5) Have a membership as part of the organizational structure however use an approach to quorum that balances engagement and ability to continue operations.

Recommendation 6) Have a membership as part of the organizational structure in which the membership has limited powers listed below.

The assent of the voting Membership shall be required before action may be taken on the following issues:

- a. The election of the Board of Directors;*
- b. The amendment of the Articles of Incorporation or these Bylaws;*
- c. The alteration or amendment of the Corporation's limited appreciation formula;*
- d. The dissolution or merger of the Corporation and the disposition of the assets of the Corporation other than in the regular course of activities of the Corporation;*
- e. Any other matter which must be approved by the Members under the Iowa Nonprofit Corporation Act (the "Act"); and,*
- f. Any other major issue concerning the Corporation, as determined by majority vote of the Board of Directors.*

Board

Background: Boards provide the leadership, vision, and oversight for a nonprofit. Defining the board and membership gives shape to the organizational structure. A classic CLT has what is called a tripartite board. These are defined in many ways, but include residents of CLT homes, general community members and public members who provide a connection to local government. Recommendations 7, 8, 9, and 10 detail the advisory committee's recommendations about the board, how to get an initial board, and how to build in a long term process for recruitment.

Recommendation 7) Board Structure—Use a board of 15 members and maintain the tripartite structure of a classic Community Land Trust including:

- *a. 1/3 of the Board of Directors are Resident Representatives:*
 - *i. A member who lives in housing on leased landed or land with a CLT restrictive covenant with the Corporation.*
- *b. 1/3 of the Board of Directors are General Representatives:*
 - *i. General Member Representatives shall not be Resident Members.*
 - *ii. General Member Representatives shall reside within the Corporation's service area.*
- *c. 1/3 of the Board of Directors are Public Representatives:*

- i. All of the Public Representatives shall be City or County officials from within the Corporation's service area. These officials shall be the City's or County's highest-ranking elected or executive officer or the designee of this highest-ranking executive officer.
- ii. In the nominations process, the executive officer should be considered prior to an elected officer.
- iii. No more than one official per jurisdiction at the same time on the Board.
- iv. Public Member Representatives shall not be Resident Members.
- d. Across these categories maintain the provisions to meet the CHDO or CBDO qualifications.

Recommendation 8) Nominations—Include language in the bylaws in which the Board may designate Standing Committees and include nominations within a committee's role.

Background: A nominations process is considered by many, including our consultant, as a nonprofit best practice. A nominations committee will prepare a list of candidates that will then be brought to the membership for a vote. Nominations helps to ensure mindfulness of the variety of skill sets, relationships and contract compliance the CLT might need to consider within, and in addition to their tripartite board structure.

Recommendation 9) Initial Board Selection - Use the existing Community Land Trust Advisory Committee as the nominations and selection committee for the Initial Board of Directors that will serve until the first Annual Meeting, at which time a successor Board shall be elected.

Recommendation 10) Initial Board Selection - Start with a 15-member board and mirror the tripartite governance for the Initial Board:

- *1/3 Resident Representatives: Over time, as residents in CLT homes emerge this position will be focused only on CLT lease holders. For the initial board, we will strive to ensure the voice of and accountability to low to moderate income residents is at the table by having members that meet one or more of the following with a preference for i or ii:*
 - *i. Service area residents that live in low to moderate income neighborhoods (HUD term).*
 - *ii. Service area residents with 80% AMI and below.*
 - *iii. Service area residents that work at a nonprofit social service provider for at least three years and has a focus on services to and engagement of low-income residents.*
- *1/3 General Representatives:*
 - *General Member Representatives shall reside within the Corporation's service area.*
- *1/3 Public Representatives:*
 - *i. The priority for these positions is for Public Representatives to be City or County officials from within the Corporation's service area. These officials shall be the City's*

- or County's highest-ranking elected or executive officer or the designee of this highest-ranking executive officer.
- ii. No more than three of the Public Representatives may be from large social service and philanthropic organizations that work within the service area of the CLT. These positions will have a 1- year public seat and after the first annual meeting, to be replaced with City or County officials.
- iii. In the nominations process, the executive officer should be considered prior to an elected officer.
- iv. No more than one official per jurisdiction at the same time on the Board.

Organizational Description

Background: The Advisory Committee made three recommendations to aid in the incorporation process and provide a definition of what is the CLT. These include a name, mission statement and purpose statement reflected in recommendations in 11-13.

Name/Mission/Purpose

Recommendation 11) Name—Use the name Central Iowa Community Land Trust

Background: The organization will need a name. Much of the discussion was about how to have a clear identity and say what this is and to intentionally present the scale, diversity and intentional collaboration of the regional footprint recommended in the service area.

Recommendation 12) Mission Statement—Use the mission of: Empowering residents to create equitable, resilient, and thriving communities through permanently affordable housing.

Background: A mission statement is a short description that communicates purpose of the organization defining its culture, goals, and values.

Recommendation 13) Purpose Statement—A recommended purpose statement is below.

Background: At incorporation, organizations must list their purpose. This is often broader than a mission statement as it is defining to the state and federal government the type of charitable work that will be completed. Through discussion, the advisory committee recommended the following purpose statement for the Central Iowa Community Land Trust to aid in incorporation:

The Purpose of the Central Iowa Community Land Trust is:

- A. To acquire property, provide access to land and quality housing for households with low and moderate incomes; and
- B. To preserve the affordability of housing for households with low and moderate incomes in perpetuity; and
- C. Create access to home ownership in areas of opportunity for households with low and moderate incomes; and
- D. To reverse and prevent community deterioration in economically disadvantaged neighborhoods by promoting development, rehabilitation, and maintenance of quality

housing; by promoting economic opportunities for households with low- and moderate-incomes; by making land available for projects and activities that improve the quality of life; and by assisting residents in improving the safety and well-being of their community.

What is Upcoming

This section includes a list of upcoming activities for the Advisory Committee and early CICLT board.

December 2024 Advisory Committee Final Actions

- Nominate and select the founding board.
- Adoption of final report.

Efforts in 2025 by CICLT Initial Board

- Work with HOME, Inc. and Canary Consulting to secure and review a proposal for initial operations and funding sources required.
- Identify plan and agreement for initial City of Des Moines, City of West Des Moines, and Polk County supports for the early board, such as funding, subcommittee staffing, etc.
- Form work groups to aid in the organizational set up and start of operations. Likely this will include Policy/Incorporation, Program and Services Design, Property Acquisition/Development, Membership, Fundraising and Resource Development.
- Establish a business plan and nonprofit launch plan.
- Set up the legal and fiduciary instruments necessary to incorporate as an organization, file for nonprofit status, and operate. The recommendations of the CLT Advisory Committee are designed to help move from nationally provided model CLT bylaws, articles of incorporation, and ground leases into versions that are meant for our community.
- Develop program design and operational policies.
- Implement a membership drive and host the first annual meeting.
- Identifying and completing first home projects.
- Conducting outreach and marketing for first home sales.
- Begin an ongoing process of community engagement and community building among homeowners and with their neighbors.