The Brilliant Home-Buying Model That Makes Foreclosure 10 Times Less Likely

What if we could combat gentrification and foreclosure and homelessness — all at the same time? That’s the aim of community land trusts.

Everything was right on track for Jennifer Ferris, a writer based in Chapel Hill, N.C. That is, until suddenly, one day, it wasn’t.

A 35-year-old with a light Southern lilt and a penchant for spreadsheets, Ferris had followed the conventional life steps: She got married, had a baby, bought a house and had her second child—all in that order. But on March 7, 2010, just as she and her husband, Bill, were getting ready to celebrate his birthday, the family’s carefully calculated existence came crashing down.

Instead of a cake, he came home with a pink slip.

At the time, Ferris was earning $900 a month working nights at Trader Joe’s after having to leave her communications job because her paycheck barely covered the cost of child care. (She’d first tried to balance the two by bringing her infant son Wyatt to her office for six months. When he began crawling, she had to leave.)

Upon hearing her husband’s news, Ferris did what she’d always done: She made a spreadsheet. Based on her single paycheck and the family’s $1,300 in savings, the result was, in Ferris’ own words, “pretty scary.”

“We had two months,” she says. She couldn’t make the numbers work to keep her home.

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Ferris and her family weren’t the only ones faced with losing their home that year. In 2010, tens of millions of families across the country faced similar economic hardship and job loss. That year alone, a million people were evicted through bank-pursued foreclosure — nearly 3,000 families every single day.

But Ferris was able to avoid a similar fate because she had bought her home from Community Home Trust, a nonprofit organization that sells and preserves affordable homes in Chapel Hill while retaining ownership of the land underneath the properties. This hybrid model of ownership is called a community land trust, and it is one of hundreds of similar organizations across the country.
Being part of a community land trust doesn’t mean that you can’t have your house repossessed if you don’t pay your mortgage. But it does mean that there’s an entire community actively trying to help you avoid that from happening.

For Ferris, that support system proved invaluable.

“The day after I got the notice I called up the land trust, and I said, ‘What’s the plan? How do you guys help?’” she says. “If I had a traditional mortgage, would I call my banker and tell him my husband got laid off? Hell no. They would probably find a way to give me a fee.”

Increasingly, housing activists, policymakers and everyday families are turning to community land trusts as an alternative model for housing in the United States. The structure of a community land trust is simple. The ownership of the houses is separated from the ownership of the land beneath, thus making the houses more affordable and removing speculative value from the land. The houses are sold to individual families, but the land is owned and governed by a community group that includes residents living in the land trust, surrounding neighbors and local public representatives. This model allows people like Ferris to have a say in what happens within her community — and it gives her a powerful resource to turn to when in need.

**AND: This Hero Isn’t Just Alleviating Homelessness; He’s Preventing It**

The U.S. is experiencing an internal displacement crisis that is almost unprecedented in the nation’s history. Since 2007, an estimated 10 million people have been evicted through bank-pursued foreclosures, and millions more have been displaced through property tax foreclosures, urban gentrification and the nationwide demolition of public housing.

The various forces driving displacement — from global recession to regional rental spikes — are often treated like isolated problems. But what if there were one solution that could help address these seemingly disparate crises?

In 1984, Burlington, Vt., established the country’s first, and now the largest, municipally funded community land trust. At the time, the intention wasn’t to fight foreclosure. Rather, the motivation was to protect longtime Burlington residents from being displaced by wealthier New Yorkers and Bostonians looking for second homes. The idea began to spread as a legal way to enact a different relationship between people and the earth. As Vicki Lindsay, the founding director of the Wellspring Community Land Trust, now called the Community Land Trust of Cape Ann, in Gloucester, Mass., wrote in an unpublished paper about the history of the movement, “The Community Land Trust model is based in the belief that land is not a commodity but a sacred inheritance to be shared by all.”

This definition draws on the traditions of indigenous communities, the teachings of the Bible and, more recently, independence struggles from Delhi, India, to Chiapas, Mexico. Some U.S. land trusts have explicitly formed out of these environmental considerations. The Sawmill Community Land Trust in Albuquerque, N.M., for example, emerged out of
a grassroots effort that began as a neighborhood project to clean up a factory-polluted section of the city and quickly grew into a movement to secure local control over the land itself.

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There are currently more than 200 community land trusts across the country, with about half having been formed within the last decade. Today, the momentum behind community land trusts is accelerating even faster, bolstered by the growing national movement to transform the U.S. housing system.

“In order to achieve the human right to housing, you have to have community control of the land,” says Max Rameau, co-founder of the housing justice network Take Back the Land. “The corporations just won’t do it.”

To detractors, the model offers a suspicious departure from the American tradition of individual land ownership. Since the founding of the U.S., land ownership has been intertwined with the ideas of freedom and citizenship rights. The link was so close that, in the early years of the Republic, only white, male land-owning individuals were allowed to vote — rendering property ownership the key to that first American dream of democracy.

But today, in an era of widespread displacement wrought by the for-profit housing system, more and more people are searching for alternative ownership models to build more sustainable neighborhoods. And community land trusts have emerged as one of the most successful solutions. In 2010, at the height of the foreclosure crisis, homeowners living in community land trusts were 10 times less likely to be in foreclosure proceedings compared with homeowners in the for-profit market, according to an analysis by Emily Thaden, published by the Lincoln Institute of Land Policy, a think tank in Cambridge, Mass.

A large part of this success is because the homes are more affordable and insulated from the type of rampant speculation that swept across the country in the 1990s. Community land trusts also boast small staffs whose job is to guide families through the process of buying a house. Staff members will review loans to make sure no one is being targeted for a predatory mortgage and will often offer classes to first-time homebuyers.

According to Devika Goetschius, executive director of the Housing Land Trust of Sonoma County in Petaluma, Calif., the almost entire absence of foreclosure in her community boils down to one simple word: dignity. To foster feelings of trust and respect, she and the staff write every homeowner a personalized email each month to collect the lease fees. Of course, the handwritten note can’t offer a mortgage bailout to a homeowner who has lost a job, but it can inspire people to reach out to the community land trust staff to proactively brainstorm solutions.
“We’re not going to automate this,” Goetschius says.

In fact, it was just that feeling of being part of something bigger that inspired Ferris in North Carolina to pick up the phone and call the office of her land trust after her husband was laid off. What she learned was that the office would put on hold a $125 monthly fee for the trust, decreasing her costs so the family could focus on paying the mortgage. She was also comforted by the fact that, despite the widespread collapse in prices of houses in the speculative market, the value of her home had actually increased, meaning that, worst-case scenario, she could sell the house back to the community land trust and walk away with cash in hand. Luckily, she didn’t need to. With the confidence of feeling supported by the land trust, Ferris launched her freelance writing career. Her husband, Bill, found a new job after a few months.

They kept their home, and Ferris now sits on the land trust’s board. And while she knows she’ll never be able to sell her house for twice what she purchased it for, since it’s largely shielded from the whims of market speculation, the stability of the community land trust is still a source of comfort.

“My income is variable,” she says. “You never really know what is going to happen.”

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