

Homeowner happy she doesn't own land under her house: a look at community land trusts



Dolores Watson stands in front of her home in Cleveland's Detroit-Shoreway neighborhood. She owns the house, but the local community land trust owns the land on which it stands. She said the agreement enabled her to get a new house with green technologies. She shows the certificate certifying her house as LEED platinum, a certification which includes high energy efficiency. (Lonnie Timmons, III, *The Plain Dealer*)

Print



By **Olivera Perkins, The Plain Dealer**

Email the author | **Follow on Twitter**

on April 25, 2014 at 2:36 PM, updated April 25, 2014 at 3:35 PM

CLEVELAND, Ohio -- The colonial with brick-red siding and white trim on Pear Avenue in the city's Detroit-Shoreway neighborhood belongs to Dolores Watson. The land beneath it has another owner.

This may sound like the makings of a real estate horror story, but it is not. The land on which the house sits is owned by the **Land Trust, a program of Neighborhood Housing Services of Cleveland, or NHS**. In fact, Watson is quite pleased with the arrangement.

"My house was affordable!" she said of the home she bought in 2009 for about \$125,000, which was a newly constructed environmentally green building.

A primary goal of community land trusts is to create a permanent stock of affordable and moderately priced housing. Such trusts can also play a role in preventing foreclosures. Additionally, the trusts have the power to shape land usage by supporting certain types of development, such as green housing.

There will be a local spotlight on the movement this week. **The national conference of the National Community Land Trust Network**, or the Network, will be held Sunday through Wednesday at the Cleveland Marriott Downtown at Key Center.

The local land trust is early in its development. The NHS program retains control of the land at seven homes, including Watson's, and has another house for sale in Shaker Heights. The trust is rehabbing

four homes for sale in South Euclid. The trust also has nine rental units in Shaker Heights, primarily used by entrepreneurs in the LaunchHouse Accelerator and a four-unit apartment building in Ohio City.

One theme runs throughout most of the projects: allowing those without big budgets to benefit from green housing.

Watson's house is LEED certified platinum. This means it has reached the highest green level for projects of its kind under the Leadership in Energy & Environmental Design program. The house is in the Cleveland EcoVillage, where the focus is on environmentally friendly housing and lifestyles.

When the polar vortex hit Cleveland this past winter, Watson didn't have to fret about having high energy bills.

"I am saving a ton of money on the gas bill," said Watson, who works at the nonprofit Earth Day Coalition. "I have lived in an apartment, in which during a not particularly cold winter, I would routinely pay \$100 or more for a gas bill. My budget billing has been dropped to \$32 a month for the whole house."

The 1,400-square-foot house doesn't have solar panels, but derives much of its energy savings from being extremely well insulated.

Watson's house was appraised with a market value of \$160,000 when it was built more than five years ago, said David Rothstein, NHS' director of resource development and public affairs. The land trust put in \$35,000 so that the house would be in the target price point.

"We don't actually break out land value, per se, when we price a house," he said in an email. "We look at what will be affordable to a moderate-income buyer -- about \$30,000-\$35,000 in household income -- and then (we) raise enough subsidy to bring the cost down to that level."

Buying a house in connection with a land trust may appear antithetical to the widely held value of homeownership representing a piece of the American Dream: Homeowners don't own the land, they lease it for 99 years. When they sell, there are restrictions on how high the resale price may be. Gone are the notions of viewing a home as an ever-appreciating investment that can be tapped like a piggy bank.

"I didn't have any trouble with the fact that somebody else owns the land, and I own the house," Watson said. "I think it is a novel concept whose time has come."

Even if Northeast Ohio's real estate market heats up, as it did in the mid 2000s before the bust, Watson isn't concerned that she won't be able to cash-in on such appreciation. To her, ensuring that housing remains affordable is a more important goal.

"Sometimes you just have to be willing to pay it forward," she said.

Melora Hiller, executive director of the Network, said community trust homes could help with neighborhood stabilization. Because homeowners have secured affordable housing, they often return to school, start businesses or pursue other goals since money isn't being diverted into ever-increasing rents or mortgages so high that families struggle to keep pace. She said people in land trust houses generally stay in their homes longer than other homeowners.

Land trust homes can also ward off foreclosures, which have been a major driver of neighborhood destabilization in Northeast Ohio by creating large swaths of abandoned homes. In many city neighborhoods, some of the foreclosed homes had been bought with assistance from programs aimed at making homeownership more affordable. However, these homeowners refinanced mortgages for riskier products that led to them losing their homes.

Hiller said during the foreclosure crises, land trust homes had one-eighth the number of foreclosures. Owning the land meant that trusts were usually notified when homeowners tried to refinance or if they were falling behind with their mortgage.

"It is not to say that a foreclosure could never happen, but there are so many protections put in place," Hiller said.

If a foreclosure proved inevitable, she said a land trust would usually be given the first right of refusal in acquiring the home.

Rothstein said he believes the land trust could play a role in lowering local foreclosure rates and dealing with their aftermath. In Cuyahoga County in 2013, there were 10,215 new foreclosure filings, he said. That was down from 2012, when there were 13,234.

"What we see are the total number of foreclosure filings falling, but still at historically high levels," he said. "Programs like the Land Trust model will help communities deal with the onslaught of vacant and abandoned houses."

Hiller said holding the conference in Cleveland is fitting because it gives an opportunity to see the range that land trusts have to offer. They can work in places like Cleveland as well as in places like Orcas Island, Washington, where property values were rising so rapidly that they were pricing out all but the wealthy. Affordable housing was needed for workers from coffee house baristas to teachers and firefighters.

"The community land trust model is a really flexible tool, so it can be used in cool housing markets as well as hot markets," she said.