

HOMEOWNER ENGAGEMENT FOR COMMUNITY LAND TRUSTS

*Prepared by CLT Practitioners¹ through the
National CLT Network's Advanced Capacity Building Institute 2011- 2012*

INTRODUCTION

CLT homeownership provides affordable housing to low-income households in a manner that provides stability in communities through a *homeowner-centric* approach. CLTs assure the community that the home will remain a community asset and that residents will be involved, owner-occupants.

A *people-focused approach* to housing advances social, economic, and racial equity initiatives, and must be a greater part of the comprehensive solution if neighborhoods are going to be strong in both good and bad economic times. CLT's have a unique opportunity to take a *homeowner-centric* approach to creating perpetually affordable housing that also addresses the following:

- Serving communities that have disparities in housing, income, education, and health
- Authentic participation of low income and Community of Color households
- Improving of overall quality of life
- Evolving CLCLT priorities to reflect homeowner engagement focus

PURPOSE OF ENGAGEMENT

Effective homeowner/rental resident engagement:

- Increases likelihood of CLT homeowner success
- Provides opportunities to who positive impact of CLT to larger community
- Supports organizational sustainability (e.g. board and committee development; expanded staff capacity; fundraising assistance; and policy creation)

GENERAL CONSIDERATIONS

As dialogue around a homeowner-centric approach evolves in organizations and communities, some general considerations should be kept in mind:

- The goal of engagement is to manage proactively the contractual requirements associated with community land trust homeownership or rental and, more importantly, to create value added services for homeowners and rental residents. It is important that the approach by staff adds value for the resident, rather than enforces through paternalism. This is especially important for contractual requirements. How an organization manages contractual requirements can have a significant impact on how readily homeowners seek help when needed from the community land trust.
- Continuity is essential. Developing an effective engagement plan requires organizations to be realistic about what can be accomplished with existing financial and human resources so that whatever elements are decided upon can be delivered consistently and can be sustained.
- It is ideal if an organization can have a staff person who focuses on developing homeowner/rental resident relationships; however, such a resource may not be available during the early stages of an engagement plan. The early stages may provide good opportunities to leverage volunteers and interns but there will still need to be someone within the organization to guide the overall effort.
- Impact of engagement will be seen over time, so sustainability is an important component that needs to be considered in the beginning. Part of sustainability planning is to build engagement in a way that can exist beyond any one person in an organization.

ENGAGEMENT MATRIX

The following matrix was developed to facilitate early thinking about homeowner engagement; to assist with designing a homeowner engagement plan; to share some ideas that have worked and are working for CLT's; and to provide valuable information to assist in gaining support from board, staff, funders and community stakeholders associated with an organization. **NOTE:** In Contractual Requirements, referenced to the associated 2011 Ground Lease article is noted in parentheses and italics.

CONTRACTUAL REQUIREMENTS

Requirement	Benefit to Homeowner	Benefit to Organization	Capacity / Resources Needed
1. Notification (<i>14.2</i>) <ul style="list-style-type: none"> a. Change of lessor/ covenant (<i>10</i>) b. Inspections (<i>4.6</i>) c. Fee adjustments (<i>5.5</i>) d. Default (<i>12.4</i>) e. Arbitration (<i>13</i>) 	<ul style="list-style-type: none"> ▪ Kept informed consistently of activities and decisions of the CLT and the potential impact on homeowners ▪ Routine, clear communication assists homeowners in understanding if they are fulfilling their side of contractual agreement ▪ Creates opportunity for homeowner to be made aware of anything that requires corrective action 	<ul style="list-style-type: none"> ▪ Provides organization with forewarning of any possible problems ▪ Gives organization an opportunity to make, and communicate readily any program adjustments or changes in lease fees ▪ Facilitates re-engagement of or continued interaction with homeowners ▪ Assists in determining the viability of their program and a measurement for current notification methodology is working 	<ul style="list-style-type: none"> ▪ Thorough understanding of CLT contractual requirements for notification ▪ Staff to facilitate notification methodology ▪ Software; if possible, documented process for when and what is communicated
2. Monitoring / Enforcement <ul style="list-style-type: none"> a. Use (<i>4.1</i>) b. Owner-occupancy (<i>4.1</i>) c. Additional liens (<i>7.4</i>) d. Maintenance (<i>7.5</i>) e. Lessee insurance (<i>9.1</i>) f. Transfer to income-qualified persons (<i>10.2</i>) 	<ul style="list-style-type: none"> ▪ Consistency in managing situations ▪ Builds homeowner confidence that organization understands their responsibilities and have capacity to implement ▪ Encourages homeowners to communicate with organization to foster finding solutions together for situations that may have ended up in lease violations otherwise 	<ul style="list-style-type: none"> ▪ Preserves affordability and insures organization stays in compliance with funding requirements ▪ Protects investment for both homeowner and organization (e.g. insurance and inspections, future repairs) ▪ Provides early notice of possible issues with homeowner 	<ul style="list-style-type: none"> ▪ Developed policies related to monitoring and enforcement ▪ Staff capacity to implement ▪ Organization Reserve Fund (e.g. emergency repairs, deferred maintenance) and Homeowner Reserve Funds ▪ Community partners (e.g. preferred referral source and knowledge of funding opportunities for services)

Requirement	Benefit to Homeowner	Benefit to Organization	Capacity / Resources Needed
<p>3. Manage/Intervene</p> <p>a. Delinquency (5.7-8)</p> <p>b. Purchase option (12.4 & 14.5)</p> <p>c. Termination of lease for non-financial violations (12.2)</p> <p>d. Reserve fund (7.6)*</p> <p>e. Property damage (excessive) (9.5)</p> <p><i>*Reserved for organization policy</i></p>	<ul style="list-style-type: none"> ▪ Foreclosure prevention counseling ▪ If CLCLT exercises purchase option, assists homeowner in soft landing if situation cannot be resolved for homeowner to stay in CLT home. ▪ Brings resources to help remedy a situation so it does not have to leave the home if they want to stay 	<ul style="list-style-type: none"> ▪ Protects investment and affordability ▪ Keeps people in homes; CLT not dealing with vacant homes ▪ If assists, maintain positive relationship with homeowner. ▪ Provides early notice of possible issues with homeowner 	<ul style="list-style-type: none"> ▪ Relationships with knowledgeable professionals or have knowledge internal to manage deeper and more complex situations ▪ Idea: First Response Team (e.g. crisis management team comprised of board member, staff person, homeowner, and appropriate professional representatives)
<p>4. Calculate Prices</p> <p>a. Ground Lease determination (5.3-5; 6.4)</p> <p>b. Appraisal at "Intent to Sell" (10.5)</p> <p>c. Lessor's purchase option price (10.6)</p> <p>d. Determine equity position for purposes of refinance (10.10)</p>	<ul style="list-style-type: none"> ▪ Homeowner understands sale price of home ▪ Assists with sale for individuals experiencing for the process for the first time ▪ Refinancing: insures homeowner does not draw down more than due to them (i.e. insuring homeowner does not get into a negative equity situation) 	<ul style="list-style-type: none"> ▪ All parties have clear understanding of transaction, minimizes potential for problems ▪ CLT is interjected into process and is aware of what is transpiring. ▪ Establishes the CLT as an honest, consistent broker 	<ul style="list-style-type: none"> ▪ Resale Formula and documented process ▪ Comprehensive understanding of resale process ▪ Refinance / Homeowner Equity Financing Policies ▪ Staff to implement policies consistently and to assist homeowners
<p>5. Review and Approve</p> <p>a. Post-purchase alterations (capital improvements) (7.3)</p> <p>b. Permitted mortgages (8)</p> <p>c. Transfers (resales) (10)</p> <p>d. Sublease (4.5)</p> <p>e. Responsibility for deferred maintenance (10.13)</p>	<ul style="list-style-type: none"> ▪ Protection from predatory lending (vetting of products/information) ▪ Access to experienced trusted resource to review project plan ▪ Assistance with facilitating the transaction (e.g. experience and knowledge) ▪ Lower transactions costs (sometimes; e.g. lower fees than realtors) 	<ul style="list-style-type: none"> ▪ Ensure compliance for transfers ▪ Keep housing affordable and viable for subsequent purchasers ▪ Protect against foreclosures or staff support/time diverted to troubled mortgages 	<ul style="list-style-type: none"> ▪ Educated staff ▪ Relationships with lenders and access to approved loan products ▪ Access to building construction expertise

Requirement	Benefit to Homeowner	Benefit to Organization	Capacity / Resources Needed
<p>6. Arbitrate</p> <p>a. Property disputes* (13)</p> <p>b. Dispute between homeowner and organization (13)</p> <p><i>*CLT with homes built next to each other on shared covenants</i></p>	<ul style="list-style-type: none"> ▪ Resource for tense or emotionally-charged situations ▪ Framework for solving issues with organization 	<ul style="list-style-type: none"> ▪ Less costly option for dispute resolution 	<ul style="list-style-type: none"> ▪ Funds to share arbitration cost
<p>7. Lease Fees</p> <p>a. Payments (5.1-2)</p> <p>b. Collections (5.7-8)</p> <p>c. Failure to pay/default (12.1)</p>	<ul style="list-style-type: none"> ▪ Prompt payment insures compliance ▪ Contributes to sustainability of the organization that provides other services 	<ul style="list-style-type: none"> ▪ Funding source for organization ▪ Assists organization in being aware of homeowner status (e.g. consistent late payments may indicate a greater financial hardship that may jeopardize homeowner's ability to stay in the home) 	<ul style="list-style-type: none"> ▪ Method for collecting and processing fees ▪ Monitoring process ▪ Policy for collection of past due accounts
<p>8. Membership of Homeowners (14)</p>	<ul style="list-style-type: none"> ▪ Fosters homeowner ownership of organization ▪ Opportunities to serve on organization board and committees ▪ Provides access to other member benefits 	<ul style="list-style-type: none"> ▪ Cultivates advocates for homeowner engagement ▪ Facilitates legitimacy of organization with homeowners / rental residents 	<ul style="list-style-type: none"> ▪ Database to track ▪ Attractive member benefits

ENHANCED ENGAGEMENT

Activity	Benefit to Homeowner	Benefit to Organization	Capacity / Resources Needed
<p>1. Serving on CLT’s Board of Directors</p>	<ul style="list-style-type: none"> ▪ Opportunity to learn board process for those experiencing first time ▪ Opportunity to network routinely with other stakeholders ▪ Active role in organization governance and making decisions that affect them 	<ul style="list-style-type: none"> ▪ Homeowners have vested interested in CLT ▪ Better informed board; improve decision making, more grounded in reality of what homeowners face 	<ul style="list-style-type: none"> ▪ Staff time for recruiting, training and nurturing board members ▪ Infrastructure supporting established form of communication; board meeting preparation (e.g. compilation and distribution of board packets, methods for interim decision making) ▪ Initial investment for training, recruiting and nurturing: 8 hours per person ▪ Maintenance: 1 hour per month per board member
<p>2. Quarterly newsletters / annual calendar of events</p>	<ul style="list-style-type: none"> ▪ Homeowner is reminded of land trust rights and responsibilities and may be encouraged to attend an event to support the CLT ▪ Keeps homeowner abreast of resources and activities sponsored by the CLT and partnering organizations ▪ Helps create a sense of community 	<ul style="list-style-type: none"> ▪ Homeowner may decide to participate in activities and become a program advocate. ▪ Helps to maintain communication and sense of community with homeowners ▪ Opportunity to keep partners and funders aware of the resources/services provided by the CLT 	<ul style="list-style-type: none"> ▪ Writer(s) of newsletter; community partnerships willing to contribute content ▪ Editor; information sources ▪ Software, service or template (e.g. MS Publisher, InDesign) ▪ Production costs; printing vs. email (e.g. Constant Contact) ▪ CLT staff, community partner, dedicated volunteer to oversee development and implementation of newsletter ▪ Start Up Commitment: 10 to 20 hours for template creation ▪ Maintenance: 5 to 20 hours per newsletter

Activity	Benefit to Homeowner	Benefit to Organization	Capacity / Resources Needed
3. Educational Classes <ul style="list-style-type: none"> a. Homeowner Improvement Classes b. Property Taxation c. Budget/Financial Planning d. Home Reserve Planning 	<ul style="list-style-type: none"> ▪ Educational activities not only help promote self-sufficiency (and, hopefully, therefore success) as a homeowner, but also help build/maintain relationships with the CLT ▪ Homeowner saves money by learning to do small improvements themselves. ▪ Knowledge about how their property tax value is calculated and more engagement with local government; how property taxes; understand of process (e.g. appeals); in communities where CLT result in lower valuations – value to homeowners to understanding value accruing as a result of the agreement they signed ▪ More likely to have financial security; proactive approach to general financials to facilitate success; fosters understanding need savings for repairs/ maintenance; understanding of net worth/assets ▪ Helps to create mental shift from renting to homeowners – not necessarily living month to month ▪ Educational activities not only help promote self-sufficiency (and, hopefully, therefore success) as a homeowner, but also help build/maintain relationships with the CLT. Social activities help to create sense of community amongst CLT homeowners. 	<ul style="list-style-type: none"> ▪ Homes are more likely to receive regular maintenance ▪ Engaged homeowners can advocate with appropriate agencies related to taxation ▪ Timely lease fee payments; minimizes potential financial hardship or foreclosure ▪ Providing educational opportunities helps increase the likelihood that homeowners are successful in their homeownership and have the skills needed to properly care for and maintain their homes 	<ul style="list-style-type: none"> ▪ Assumption: Each class no more than 2 hours ▪ Initial Organizing & Coordinating, Development & Marketing: 40 hours per class ▪ Implementation: 1 day per class ▪ <i>Note:</i> Partnering with other organizations may reduce initial setup time; some risk involved in working with partners in that desired message may not be conveyed; important for organization to clearly communicate the core message components

Activity	Benefit to Homeowner	Benefit to Organization	Capacity / Resources Needed
4. Participation in annual fundraiser	<ul style="list-style-type: none"> ▪ Provides leadership opportunity ▪ Connections with others engaged in a positive activity 	<ul style="list-style-type: none"> ▪ Earns money for trust ▪ Builds community awareness ▪ Create stronger sense of investment by homeowners in financial viability 	<ul style="list-style-type: none"> ▪ Volunteer coordinator; homeowner leaders ▪ Staff time to assist and provide support to homeowner leaders ▪ Time for event coordination and development
5. Homeowners Serve as Resources to Homebuyers and Homeowners a. Mentorship Program b. Ambassador Program c. Welcome Visits d. Pre-Purchase meetings with prospective buyers	<ul style="list-style-type: none"> ▪ Creates community-based connections that contribute to community stabilization and stronger network of resources ▪ Leadership opportunity ▪ Helps orient homeowner to resources available through the CLT 	<ul style="list-style-type: none"> ▪ Fosters opportunity for more CLT homeowners ▪ Helps homebuyers be more knowledgeable about CLT homeownership ▪ Increases capacity of organization without having to increase overhead ▪ Helps establish a solid base of communication and trust with the homeowner(s) 	<ul style="list-style-type: none"> ▪ Homeowners wanting to be mentors or ambassadors ▪ Staff person to develop, implement and nurture programs ▪ Incentive for participating homeowners ▪ Hours To Get Started: 40 hours (average per program idea) ▪ Nurturing Time: 3 to 5 hours per month per program idea
6. Leadership and capacity training to increase leadership in community at large a. Opportunity Fund b. Facilitating opportunities for homeowner to attend trainings offered by other organizations c. Programming that supports homeowner-initiated community service projects (e.g. providing small grants for National Night Out parties or	<ul style="list-style-type: none"> ▪ Personal development of CLT homeowners ▪ May advance their personal goals (e.g. education, entrepreneurial, community-focused) ▪ Affirmation of personal potential ▪ Helps homeowners to affect positive change in their communities and become more established leaders in their communities 	<ul style="list-style-type: none"> ▪ Develops homeowner leaders who are strong advocates ▪ Facilitates opportunities for homeowners to end up in influential positions ▪ More homeowners networking in groups/areas that may relate to the CLT's work ▪ Helps promote homeowner leadership both in the CLT and greater community, as well as improve the neighborhoods in which CLT homes reside; also possible opportunity for good public relations 	<ul style="list-style-type: none"> ▪ Funds to support grants or scholarships where possible ▪ Policy/criteria for distributing funds ▪ Vetting process if competition for funds ▪ Staff to develop, implement and nurture programs

Activity	Benefit to Homeowner	Benefit to Organization	Capacity / Resources Needed
neighborhood clean-up activities)			
7. Free, voluntary 5-year anniversary home inspection	<ul style="list-style-type: none"> ▪ Potentially helps homeowner to identify major structural/mechanical issues before they become a problem, so that they may plan and set aside funds for needed repairs. ▪ <i>Note:</i> Offered as service; not mandated 	<ul style="list-style-type: none"> ▪ Helps CLT to remain aware of condition of the homes they are in charge of stewardship ▪ Provides an opportunity to reconnect with homeowners who have not been in the loop recently 	<ul style="list-style-type: none"> ▪ Funding to pay for inspections ▪ Review homeowners who would be coming up for inspection ▪ Dependent on how large CLT; how many homeowners ▪ Staff time for follow up regarding inspection results: issues to be addressed, timing of maintenance needed, resources available for repair, funds needed for repairs identified, saving amount needed ▪ Internal vs. partnering with independent inspector ▪ Reception by homeowners
8. Homeowner access to volunteer groups for larger home maintenance/repair projects (painting, fence staining, etc.) a. Voluntary inspections b. Tool-lending library c. Volunteer groups d. Access to specialist; someone to assess situation	<ul style="list-style-type: none"> ▪ Helps homeowner to keep up with home maintenance/repair needs ▪ Potentially helps homeowner to save money in addressing home maintenance/repair needs ▪ Providing access to expensive and/or infrequent or “one-time use” tools, potentially helps homeowners to save money by making repairs/improvements themselves. 	<ul style="list-style-type: none"> ▪ Helps to increase the likelihood that homes are well-cared as well as keeps CLT abreast of some of larger repair/ maintenance projects being done ▪ Increases likelihood that homes are well-cared for, as well as keeps CLT abreast of any major repair/ maintenance issues that may be occurring ▪ Helps to support overall health and success of homeowners, as well as increase the likelihood that homes are well-cared for. 	<ul style="list-style-type: none"> ▪ Partnering with local neighborhood housing organization ▪ Start Up Costs: Acquisition of equipment ▪ Grants, local hardware store; started with Home Depot, ACE Hardware, Lowe’s grant; local store initiative ▪ Staff to manage; heavy on capacity on staff time, reservation, monitoring check in and out

Activity	Benefit to Homeowner	Benefit to Organization	Capacity / Resources Needed
			<ul style="list-style-type: none"> ▪ Liability waiver, check out process, reservation, check out up to two weeks ▪ Return in condition received
<p>9. At least one large social event with broad appeal (e.g. homeowner picnic, annual meeting, fall festival, winter family gathering, swimming, tie-in with other community events, recommendation from homeowners, roller skating, theatres) per year</p>	<ul style="list-style-type: none"> ▪ Social activities help to create sense of community amongst CLT homeowners ▪ Helps build establish relationships between homeowners as well as with the CLT; creates sense of community ▪ Offer an opportunity to do something as a family that they might not be able to do so otherwise 	<ul style="list-style-type: none"> ▪ Helps build and maintain strong relationships with CLT homeowners; possible opportunity for good PR ▪ Keep homeowners engaged ▪ Social activities help to build and maintain relationship with homeowners, as well as create overall sense of community; both are possible opportunities for good PR. 	<ul style="list-style-type: none"> ▪ Partnering with organizations ▪ Solicitation

ⁱ Staci Horwitz
City of Lakes Community Land Trust
Minneapolis, Minnesota
www.clclt.org

Jackie Bradley
One Roof Housing
Duluth, Minnesota
www.1roofhousing.org

Lisa Byers
OPAL Community Land Trust
Eastsound, Washington
www.opalclt.org

Anastasia Penchi
Couleecap, Inc.
LaCrosse, Wisconsin
www.couleecap.org

Rev. John Whitfield
Alabama Association of
Community Developers
www.aacdc.org