



FREE THE LAND

ESTABLISHING A COMMUNITY LAND TRUST IN
JACKSON, MISSISSIPPI

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2015



**FREE THE LAND: ESTABLISHING A COMMUNITY LAND TRUST IN JACKSON, MISSISSIPPI
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SOAD MANA, BILL EMERSON NATIONAL HUNGER FELLOW

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LIST OF ACRONYMS

| | |
|-----------|---|
| ACS | American Community Survey |
| AMI | Area Median Income |
| CDBG | Community Block Development Grant |
| CDC | Community Development Corporation |
| CLT | Community Land Trust |
| CO-OP NWJ | Cooperative Community of New West Jackson |
| DCLT | Durham Community Land Trustees, Inc. |
| HAMFI | Housing Area Median Family Income |
| HOME | Home Investments Partnerships Program |
| HUD | Housing and Urban Development |

INTRODUCTION

Housing Mississippi is a statewide coalition looking to establish safe, affordable, decent housing for every Mississippian.¹ The coalition has been working on establishing housing trust funds and seeks to explore other methods of obtaining safe, affordable housing. Two local community organizations in Jackson, Cooperative Community of New West Jackson and Cooperation Jackson, are seeking to or have started land trusts in the city. The hunger fellow looked to explore the housing conditions in Jackson and the potential for establishing a community land trust in the city. A CLT provides the opportunity for communities to take ownership of the land and build a strong base for community action.

What makes the CLT model unique is its commitment to permanent affordability, and framing the land as a public good that benefits the community. More importantly, whereas many homeownership assistance programs exclude rental families, CLTs own and operate a stock of rental housing that is larger than their homeownership portfolio.² According to a national survey, 45% of portfolios included at least some rental housing. This gives CLTs the ability to adapt their portfolio based on the needs of individual communities. It has been shown that the owners of CLT homes weathered the recent housing market meltdown much better than the owners of non-CLT homes.³ CLTs also have a role in revitalizing and stabilizing areas with “weak markets” with “high foreclosures” where issues related to gentrification may not be the overarching concern.⁴

The hunger fellow collected data through a literature review of community land trusts around the country, in person interviews with community organizations in Jackson, and housing, demographic, and economic research. Additional interviews with the National Community Land Trust Network provided insight into the nuanced approach communities must take in establishing a CLT in their communities. From this review, some suggestions come to light about how to move forward and sustain a CLT in Jackson. This report also illustrates CLTs in two cities in the South: Durham, North Carolina and Athens, Georgia. Durham and Athens are being used as models given that they offer unique insights due to the regional geography.

The purpose of this report is defined by the following objectives:

1. To outline a conceptual model for Jackson to create and sustain a grassroots CLT
2. To study successful community land trusts in the US that offer parallels to Jackson, MS

DEFINING COMMUNITY LAND TRUST

A community land trust is a private, non-profit community based corporation committed to the stewardship and affordability of land housing and other buildings uses for community benefit in perpetuity.⁵ They are explicitly designed to provide secure affordable access to land and housing for community residents. Their community focus enables them to direct programs and resources towards removing blight, open space, and providing affordable housing for extremely low income populations. Doing this enables CLTs to fill a major gap for a population least served by the prevailing land market. CLTs help communities to take control over local land use and reduce absentee ownership, promote resident ownership and control of housing, keep housing affordable for future residents, and capture the value of public investment for long-term community benefit.⁶

This capturing is done by a nonprofit acquiring land parcels in a targeted geographic area with the intention of retaining long term ownership of the land. The nonprofit then provides for the private use of the land through long term (typically 99-year) lease agreements for the exclusive use by individual homeowners, cooperative housing corporations, nonprofit developers and other entities for a nominal fee.⁷ The leaseholders may sell the housing structure, but resale restrictions apply. As the home is truly their own, it provides the homeowners with the same permanence and security as a conventional buyer, and they can use the land in the same way as any other homeowner.

Temkin, Theodos and Price (2010) found that more than 50% of low-income, first time homebuyers transition back to renting within five years of purchasing a home, because they are unable to keep up with their mortgages, cannot afford rising property taxes and insurance or fail to plan for unexpected repairs and upkeep.⁸ CLT homeowners have lower rates of default and foreclosure compared with national, conventional mortgage loan holders, largely due to the security and investment provided by the CLT model. Many CLT proponents claim that these mechanisms facilitate community control over development.

A MODEL FOR ESTABLISHING A CLT IN JACKSON

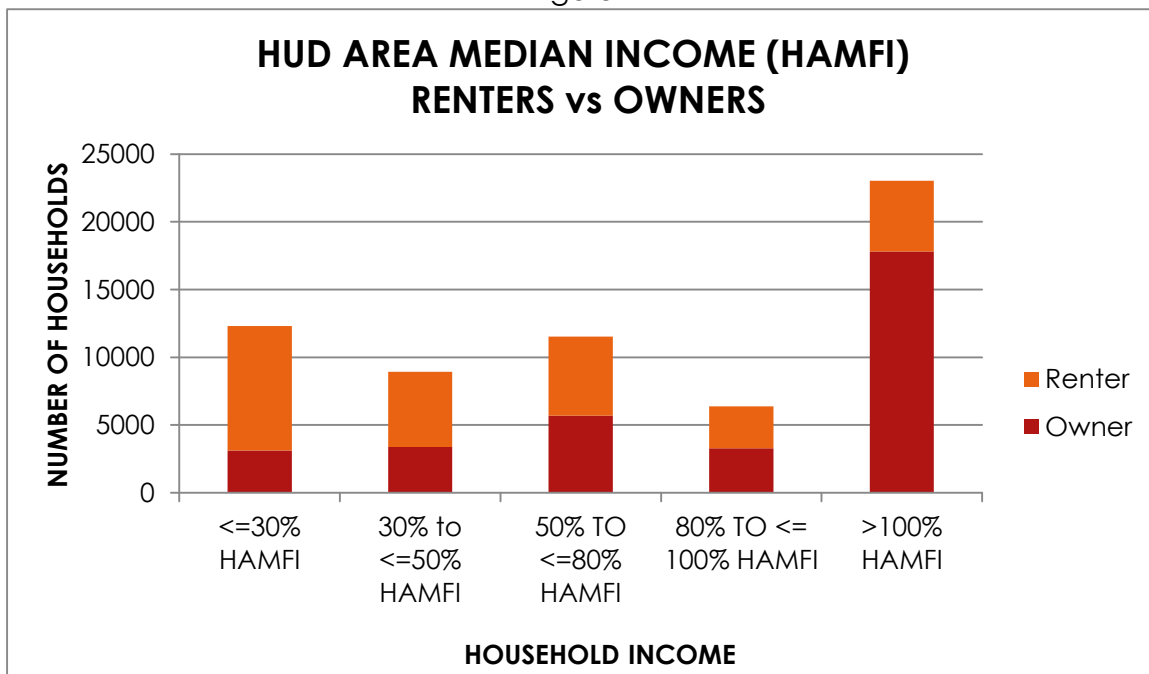
EXISTING CONDITIONS

Despite being the largest city in the state of Mississippi, Jackson's population has been steadily decreasing since the 1980s. From 2000 to 2010 alone, the population declined by more than 10,000 people to about 174,000.⁹ With a history of white flight, shrinking population has contributed to high vacancy rates and abandoned properties throughout the city (17% vacancy rate).¹⁰ Despite the amount of available housing stock in the city, homeownership remains out of reach for most in Jackson. The median household income is \$32,708, with many households earning below that.¹¹

| Jackson, Mississippi Quick Facts | |
|--|----------|
| Per capita income in past 12 months (2013 dollars), 2009-2013 | \$18,623 |
| Median household income, 2009-2013 | \$32,708 |
| Persons below poverty level, percent, 2009-2013 | 30.2% |

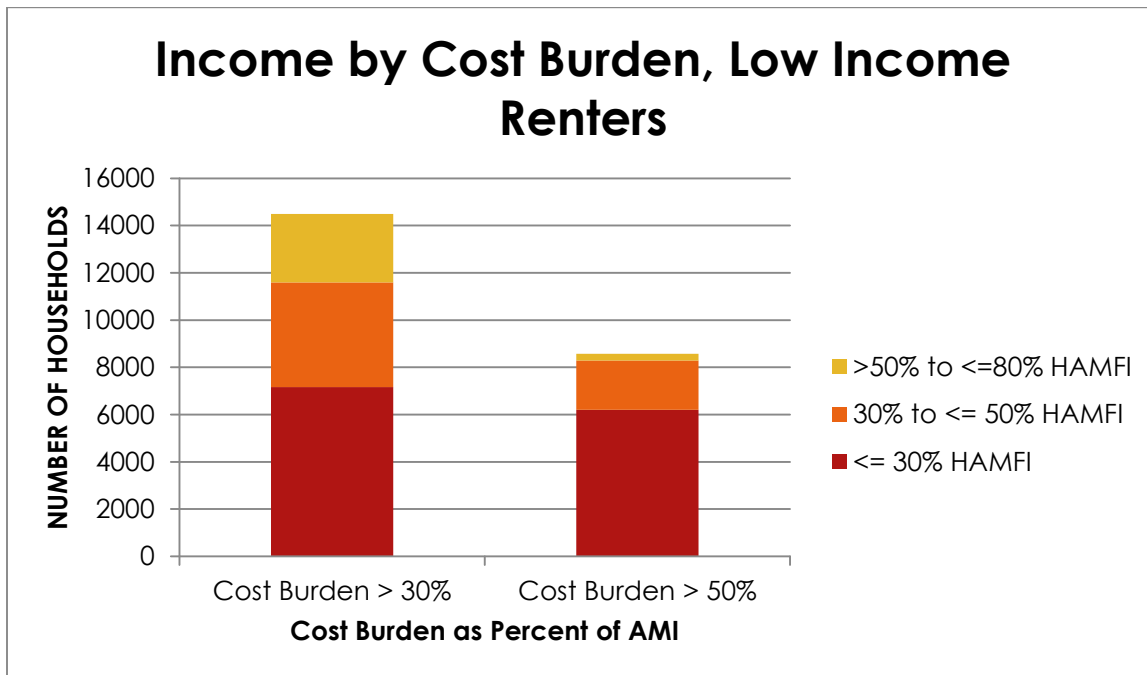
Renters comprise 47.5% of the city, with more than half of them being rent burdened.¹² More than half of the 63,000 households earn less than 80% of the AMI, the HUD classifier of low income, and a third of the total households in Jackson are low income renters.¹³ What this indicates is a large inequality gap within Jackson.

Figure 1



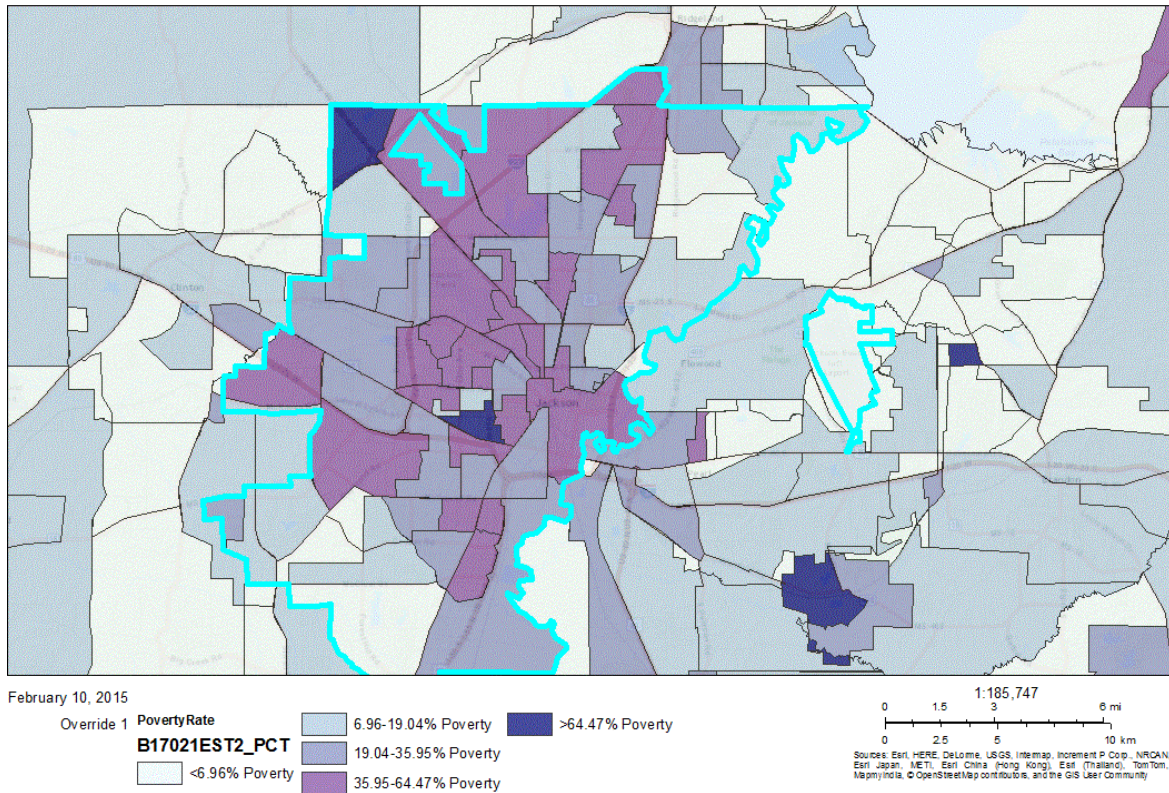
Seeking ways to address these inequitable conditions, many community leaders in Jackson have developed interest in community land trusts. Jackson, Mississippi offers a unique place for the establishment of a community land trust. The city faces many challenges present in an urban center. Significant rent burden falls upon the general population, where 61% of renters pay more than 30% of their income on rent.¹⁵ For homeowners, 34% pay more than 30% of their income for mortgage payments.¹⁶

Figure 2



A shrinking population base is a shrinking tax base, leaving inner city areas such as West Jackson with insufficient services and resources. The declining population has had a significant impact on the Black population with more than 30% living below the poverty line.¹⁸ Poverty is most concentrated in neighborhoods with significant disinvestment. Within these neighborhoods lives vulnerable residents. In West Jackson, 55% of those within occupied housing are renters.¹⁹ Many are surrounded by abandoned housing with 41% of the lots in the area vacant or with abandoned structures.²⁰

Figure 3: Poverty Rate Map of Jackson, Mississippi



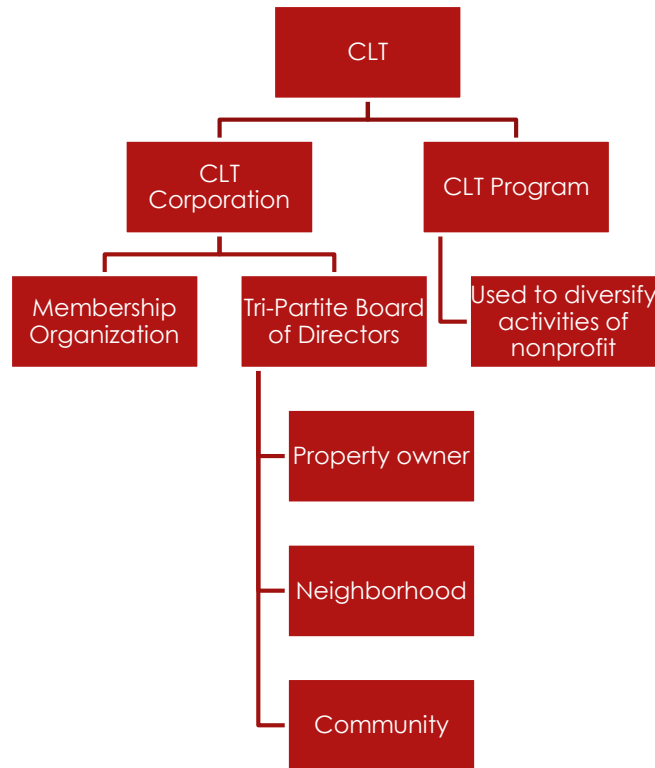
Despite these major challenges, much can be done. A study conducted by community stakeholders found that 73% of homes in the community only needed minor improvements.²¹ Capitol Street is in a strategic location, as it is a major corridor that connects downtown to I-220, and houses Livingston Park and the Jackson Zoo. Community stakeholders recently published a guidebook for West Jackson containing plans “that empowers residents and stakeholders to invest in sustainable and inclusive social, physical and economic development within the community.”²² With renewed attention on the corridor, some residents are concerned about rising housing costs and being subsequently priced out of their neighborhood. A CLT would not only allow community residents to gain control over local land use and reduce absentee ownership, but also promote resident ownership and control over neighborhood development that will not displace them.

ADMINISTRATION AND OVERSIGHT

Depending on the vision of the CLT, some are neighborhood based, while others are entire cities. What is critical is to keep community members engaged in the process, thus starting small in community where there has been organizing.

In order to administer a community land trust, decisions must be made about what the structure of the trust. Most community land trusts (81%) were established as a CLT corporation, while the rest were established as a program under a nonprofit community based organization.²³ Successful community based organizations tend to develop board capabilities to engage in activities such as planning, community organizing, fund raising and program/project implementation. These boards should represent people who lease the land, residents of the neighborhood, and leaders in the community at large.

In a survey conducted of land trusts in the country, the land within the trusts was mostly



used for residential activities.²⁴ 59% of the total units are rehabilitated, while 41% are new construction.²⁵ This higher percentage of rehabilitated units may be due to it being easier to attract public subsidies for rehabilitation.

One large component of the trust is finding funding mechanisms. Properties can be acquired through gifts via individuals or from wills. Some CDCs apply for and receive HOME and CDBG funds. Many organization apply for grant money to help get things off the ground, then charge fees for leasing the land as a sustainable source of revenue. However, leasing of the land only makes up about 10% of the budget, thus requiring other means.²⁶ It is critical to continue to partner with public and private organizations to bring resources to the group. In a weak market like Jackson, there needs to be creative partnerships with nonprofits such as Habitat for Humanity.

REVENUE SOURCES



Government

- Federal: HOME, CDBG funds
- State, Local



Private

- Foundations, charities, individual donors
- Private business grants
- Investment income



CLT

- Ground lease fees, homebuyer fees, lease reissuance fee
- Development fees
- Rental income

An important element inherent within the CLT is the need to build strong relationships with the local government and community.²⁷ It is a long, arduous process to develop a good relationship with a municipality, but the results have lasting impacts. The Dudley Street Neighborhood Initiative in Boston formed in 1984, and regular meetings with the city helped pave the way for the City of Boston to adopt their plan in 1987 and grant them eminent domain power for acquiring vacant land in central "Triangle" area.²⁸

With all the benefits of CLTs, some challenges do remain. The biggest one is funding as the organization has to survive in perpetuity. The National Community Land Trust Network advises organizations to not do any physical development in the first two to three projects.²⁹ This emphasizes the importance of relationship building as they need to bring in a partner developer to take on the initial development until they are able to leverage their experience to get the project off the ground. Development could include construction, demolition, and/or rehabilitation.

Additionally, timing is important with the establishment of CLTs as it can be extremely challenging to obtain properties in the late stages of gentrification process of an area. Because of this urgency, community organizations in Jackson feel that now is the time to act in removing properties from the speculative market. Although some CLT opponents argue restricting the property in a weak market lowers the values of the surrounding properties, many believe that this is the best way to discourage displacement.

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Organizations like Cooperation Jackson seek to prevent this displacement in developing a CLT in West Jackson.³⁰ As part of the Sustainable Communities Initiative, they plan to purchase vacant lots and organize them into a CLT. The trust would be used as a mean to ensure home security in order to advance racial and economic justice. With an emphasis on cooperative enterprise and solidarity economics, CLTs enable them to retain the culture of the people in the community and combat gentrification, as well as help build wealth in the community via homeownership.

Another community organization, the Cooperative Community of New West Jackson additionally seeks to establish a grassroots CLT to revitalize their community through an “inside out” strategy.³¹ Focusing on an 8 block area, CO-OP NWJ seeks to use the CLT as part of a sustainable solution to the economic and social challenges in their area. Within their 8 block area alone, there are over thirty five blighted vacant and abandoned properties.

Within West Jackson, the State of Mississippi is the largest owner of vacant lots (334), with the City of Jackson additionally owning 137 vacant lots.³² These properties have no taxes being paid on them, remain eyesores to community residents, and decrease home values in the neighborhood. Although the City of Jackson does not maintain a land bank, they do have a process to help non-profit housing providers acquire tax forfeited property at no cost.³³ However, this process remains complicated as the city must receive an inquiry into a property and decide whether the property can be given.

To purchase state owned property, one only needs to call the Secretary of State's Office at 601-359-1350 to submit an application including the amount you're willing to pay.³⁴ The state sends a tax assessor to look at the property, submit a counter offer, and begin negotiations to complete the purchase. If the property is blighted, parcels are sold at the higher rate of either a. 25% of the market value, as determined by the Tax Assessor, or b. the total of taxes and all fees. All other parcels are sold at the higher of a. 50% of market value as determined by Tax Assessor, or b. total of back taxes and all fees. In general, from the date the application is submitted, the process takes approximately 60 to 90 days. A list of state owned properties and an application can be found on their website.³⁵

CASE STUDIES

Jackson faces challenges similar to others cities across the South that have established CLTs. More than 250 CLTs have been established in 45 states and Washington DC. The following two cases studies showcase the process of creating a CLT in their town, as well as explore types of revenue source that could be applied in Jackson. The case studies provide an overview of the background of formation, administration, and program components for Athens, Georgia, and Durham, North Carolina.

Athens, Georgia

The Athens Land Trust was established in 1994 by a group of residents in Athens-Clarke County.³⁶ Faced with increasing demand for luxury students housing, community members chose the CLT model to address development pressures and open space preservation. The trust is a grassroots CLT that focuses all of its housing development programs in Athens-Clarke County. Their organization is one of the few in the US that includes both a conservation and a community land trust. Athens Land Trust currently holds conservation easements protecting 13,505.02 acres in Athens-Clarke County and 25 other counties in Georgia. The ALT currently owns 30 single family properties housing 48 people in low income neighborhoods. In addition to home ownership, they also provide affordable rental and services for 96 families making up to 50% of AMI, owning the Fourth Street Village Apartments.

Athens Land Trust used Low Income Housing Tax Credit to finance the construction of its first rental housing development, Fourth Street Village Apartments. A developer initiated a deal with ALT because of their strong ties to the local community, adding extra points on the developer's tax credit application. Through various grants, including a recent USDA Natural Resources Conservation Service of \$840,000, ALT has been able to acquire properties and administer community programs.

Examples of this programming include their Community Agriculture Program in which they engage in sustainable agriculture exclusively through program assistance. Their organic West Broad Market Garden and urban farm assists low income gardeners in selling their produce, engages youth by learning sustainable agriculture and increases access to affordable produce to combat the food insecurity rife in their community.

The board consists of fifteen members that includes community leaders, ALT homeowners, and housing developers. The board meets monthly and is open to the public.

Durham, North Carolina

Tired of seeing abandoned houses, neighbors banded together to form the Durham Community Land Trustees, Inc. (DCLT) in 1987.³⁷ The residents wanted to reduce crime, increase the affordable housing availability, and regain control of their community through homeownership. Today, the land trust includes over 200 units of affordable housing in Durham's West End neighborhoods with an additional 47 units under development. Homeownership projects target residents at or below 80% AMI. About 60% of DCLT's affordable housing is permanent rental housing for residents earning at or below 60% AMI, including both apartments and single-family houses.

The board of directors of Durham Community Land Trustees consists of nine to eighteen members. Representatives to DCLT's Board of Directors are nominated and elected at meetings by members for a term of two years. Membership requires they fit into one of three categories: individuals who live in DCLT affordable housing, community members who generally are leaders in the neighborhoods, and individuals with professional

experience and technical expertise that can provide valuable knowledge of resources, generally housing developers.

Their work is financially supported in large part by the City of Durham, the Duke-Durham Partnership, and charitable contributions from individuals and corporations.

CONCLUSION

CLTs have the potential to shift ownership and power back to the communities at the grassroots level. Additionally, they create wealth by appreciating real estate values. For these residents, land is more than just land, but a space where social, economic, and community decisions are made, and it is the place of neighborhood, culture, and livelihoods.

Although the CLTs just formed in Jackson, MS, the community organizations face a long, difficult path ahead of them. With these considerations of sustainability and growth, they certainly will have a lasting impact on both their neighborhoods and the city.

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| FY Income Limit | Persons in Family | | |
|----------------------------------|-------------------|----------|----------|
| | 3 | 4 | 5 |
| Extremely Low Income (30% HAMFI) | \$19,790 | \$23,850 | \$27,910 |
| Very Low Income (50% HAMFI) | \$26,400 | \$29,300 | \$31,650 |
| Low Income (80% HAMFI) | \$42,250 | \$46,900 | \$50,700 |

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