

LOCAL NEWS

Connolly bill would boost community land trusts



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Assemblymember Damon Connolly has introduced a bill that would help set the stage for the increased growth of community land trusts across California.

Assembly Bill 2897 would clean up the state's legal definition of what constitutes a community land trust, or CLT, and clarify a few technical legal issues related to their tax status.

"I see it as laying the groundwork for the future," said Leo Goldberg, a policy director at the California Community Land Trust Network, which is sponsoring the legislation.

"There is a lot of energy in the community land trust space," Goldberg said. "There are lots of groups forming and folks with ideas for legislation and budget action. But first we have to get this definition right before we can do any of this."



Community land trusts are typically nonprofit corporations that acquire land to create affordable housing. Many CLTs purchase land with housing on it and then grant low-income homebuyers a 99-year lease so the buyer has to pay for only the house.

Such agreements typically require that ownership of the house and land return to the trust eventually, while allowing the homebuyer a modest profit.

Due to previous state legislation related to CLTs, this model became enshrined as the definition of a CLT. However, Goldberg said that over the last five years, CLTs have expanded their range of projects. Some are renting to low-income tenants and purchasing non-residential property for such community uses as gardens, nonprofit offices or small businesses.

“Updating the definition of a community land trust allows us to embrace the full range of diverse purposes a community land trust can serve and aligns its statutory definition with property stewardship practices,” said Connolly, a Democrat who lives in San Rafael.

In addition, Connolly’s bill would make clear that previous state legislation allows CLTs renting to low-income families to retain a “welfare exemption,” even if the income of one of their residents increases beyond 80% of area median income to as much as 140% of area median income.

Goldberg said the welfare exemption provides an exemption from property taxes in proportion to the amount of a building occupied by low-income households.

“So a building entirely occupied by low-income families could be fully exempt from property taxes if it meets the full set of eligibility requirements,” Goldberg said.

The proposed legislation would also eliminate a requirement in a 2016 bill that city or county attorneys verify the eligibility of CLTs for the welfare exemption. Goldberg said local tax assessors are also required to do that so the process is duplicative.

Marin County Assessor-Recorder-County Clerk Shelly Scott said Friday that she and her staff have yet to review the legislation.

Annie O’Connor, executive director of the Bolinas Community Land Trust, said, “The BCLT could be the poster child for why this legislation is needed.”

“For years now, the Bolinas Community Land Trust has offered rental properties that

The organization operates a cafe and a store that sells products and art made by local artisans. It also owns office space and until recently operated a gas station.

Goldberg said Assembly Bill 2897 is necessary to ensure that CLTs like the Bolinas organization will be eligible for new state programs in the works, such as the foreclosure intervention housing preservation program.

Assembly Bill 140, signed into law by Gov. Gavin Newsom in 2021, allocated \$500 million over five years to provide loans and grants to nonprofits purchasing and rehabilitating buildings in the foreclosure process or at risk of foreclosure.

“It has yet to be rolled out,” Goldberg said, “but it is just about ready to hit the streets.”

Community land trusts are among the types of nonprofits that would be eligible to apply for the funding.

Goldberg said that during the foreclosure crisis in the Great Recession, properties in foreclosure were targeted by speculative investors. When the investors acquired the properties, tenants often faced eviction or steep rent increases.

Forty community land trusts operate in California, and more are forming.

“There is a statewide upsurge in activity and interest in using this model,” Goldberg said. “Marin might be the county with the most activity right now.”

Marin has five CLTs, and the county is seeking a \$3 million federal grant to support the operation of a Marin City land trust.

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