

# Community land trusts

Karl Fitzgerald reflects on the CLT model as a suitable vehicle for reformers' efforts

A COMMUNITY land trust is a communally owned property trust which has the purpose of benefiting the surrounding community by ensuring long-term availability of affordable housing, or—though mainly now an urban phenomenon—access to farmland and security to work it.

The underlying concept and principles have evolved in part from the experience of pioneering alternative landholding initiatives and were strongly influenced by thinkers such as Henry George, Ralph Borsodi and EF Schumacher. The Fairhope land trust was an early example (1894 in fact—the year *Land&Liberty* was launched—*Ed.*) inspired by George's thinking. The first modern CLT was established on an experimental basis in Albany, Georgia in 1967.

In later years the defining features of community land trusts have become enshrined in legislation in countries across the world—both developing nations and Western countries such as the US, the UK and Australia. The battles in the UK between the political parties over who has the best CLT policy are of great interest. Most of the models currently on the table are too primitive. Some land reformers are enthused by land trust proposals where yearly land rents are paid to a trust, with the aim of expanding an affordable housing base.

A subtlety must be introduced to the typical CLT model that bases its affordability on a 'resale' formula. A yearly land rent payment must be the mainstay to any land trust system. This would remove the need to borrow the seventy to eighty percent of typical mortgage

cost (in Australia) associated with a property's land component. Those land trusts based on resale formulas presently include the land component, thus incurring higher borrowing costs. When compared to a typical mortgagee, a CLT with land rent payments has overall

down land rental payments so they could capitalise the land rents—must be avoided through a tough constitution. International bodies, at arms length from local politics, could be utilised to vote on any change to a CLT's constitution.

Other policy angles could be to focus on smaller countries that have recently experienced an enclosure of their commons, such as some Pacific nations. When my partner and I recently visited Vanuatu, on a Prosper Australia fact-finding mission, we discovered a depth of knowledge by the local ni-Van (indigenous) people about the dangers of fencing off exclusive locations for private profit. Many readers will be aware that indigenous cultures are usually associated with a deeper understanding of the importance of land. We must make the most of speaking the 'same language'.

My experience finds many sympathetic people, but the overwhelming enormity of a fundamental reform daunts many. The CLT development is beautifully poised with the price of land plummeting in so many Northern countries. A successful national reform in a place like Vanuatu, or another of the Pacific countries enduring enclosures right now, could provide the strategic evidence for reform that other countries are looking for. **L&L**

(On pages 18-19 Karl Fitzgerald places the CLT model into a more strategic perspective.)



Could the CLT model return the heart of the land to the citizens?

savings of 47.4% (over the average seven-year period of home ownership). The trust can be in the black within five years under this model that encourages land to be used for housing, rather than hoarding. The trick is in the timing of the land value shake out.

If a number of such CLT's were up and running with profitable bank balances, this could in effect provide the evidence for an expansion of this policy to the wider market. With this hope in mind, the Canberra Land Rent initiative is a new government proposal that Prosper Australia is assisting. The dangers exposed by the Fairhope community—where the grandchildren of the founders watered

## Illicit encounters

*cont. from back cover*

"Someone who's put ten or fifteen years into a relationship—they've tried counselling, everything, they're going to want to just walk away from it"—and that, otherwise, would be the end of it, says Freeman-Jones: "That's where we come in: that's what we're genuinely intended for".

"The financial crisis has had a huge impact

on Illicit Encounters", Freeman-Jones told **L&L**: "It's unprecedented, and to be perfectly honest, unexpected. We're not free—but it's interesting what people decide to spend their money on when things gets tight. Then for a lot of people—and this is the other thing—when any market gets difficult, they do try and look for escapism, in its various forms. I do think Illicit Encounters is one of those forms:

people choose to join us because it's exciting or exotic: they don't want to have to deal with the problems they're having at home; and they don't want to have to deal with finding a new house and possibly moving out into somewhere smaller."

Thus the moral dilemma of perhaps millions of us—courtesy of bad public policy. **L&L**