

# Case Study: Homestead Community Land Trust - King County, Washington

In Seattle and King County, Washington, the Homestead Community Land Trust (Homestead CLT) is helping to preserve existing and build new affordable housing that incorporates green design features. The CLT currently stewards 13 acres of land with more than 200 homes for low- and middle-income homeowners earning 80 percent or less of area median income (AMI). Recent projects have incorporated green design features to increase the sustainability of land trust homes. The CLT is currently building twelve “net-zero” energy townhomes in area Renton, WA near transit, which will reduce both energy and transit costs for homeowners and help the region meet greenhouse gas reduction goals. Homestead CLT helps to reduce displacement pressures in areas experiencing gentrification and also provides wealth-building opportunities for homeowners who share in the equity from CLT-owned properties. The CLT has supported affordable homeownership opportunities for 238 households across King County, benefiting more than 160 children, and over 57 percent of CLT homeowners are residents of color. Homestead CLT residents have an average AMI of 57 percent and 68 percent of residents are families.

## Background

The Homestead CLT was established to address the housing affordability crisis in Seattle. With a booming tech sector, the city has become increasingly unaffordable for lower- and middle-income residents. As of February 2018, one in three residents of King County were housing cost-burdened and 35 percent of Black households paid more than half of their income on housing. Since 1997, the region has seen a 325 percent increase in the cost of housing, while wages have only increased by 85 percent.<sup>1</sup>

At the same time, the region is anticipating greater impacts from a changing climate. The **Seattle Climate Preparedness Strategy** estimates that under a high emissions scenario, the region will see an additional 18 days above 86°F by the 2050s, a 22 percent increase in heavy rainfall events, and 2 feet of additional sea-level rise by 2100, with disproportionate impacts on frontline lower-income communities and communities of color.<sup>2</sup>

## CLT Projects and Activities

The Homestead CLT was incorporated in 1992 to provide services to lower-income residents of Central District and South Seattle and has since expanded to serve communities throughout King County. The CLT focuses on preserving and building new affordable housing in rapidly gentrifying neighborhoods in Seattle and nearby suburbs.

*Affordable Housing:* When it first started, the CLT focused on providing funding to help lower-income buyers acquire homes, and worked to preserve and rehabilitate existing homes. As it expanded its service area, it has increasingly helped build new affordable housing projects. In recent projects, Homestead has partnered with non-profit developers and Habitat for Humanity to build sustainable affordable housing throughout the region. As of 2016, the CLT had over 200 homes in its portfolio and 13 acres of land in trust. The CLT supports homeownership for working families making less than 80 percent AMI, with some projects supporting families earning 50 percent or less AMI. To ensure permanent affordability, the CLT owns the land and conveys an interest in the land to homeowners through a 99-year ground lease for a small monthly fee (currently \$75/month). In exchange, the homeowner agrees to sell the home at a reduced rate, subject to resale restriction formula, which offers the owner some ability to share in the home's appreciation at resale. Upon sale to an income-qualified buyer, the homeowner gets back their initial investment in the home (mortgage, down payment, and closing costs), plus 1.5 percent of annual appreciation.

In the early phases, the CLT helped limited income residents by providing down payment assistance in exchange for the land underneath the home being held by the trust. After the real-estate market crash in 2008, the CLT partnered with other nonprofits to obtain foreclosed properties and rehabilitate the homes for affordable housing.<sup>3</sup> The CLT has also worked with faith-based organizations to obtain land for affordable housing projects at below-market rates. In more recent years, Homestead has benefited from land donations and below-market sales from public authorities throughout the region (described in more detail below).

The CLT offers a range of financial counseling from pre-purchase of a CLT-owned home to post-purchase stewardship and maintenance. The CLT reports that it has only had one foreclosure, even during the economic downturn, and has a far lower rate of foreclosure than on market rate housing.

*Resilience and Sustainability:* Homestead's projects incorporate energy efficiency measures and renewable energy to reduce the environmental impact of the development and energy costs for homeowners. In Renton, WA the CLT is developing twelve "net-zero energy" townhomes, called the Willowcrest Townhomes. Net-zero energy homes incorporate renewable energy, weatherization, and energy efficiency measures to ensure that the homes produce as much energy from renewable sources as they consume.<sup>4</sup> The two- and three-bedroom townhomes will be priced below \$315,000. Construction of the Willowcrest Townhomes is expected to be completed by December 2020. In Seattle, the CLT is developing 16 townhomes - the Yakima Avenue Townhomes - incorporating energy-efficient design; 10 of the townhomes will be sold at below-market rates to households earning 80 percent or less AMI and 6 of the townhomes will be sold at market rates to subsidize the below-market rate units. The Yakima Avenue Townhomes are being built on surplus lands acquired from the city. The CLT is also developing 18 energy efficient homes, with solar panels and other "deep green features," near a transit line on land previously owned by the Riverton Park United Methodist Church. Eleven of the homes will be offered at subsidized rates to low- and moderate-income buyers, two of the homes will be used as a group homes for adults with disabilities, and five of the homes will be sold at market rates to subsidize the reduced-price homes.

The CLT also has created a “Solarize the Land Trust” program to help its homeowners install renewable energy and to facilitate cooperative purchasing to reduce the price of solar installations for residents. In collaboration with other local nonprofits, Homestead CLT provides training, grants, and low-interest loans to homeowners to help pay for the upfront costs of installation.

*Community-Control:* The Homestead CLT follows the classical tripartite governing board, which includes homeowners and non-resident members who represent the broader community.

*Racial Equity:* Homestead CLT was created with the express purpose of addressing the legacy of redlining, which created a large racial wealth gap in the city. The CLT also works to ensure that CLT units go to residents with historic ties to the neighborhood with the goal of reducing displacement in neighborhoods experiencing economic revitalization. Homestead reports that over 57 percent of its homeowners are households of color.

## **State & Local Support**

*Access to Land:* The most important support that Homestead CLT receives is below-market sales and donations of surplus land from local authorities; including sites from the Renton Housing Authority; the City of Seattle; Seattle City Light; and the City of Tukwila. To address the affordable housing crisis in the region, the Seattle City Council adopted a law enabling donations and below-market sales of surplus lands for affordable housing projects.<sup>5</sup> And an “Enterprise Map” was developed to help non-profit developers and community-led CLTs identify surplus and underutilized properties for potential development. Similarly, the Seattle Regional Transit Authority adopted a policy requiring that 80 percent of surplus land go to support development of affordable housing.<sup>6</sup> Similar policies are being explored in King County and neighboring jurisdictions. By providing surplus land, the local governments can reduce the cost of developing affordable housing and increase the ability of community land trusts to acquire land and finance high quality affordable housing for lower income residents.

*Technical Assistance:* The CLT has also benefited from the County’s “Green Tools” program that helps developers incorporate green design features to increase the sustainability of development projects by increasing energy and water efficiency, using sustainable materials, incorporating renewable energy, preserving habitats and natural features, such as trees, among other practices.<sup>7</sup> The CLT estimates that incorporating green “climate-wise” design features in developments add 5 to 10 percent to the total cost of developing the project and is working with the County to develop “deep green standards” to ensure that all new homes incorporate features to enhance the sustainability of the region’s housing.

*Regulation:* In March 2019, the Seattle City Council also passed a mandatory housing affordability ordinance that requires affordable housing units be incorporated into all new commercial and multifamily housing developments citywide when new zoning increases development densities. Based upon the developments location and the zoning changes, the project must incorporate a specific number of affordable units (between 5 and 11 percent) or contribute to the City’s housing fund.<sup>8</sup>

*Taxation:* Homestead CLT also benefits from preferential tax assessment rates; King County taxes CLT-owned homes at the resale restricted rates rather than at full appraised value.

*Planning:* In 2014, Mayor Ed Murray and the Seattle City Council convened an Advisory Committee to develop a Housing Affordability and Livability Agenda, which developed recommendations for increasing the availability and affordability of housing in the city. The Committee released a report in 2015 with 65 recommendations for addressing housing affordability, including innovative solutions like exploring the use of community land trust models for preserving and building new permanently affordable housing.<sup>9</sup> The report also called for the adoption of new policies to spur development of new affordable housing units and to generate revenues to support construction and preservation of affordable units, including mandates for affordable housing in new constructions, property tax exemptions for landlords that commit to income- and rent-restricted units, and generating funding for affordable housing from real estate excise tax, state housing levy, and dedication of property taxes.

## **Funding & Financing**

The CLT uses local government grants, government financing, private grants, and donations to lower the cost of housing by at least 30 percent for income-qualified buyers. The CLT receives funding from the State Housing Trust Fund, from local government sources including funding from the City of Seattle Levy Funds and the King County Housing Financing Program, financing from a cooperative bank - the Federal Home Loan Bank, which sets aside 10 percent of annual earnings for affordable housing - and other public and private sources. For example, to support development of the Willowcrest Townhomes in Renton, the CLT leveraged funding from multiple sources. The Renton Housing Authority contributed the lands for the housing project, the City of Renton provided a \$332,000 grant to support the incorporation of green-design features in the project, and King County contributed \$500,000 in Transit Oriented Development funds to support the project that will be located along an expanding bus-rapid transit line. The CLT also received a \$500,000 grant from the JP Morgan Chase Foundation.

The CLT also leverages “sweat equity” through the Self-Help Homeownership Opportunity Program (SHOP), which provides federal funds as a match for volunteer labor hours contributed to the project.

## **Lessons & Considerations**

Incorporating green design features into CLT housing projects marginally increases the cost of construction, but helps to lower the total cost of housing for residents by reducing energy and water costs, and also contributes to helping cities meet sustainability and resilience goals. Cities can support green CLT projects by providing technical assistance on how to incorporate green design features in housing projects and accessing sources of funding and financing for these features, which can add to the cost of the project and hinder the CLT from meeting affordability goals if not subsidized.

The Homestead CLT example shows the importance of below-market rate sales and donations of surplus public lands in catalyzing development of community-led, affordable housing. Acquiring land is the most costly aspect of building affordable housing, and many CLTs struggle to compete on the private market with for-profit developers. By providing surplus public lands to community-based organizations that will implement projects - like CLT-housing projects - cities can ensure that public land is being retooled for publicly beneficial uses that help cities meet sustainability, resilience, racial equity, and affordable housing goals. Whereas, selling these lands to the highest bidder for private development can exacerbate gentrification pressures and cause displacement of existing residents.

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**Related Organizations:**

- Homestead Community Land Trust

**Related Toolkits:**

- [Equitable Adaptation Legal & Policy Toolkit > Resilient Affordable Housing, Anti-Displacement & Gentrification > Community Land Ownership: Community Land Trusts](#)

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## Endnotes

1. City of Seattle, Mandatory Housing Affordability Citywide Implementation: Director's Report and Recommendation at 6 (February 2018), [https://www.seattle.gov/Documents/Departments/HALA/Policy/Directors\\_Report\\_MHA\\_Citywide.pdf](https://www.seattle.gov/Documents/Departments/HALA/Policy/Directors_Report_MHA_Citywide.pdf).
2. Seattle Climate Preparedness Strategy at 10 (2017) ("The legacy of institutional and systemic racism in our economic, government, and social systems has resulted-and continues to result-in the disproportionate distribution of the benefits and burdens of our society for people of color.")
3. Jake Blumgart, Affordable Housing's Forever Solution: Are Community Land Trusts the Answer for Cities Seeking Neighborhood Stability, Next City, (Aug. 10, 2015), <https://nextcity.org/features/view/affordable-housings-forever-solution>.
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9. Seattle Housing Affordability and Livability Agenda, Final Advisory Committee Recommendations to Mayor Edward B. Murray and the Seattle City Council at 26 (Jul. 13, 2015) [http://murray.seattle.gov/wp-content/uploads/2015/07/HALA\\_Report\\_2015.pdf](http://murray.seattle.gov/wp-content/uploads/2015/07/HALA_Report_2015.pdf).

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