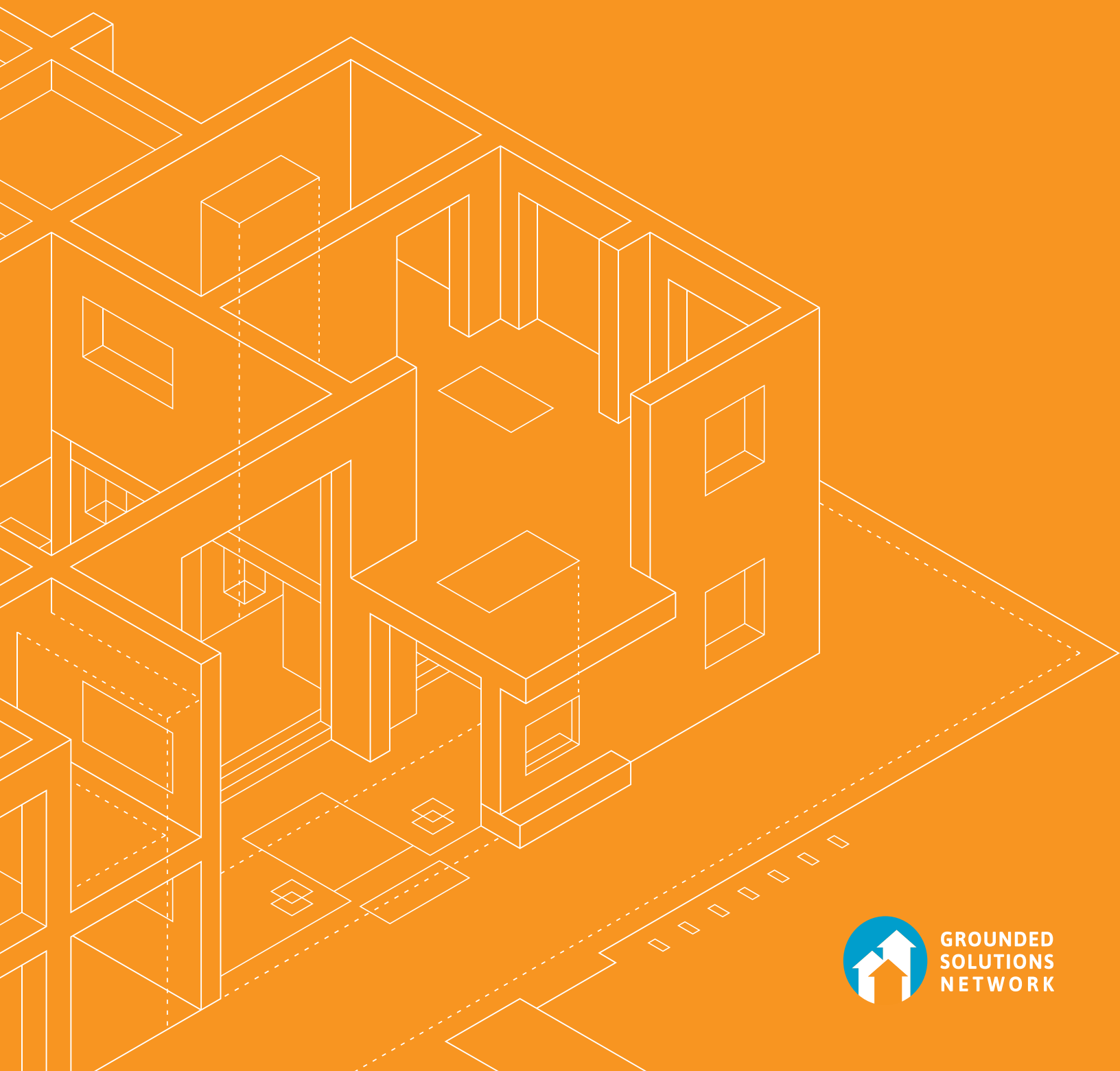
Community Land Trusts in the Rental Market:

Practices, Challenges, and Opportunities

Amanda Bennett and Sophia Corugedo



GROUNDED SOLUTIONS NETWORK

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Executive Summary

Across the United States, the annual loss of tens of thousands of affordable housing units through contract expirations, abandonment, and market forces worsens an already historic housing crisis. According to the National Housing Preservation Database, more than 350,000 units are at risk of losing affordability by 2030. One key focus of preservation is the Low-Income Housing Tax Credit (LIHTC) program, the nation's largest funding source for affordable rental housing. Hundreds of thousands of LIHTC units are at risk, and though most will remain affordable, many will be lost to the market.

Grounded Solutions Network and its partners are addressing this challenge through preservation that prioritizes "Lasting Affordability," using models, best practices, and policies that maintain affordability for a minimum of 40 years and, whenever possible, in perpetuity—far beyond the typical spans of 5, 10, or 30 years that most housing programs mandate.

Community Land Trusts (CLTs) have been working to stabilize communities and fight the effects of gentrification for more than 50 years, removing land from the speculative market, placing it under community control, and providing affordable housing for low- and moderate-income families. CLTs are best known for a shared equity model of homeownership, which offers reduced-price homes to income-qualified buyers who agree to pay the benefit forward by reducing their share of the home's appreciation to keep that home affordable for subsequent buyers, creating generations of affordability.

Homeownership is not the only tenure type CLTs are using to support their communities and prevent displacement; many CLTs are also providing affordable rental housing. The 2022 Census of Community Land Trusts and Shared Equity Entities in the United States found that rental units account for 44% of total units stewarded by shared equity programs throughout the country. This study provides clarity on how CLTs operate their rental programs, the associated benefits and challenges, and what makes CLT rental programs unique.

In the summer and fall of 2024, we conducted interviews with representatives from 18 CLTs to learn about their experience operating a rental program. One year later, the Reconciliation Bill signed by the president on July 4 expanded LIHTC and made permanent the New Markets Tax Credit and Opportunity Zones, potentially opening the door to more permanently affordable rental housing.

Our team sought to include a diverse sample of organizations varying in size, location, age, and experience operating a rental portfolio. The organizations we spoke with are listed alphabetically in Table 1 below.

Table 1: Organizations operating a rental portfolio

Organizations Interviewed	# of Units
Albany Community Land Trust	56
Champlain Housing Trust	2,753
City of Bridges Community Land Trust	6
Community Home Trust	60
Delray Beach Community Land Trust	49
Durham Community Land Trustees	365
Dwelling Place of Grand Rapids	1,500
Island Housing Trust Corporation	87
North East Housing Initiative	28
Northern California Land Trust	86
One Roof Community Housing	134
OPAL Community Land Trust	96
People's Housing+	2
Pima County Community Land Trust	23
Saint Joseph Community Land Trust	138
Tenants To Homeowners	267
Thistle Community Housing	574
Yellow Springs Home Inc.	14
Total Units	**6328**

In the cohort, the organization with the largest rental portfolio is Champlain Housing Trust in Burlington, VT. For context, that organization has existed for decades and has an extensive staff, with 70 people working on property management alone. On the other end of the spectrum is People's Housing+ in New Orleans, which had two rental units in their portfolio at the time of the interview. However, by August 2025, their team of seven planned to add seven more units to their portfolio, bringing the total to nine.

Graphic 1

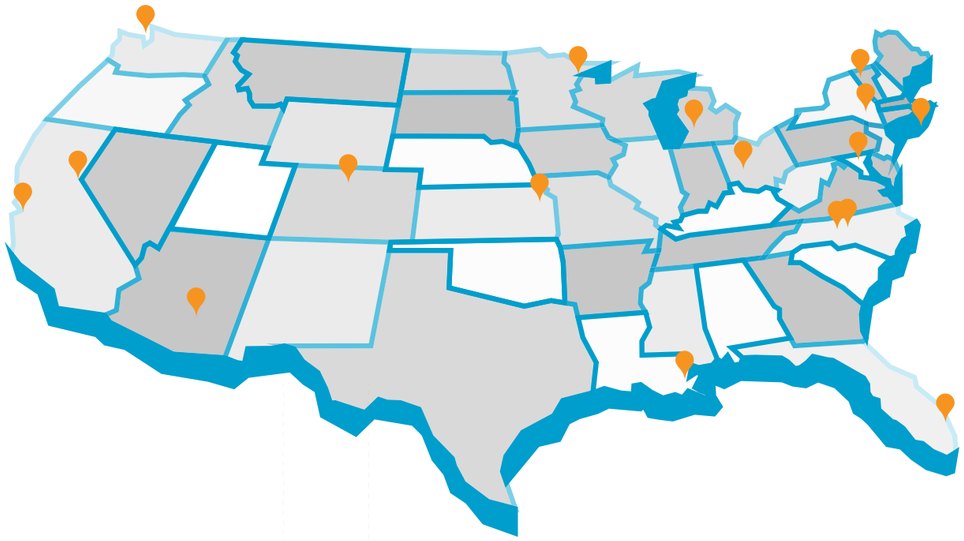
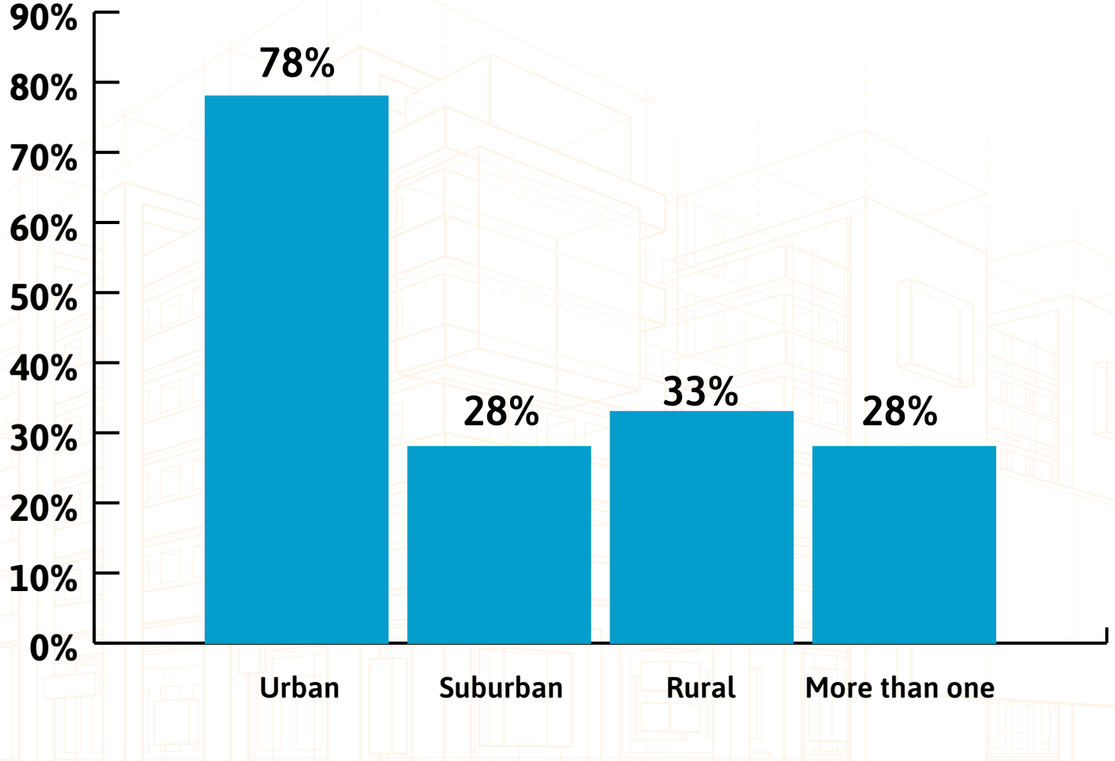


Figure 1

Share of Organizations by Each Service Area Type



Introduction

Many CLTs started their rental programs in response to a lack of affordable rental options in their communities. Rural areas, college towns, seasonal communities, and gentrifying urban areas are all facing a diminishing supply of affordable rental housing. So, CLTs have been compelled to fill this gap by preserving or developing rental housing that will remain affordable in perpetuity, adding one more tool to help stabilize their communities and prevent displacement. CLTs also find value in serving a broader scope of their communities, those in lower income brackets and those seeking affordable housing options outside of homeownership. As Jeff Corey, executive director of One Roof Community Housing in Duluth, MN, puts it,

"We entered the rental market because not everybody's ready to buy a house. Not everybody might want to buy a house, but everybody needs a good place to live that they can afford."

Albany Community Land Trust started its rental program in New York somewhat by accident. The CLT faced challenges finding eligible buyers for the homes it acquired and rehabilitated for sale. It wasn't an option to keep these homes vacant, so they started a lease-to-own program that gave prospective homebuyers the opportunity to rent their homes while building the credit and finances necessary to qualify for a mortgage. However, the rental model proved so successful that some of their residents were content to remain renters. Thus began a new line of business for Albany CLT. They not only maintained these homes as rentals but continue to acquire homes with the explicit intention of providing affordable rentals for their community. Susan Cotner, Albany CLT's executive director, explained:

What we were trying to do, in addition to providing affordable housing, was to build community stability, neighborhood stability. So, the last thing we wanted to do was have a lot of… turnover and force people out of their homes. … We decided we need to own up to the fact that we have a rental portfolio and that that's a totally acceptable program that we should have as a community land trust.

Other CLTs shared similar experiences, in which acquiring rental units became a response to market volatility, or they were looking for a way to bolster their financial position with more diverse portfolios that could provide additional sources of income.

Development and Acquisition

CLTs shared a variety of different paths for growing their portfolios. In some cases, "it makes more sense to bring in outside partners—like general contractors—because trying to do everything in-house can slow things down. It really depends on the capacity and goals of the organization," said Sherry Taylor, executive director of Durham Community Land Trustees. Alternatively, some organizations choose to become licensed general contractors, which allows them to fulfill construction management duties internally and avoid additional costs.

Development and acquisition of rental property is challenging. Many CLTs acquire properties that have been mismanaged or improperly maintained, increasing the costs and effort involved in preserving and managing the units. Rental property development comes with its own challenges, often requiring years of planning, coordination of complex funding sources, and securing affordable financing. Whether acquiring or developing, each rental project a CLT takes on requires a complex business plan to ensure it is operational and sustainable for the long term.

Some pursue more challenging projects that other rental providers won't touch, and some invest in a more diverse selection of housing types. We heard from many CLTs that they prioritize the quality and appeal of their units, ensuring that they blend in well with the surrounding community and provide a sense of dignity for residents. Garrick Good, executive director of North East Housing Initiative (NEHI) in Baltimore, MD said, "I don't put our name on anything that I wouldn't be willing to live in. And so that's a pretty high standard."

Many organizations tend to do both forms of development, with a small handful doing only acquisitions or only ground-up projects. Corey of One Roof Community Housing explained that their approach is conducting development "in any way, shape or form the community needs… [and seeing] opportunities in [the] acquisition and renovation of buildings." One Roof has done new construction of single and multifamily buildings on greenfield and redevelopment sites, and acquisition and rehab of

single and multifamily buildings, some of which have been vacant and blighted... Taylor shared that Durham focuses on both approaches for the following reasons:

Real estate is opportunistic... [we're] competing against everybody here, and we don't have money to throw around. So, our strategy has been to be as opportunistic as the markets. If we can acquire property, let's do that. If we are developing on our own because we have vacant lots [and] acquisitions [are] not going well, we're going to focus on that. So, we've learned to be flexible.

For some organizations, it heavily depends on capital availability, as well as the local housing landscape. It is important for programs to base their growth on what's needed most in their community. For example, some communities might be a good fit for new housing due to a high availability of land or vacant lots, and others might be keen on acquisition and preservation given a larger stock of buildings that need renovation. Some organizations acquire properties to protect existing tenants from health and safety issues or the threat of displacement due to rising rents. Albany CLT dedicates its skillset to preservation, while the local Habitat for Humanity conducts most of the new builds in the area. As a result, when Albany CLT has opportunities to acquire vacant lots, they partner with Habitat to develop new units.

Alternatively, OPAL Community Land Trust's housing director, Julie Brunner, says there's no more preservation that can be done in the area, an island off the coast of Washington state, so now her organization is doing new construction. The executive director of Tenants to Homeowners, Rebecca Buford, says her organization focuses on ground-up development in its college town of Lawrence, KS, which has an aging housing stock that she and her team don't see being worth the renovations. They aim to provide their renters with affordable, energy-efficient homes, which she says can be harder and more expensive to do when rehabbing old properties.

Some CLTs pursue a wider variety of housing approaches, such as acquiring turnkey projects (completed projects delivered by developers), participating as a co-developer on senior housing projects and larger tax credit deals, and developing special-purpose properties that are set up to provide housing and services for people who are unhoused. CLTs have also pursued creative conversions of existing properties, such as motels into single-room occupancies (SRO), Accessory Dwelling Units (ADU) on CLT homeownership lots, and unconventional construction projects like modular structures and shipping containers.

Across the board, organizations share similar struggles when it comes to property acquisition. It can be hard to find reasonably priced properties, and the upfront capital required to conduct an acquisition can be difficult to raise. In Ohio, Yellow Springs Home. finds that a lot of the funding they receive is difficult to apply to rehab, and, as a result, a lot of their work tends to be new construction, which is often also subsidized by donated or reduced-cost land. Sherry Taylor of Durham Community Land Trustees shares that "while we occasionally receive land or property donations, most of the time we're competing on the open market—just like any other buyer—which often means entering bidding wars and paying premium prices. That can stretch our resources pretty quickly."

Thistle Community Housing's CEO, Paul D'Angelo, estimates that, in Boulder, Colorado, the cost of producing new units is three times higher than the cost of acquiring an existing unit. So, the organization is focusing on acquiring naturally occurring affordable housing to preserve affordable rents or possibly convert to homeownership

In the case of Tenants to Homeowners, Buford says that once they pass the hurdle of accessing the land, their organization can "cover the rest and get enough financing to build new." However, for other organizations, the issue is with difficulty clearing title, which can create a hurdle for acquiring land in the first place. This can halt some organizations' growth by limiting the pool of land they have access to.

Ownership Structure, Property Management, and Tenant Experiences

Ownership Structure

CLTs have a variety of ownership structures for their units, and fewer than half of the organizations we spoke with stick to only one approach. Nearly all these organizations have at least one case in which the units and underlying land are owned outright by the organization.

In some cases, a CLT owns the land but leases it to another rental operator that owns the units. A few CLTs lease the land from their state or local government and own the units that sit on it. Thirty-nine percent of those interviewed are partners in joint ownership ventures, intentionally created to access funding sources such as LIHTC.

Master Leasing Programs

Community Home Trust (CHT) participates in a master leasing pilot program sponsored by the town of Chapel Hill, NC, to provide stable housing solutions for people experiencing homelessness or who are at risk of homelessness. CHT leases a small number of market-rate units from a private landlord and then rents them to extremely low-income tenants at 30% of their income. The Town provides CHT grant funding to cover the difference.

While this program has been successful in many respects, it does come with some challenges. Due to the limited scope and funding of the program, these units are not permanent solutions. CHT made a deal with the county to obtain fast-tracked vouchers for the master lease tenants to obtain more permanent housing. However, it is challenging to find nearby landlords who will accept vouchers, including the landlord who subleased the units for the program. The organization also had difficulty finding a landlord who would participate in the program in the first place. In fact, the current landlord soon plans to demolish the current units, threatening future success if the town of Chapel Hill were to renew the program.

Still, the program has been successful enough that CHT was approached by neighboring Chatham County to administer a similar program for teachers, funded by the school district and community partners.

Northern California Land Trust (NCLT) also has a master leasing program, but from the opposite end. They lease an eight-bedroom residence to a local nonprofit organization that operates a transitional housing program for disabled and previously unhoused residents. The Almost Home program provides shelter and assistance for residents as they navigate the process of securing Supplemental Security Income (SSI) benefits and transitioning to permanent supportive housing. The Almost Home program has successfully served 17 individuals in its first year of operation.

Property Management

Property management is one of the most challenging aspects of operating a rental program, and CLTs need to make the important decision of whether to conduct this operation in-house or outsource to a third-party manager.

Forty-five percent of organizations we spoke to conduct their property management themselves, while 33% hire an outside company. A few organizations use a combination of approaches, depending on the type of property. We heard varying perspectives about the factors that went into this decision. While some think a small portfolio isn't worth the effort of developing an in-house property management line of business, others say they can't find a cost-effective property management company that will offer services to a small, sometimes scattered-site portfolio.

Outsourced property management might be the best approach for organizations that lack or are uninterested in building the staff capacity to conduct quality property management. Some organizations want to focus on development and other business lines rather than build that expertise internally. If there are already experts in the community who are providing quality, affordable rental property management services, it may be more strategic to pursue that partnership rather than try to create something internally from scratch. Jean Diaz, Executive Director of Tahoe Basin's Saint Joseph Community Land Trust, discussed their protocol for making the decision:

We have a decision tool... one of the criteria is, is there somebody that has the capacity and is better suited to do this component better than we can? Property management for affordable housing... requires very specific skills that we don't have, and it doesn't make sense for us to acquire since there are firms out there that specialize in that. So, as part of the decision tool, we've decided to hire existing property management firms for Sugar Pine Village.

On the other hand, some CLTs say that, with in-house property management, they're able to have more control over the costs, the quality, and the principles of what they consider good property management. It's not always feasible to find affordable, mission-aligned property managers who are skilled in everything that comes with affordable rentals, like compliance administration, providing high-quality maintenance

on a tight budget, and addressing the inevitable crises that some residents may experience. Without these pieces, the organization might run the risk of sacrificing quality stewardship of its units and service to its residents. NEHI acquired a 13-unit property that was poorly managed. They shopped around for a new management company but ultimately concluded that the best way to improve the service for their new tenants was to do it themselves. Good explained:

The decision to be able to do property management [in-house] was so that we could, one, ensure that our families were not being taken advantage of with the assessment of what service was needed. And then second, just making sure that we maintain the highest level of quality and standards with… how we kept and maintain properties.

In-house property management allows the organization to keep a closer relationship with its residents, which some CLTs find crucial. Maintaining this relationship allows them to pay closer attention to tenants with higher needs and to coordinate services that can help address their challenges. The CLT may also be better positioned to make decisions that prevent evictions during times of financial crisis, such as setting up payment plans or deferring rent. However, this approach can put a strain on staff, who may be stretched too thin managing a long list of responsibilities or drained by challenging interactions with tenants. Taylor of Durham Community Land Trustees emphasized the importance of looking out for her staff: "burnout is real, and that's something I'm about as a leader of the organization, making sure our staff is taking care of themselves, because it is heavy work, and it's not just about the housing piece."

Ian Winters of NCLT expressed the emotional toll that property management can have on staff and emphasized that "There's got to be a lot of attention paid to how are you keeping the CLT culture alive and not becoming yet another rental housing provider where everyone's just burnt out and bitter and fried." He also added, "That direct interface… is the hardest position to hire for, because… it can be a brutal, grueling job if it's not your thing. But organizers, like old-fashioned organizers, make great property managers."

For rental portfolios that have layered public funding sources, as most do, there are more complex administrative responsibilities to undertake as a property manager. Some organizations find this too complex to manage on their own, so they rely on a property management company to select tenants, conduct income verifications, and handle any necessary compliance reporting. This is common and, in some cases, required for organizations with LIHTC properties. On the other hand, a stack of diverse funding sources and associated compliance requirements may be too complex for available property management companies, so some organizations may need to handle it on their own.

There doesn't seem to be any one best practice for property management. The appropriate decision relies heavily on the specifics of each CLT's rental portfolio, staff skills and capacity, mission and goals, and factors specific to the local context.

Resident Experience

CLTs generally interact more closely with their rental residents than their homeowners, especially those organizations that manage the properties in-house. Homeowners tend to require fewer direct services from the CLT than renters. For one thing, renters inevitably check in once a month by way of paying rent. They also reach out regularly with maintenance requests. Several organizations mentioned that their tenants also require supportive services to address challenges such as mental health, physical disabilities, age, and financial distress. So, these organizations build partnerships and connect residents with resources and service providers that can address these needs. Some CLTs are even designing their new rental developments with facilities that support these service partnerships and bring resources closer to their tenants. CLTs are motivated to help their residents access these services not only to secure regular rent payments but also because it helps ensure that tenants are able to stay in their homes. Brittany Keller, development coordinator for Yellow Springs Home in Ohio described the organization's approach:

We work with people that are having a hard time. So, we've worked with people through financial hardships and… we also try to direct people to services that they might need… Social service coordination is something we're pretty proud of… We've never had an eviction in any of our renters. Anyone who's left has been leaving upon some sort of bigger and better thing.

Several CLTs listed ways in which they support their tenants' financial health. When a resident is behind on their rent, they may offer a payment plan or connect them with a financial advisor.

One of the most common services CLTs offer is financial programming to help with planning, budgeting, credit counseling, or homebuyer readiness. These are often some of the same housing counseling programs that are aimed at prospective homebuyers who approach the organization for opportunities to buy a home. By having renters in their program, CLTs are likely to engage with individuals and families who might never have considered CLT homeownership and can help them work towards that opportunity. One interviewee emphasized that having renters in their program provides valuable experience to the CLT by allowing them to work with folks much earlier in their financial journey and forcing the organization to gain a real understanding of the challenges renters may face when working towards homeownership.

Some CLTs partner with financial institutions to help their tenants grow their finances. NEHI works with PNC Bank in Baltimore to offer a savings club where residents can include a monthly savings deposit plan integrated into their rent payments. The bank also offers tenants a credit card paired with counseling to help them build their credit. Champlain Housing Trust also helps its residents build credit by partnering with a company that reports on-time rent payments to credit bureaus.

CLTs also discussed ways that they try to stay engaged with their residents, regardless of whether they are renters or homeowners. Some organize community events. Many hold meetings or issue surveys to gather feedback on their performance and program offerings. One organization has even worked with its community and other nonprofit organizations to address the effects of neighborhood gun violence, which has resulted in stronger, more empowered community relationships and an improved sense of comfort for residents.

A fundamental aspect of CLT homeownership that helps define the model is resident representation in governance. This is a special way that CLTs can offer a shared experience among tenants and homeowners alike. Nearly all interviewees said they offer tenants the opportunity to serve on the board, and a few even have seats specifically set aside for their rental residents. However, only a few organizations have ever had a tenant serve on their board at the time of our interview. Some are introducing the option as a more recent practice that hasn't yet taken off. Others explained that, despite efforts to encourage participation, their rental residents do not seem as interested in serving on the board as their homeowners. There could be several reasons for this, including that renters may feel less committed to the organization.

Pathway from Rental to Ownership

One of the many benefits of CLTs operating a rental program is the ability to offer a continuum of housing. Nearly all CLTs we spoke with have some kind of program in place to help their renters become homeowners if they choose. Colin Felsman, director of housing development for People's Housing+ in New Orleans, says that "part of our larger vision is working with [our] renters to help them become CLT homeowners." He explains that "there's an opportunity to shift renters out of speculative rental markets that are too expensive into affordable rentals, use those savings for down payments, [and] gradually move them into homeownership, if that's a step they want to take."

When renters are interested in buying an affordable home, CLTs are uniquely positioned to facilitate the process, whether by connecting them with downpayment assistance, finding a qualified lender, offering priority on waiting lists for existing CLT homes for sale, helping them bring a home into the program from the open market, or even buying the home they currently rent. More than half of the CLTs we spoke with have successfully transitioned at least one of their tenants to CLT homeownership.

However, we frequently heard that most renters do not take them up on the opportunity for homeownership. Some renters simply are not interested; they may not be committed to staying in the same place for long, or they may not want the added responsibility of homeownership. Others are not financially prepared for homeownership, especially when an organization's rental units are targeted toward much lower income brackets than their homeownership units. So, while they hope to promote homeownership, some CLTs understand this isn't always possible or necessary, and still find value in simply supplying a stock of affordable rental housing for those who will remain renters.

More than half of the interviewees said they have converted or plan to convert at least one of their rental units to affordable ownership. These are typically single-family properties, though condo conversions of multifamily buildings are also possible, albeit much more complicated. These conversions may be planned from the start—the organization

acquires renter-occupied units with the intention of converting them to homeownership— or may be a business decision to ease property management burdens or to increase reserves. Under either circumstance, an important consideration is what happens to the current tenants. When organizations put these properties up for sale, the goal is to ensure it's done under the CLT model, so each property remains permanently affordable. Further, ensuring residents of the properties are supportive of an acquisition rehab is crucial.

D'Angelo of Thistle Community Housing is carefully considering this as he prepares for a multifamily property conversion. He wants to make sure existing tenants are offered a right of first refusal and that a good relocation plan is in place for those who can't accept that offer.

About a third of the CLTs said that they're not planning on converting their rental units to homeownership. Some organizations want to continue providing a lasting stock of affordable rentals for their communities, providing a steppingstone for those who aren't yet ready for homeownership or stable homes for those who wish to remain renters. Others want to maintain the steady source of income that their rentals provide. In the end, the goal is to provide housing with lasting affordability, whether in the form of rental or ownership.

Funding, Growth, and Partnerships

Collaborations and Partnerships

Partnerships can open doors to greater financial opportunities, offer educational resources, and lead programs to more growth. Interviewees discussed a range of partnerships, including with for-profit developers, county/state agencies, and other nonprofits such as social service providers and national organizations like Habitat for Humanity and United Way.

CLTs discussed numerous partnerships with organizations that are in fields outside of permanently affordable housing, but that share similar goals. These goals might include innovative housing, environmental sustainability, new construction, and community development. Some examples include partnering with a food bank seeking to provide affordable housing opportunities or with another housing nonprofit with the intention of cross-promoting programs. Diaz of Saint Joseph CLT explained:

"One of our rules is that we try not to duplicate existing services but look at ways to enhance what's currently available in the community and fill the voids. And so, we continue to do that, working in partnership with the other providers."

When CLTs work with other community service providers, it enables the CLTS to have a wider reach to folks who need their housing services and support greater overall community-building efforts. Further, these new partnerships can improve the experiences of tenants by connecting them with rental assistance and providers that offer services catered to their specific needs.

In some cases, CLTs will also partner with existing housing providers and work to supplement and support their existing efforts and services. Or, in rural areas where there's a gap in active developers, organizations like Island Housing Trust on Martha's Vineyard are actively engaged in partnerships with municipalities who have offered public land to develop needed affordable housing (Phillippe Jordi, CEO of Island Housing Trust). These relationships with municipalities are crucial to offering organizations opportunities to access land or property that other developers are either not interested in or available for. This reinforces the role of a CLT as an important community development partner. Kimberly Sanchez, executive director of Community Home Trust in North Carolina, says, "The local government here is the reason we exist."

Coalitions are common in the field, as they allow programs to participate in shared strategic planning and conduct targeted advocacy at the regional and state level. Evelyn Dobson, executive director of Florida's Delray Beach Community Land Trust explained:

"We regularly engage with peer organizations to share successes, challenges, and emerging threats within the affordable housing landscape. These collaborative spaces are very motivating—when facing a complex issue, connecting with others who have encountered similar obstacles often leads to solutions without having to reinvent the wheel."

"Being part of a network of organizations with aligned missions strengthens our collective advocacy efforts and is an asset to our work in advancing affordable housing."

Some organizations find it useful to partner with for-profit developers. Diaz of Saint Joseph CLT says if they "find the right for-profit developer, it makes sense for them, [and] it's a win because they bring the resources, they bring the capacity to do larger projects" that smaller nonprofit organizations just don't have the capacity to manage or construct.

To Saint Joseph CLT, the developers benefit by having the CLT as a local nonprofit participant that affords them an opportunity to participate in mission-oriented work. Meanwhile, the CLT benefits by receiving a share of the developer and asset management fees, which helps sustain their organization and helps them grow. Corey of One Roof Community Housing emphasizes that working with a for-profit developer "wasn't just an act of charity"; it both helped the CLT learn the ropes and gave developers the opportunity to participate in the field of permanent affordability, something that they might not have otherwise done. To People's Housing+, these partnerships offer them opportunities to not only play a role as advocates but also co-develop with a for-profit partner and be able to ultimately own and manage the permanently affordable rentals. This approach enables the organization to participate in more complex tax credit transactions and leverage the larger balance sheet and resume of a for-profit partner.

CLTs also team up with other nonprofits on projects that may benefit from additional specialized expertise. They may also partner with smaller nonprofits that might not be in a financial position to develop a property, taking the role of a guarantor or co-developer to help these smaller organizations get better financing terms. These sorts of collaborations can open the door for smaller startups and give them tools for providing housing opportunities for tenants.

Two major nonprofit partners that were frequently mentioned are the United Way and Habitat for Humanity. NEHI cross-promotes programs with Habitat in Baltimore and works together in a consortium to compare notes and identify how to best serve families in the area. Through this partnership, they can refer families to one another's programs as needed to avoid duplicating existing services and, as Good says, "enhance what is currently available in the community [to] fill the voids." NEHI also provides stable housing for families receiving assistance from United Way, with the goal of preparing them for homeownership.

Barriers to Growth

Most organizations we spoke with are growing and have plans to continue acquiring and developing rental properties. Those that are not discussed challenges with funding or limitations in their staff size and capacity. Specifically, nearly every CLT interviewed stated that rising costs and access to funding are the biggest barriers to growth. Without large buckets of unrestricted capital, organizations' growth is hindered, and they are forced to get creative with financing.

Durham Community Land Trustees emphasized the struggles they face with not having access to unrestricted capital. Taylor said, "it would be so much better if [they] could have a source for rental preservation and capital improvements that was consistent" as it would let them (1) "be responsible to community needs" and (2) "become more flexible to opportunities in the market."

Other CLTs alluded to the barrier of rising land values, cost of existing units, and material costs that limit organizations from being able to purchase a property. While an organization might be equipped to build multiple units on a piece of land, the challenge lies in acquiring that land in the first place. In many places, organizations note a reduction in public land availability. Higher development costs, along with high interest rates limit the organization's potential to grow more rapidly.

Another barrier is organizational capacity for handling larger projects. Island Housing Trust mentioned that whether their team is working on one duplex or 10 duplexes, it is still a huge endeavor in terms of time spent and the resources needed. Dwelling Place said that once the projects get more difficult and take more hours to complete, they're not necessarily making more money than they used to on developer fees, meaning it still causes a burden on capacity.

Access to sufficient financing can also pose a barrier to development. Felsman at People's Housing+ discussed challenges with the amount of credit they can carry at a time and the lengthy underwriting process for each project. This makes it harder to access the financing needed to achieve substantial growth, requiring them to develop in smaller increments and significantly reducing the number of units they can build in a year.

Numerous organizations tend to have only a few people executing multiple duties/roles. This results in an important theme throughout the research: limited capacity is a barrier to growth. To overcome this barrier, CLTs need to have enough staff to distribute the workload. This is especially crucial if property management is taken care of in-house. Otherwise, existing staff are doing "double, triple duty… doing three or four things all at once," as Cotner from Albany CLT put it.

It can also be a strain on organizations' capacity when there is a lack of supportive services available in the community, which can require programs to accommodate by building other sorts of capacity internally. Alternatively, when other supportive services already exist in the community, programs don't need to expand their capacity to fill a gap that is missing.

Funding Methods

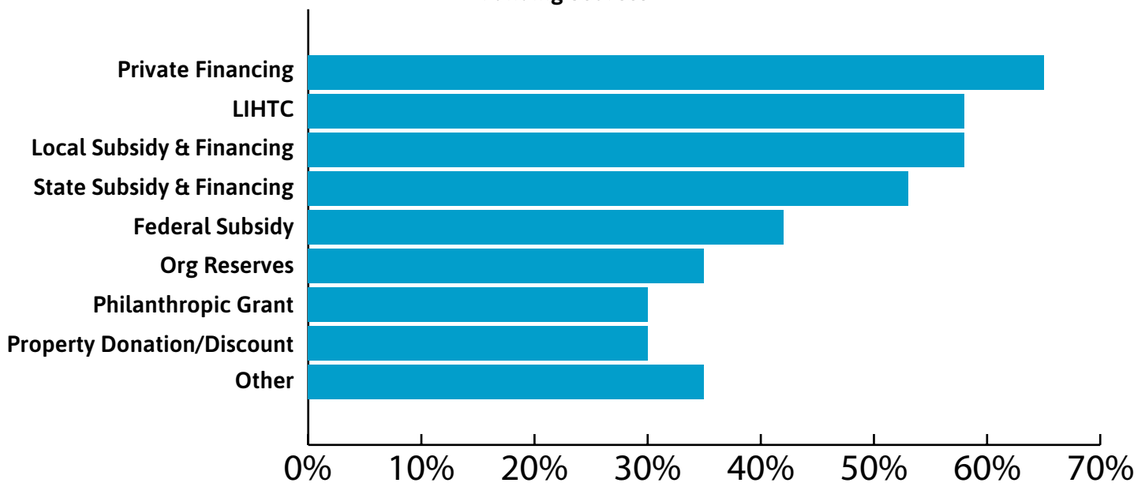
CLTs rely on a multitude of funding sources for their rental programs, including federal grants and tax credits; state subsidies, tax credits, and financing; local government subsidies and financing; private philanthropic grants; organizational cash reserves; private financing; and property discounts and donations. The most common sources of funding for rental developments are private financing, local subsidies, and LIHTC program funding. By being creative, flexible, and proactive, the 18 CLTs we interviewed have been able to secure the necessary funding opportunities to help contribute to the growth of permanently affordable rental units.

Low-Income Housing Tax Credit (LIHTC)

"The largest source of federal funding for rental housing in the United States is the Low-Income Housing Tax Credit (LIHTC) program" (GAO, 2023) where private investments in affordable housing are exchanged with dollar-for-dollar federal tax credits. While this program is largely accessed by for-profit developers, it can also provide valuable funding for CLTs to significantly increase their rental portfolios. More than half of the organizations we spoke with have a stake in a LIHTC development. However, it is not an easy source of funding to access or manage, and there are complications around ensuring lasting affordability of the resulting projects.

Figure 2

Funding Sources



For one, CLTs don't own LIHTC properties outright; rather, they are limited partners in the development. Still, they often need to secure gap financing and funding to get the project off the ground, then wait at least 15 years for the opportunity to purchase the property and keep the units affordable beyond the standard 30-year affordability period. In some cases where states require or incentivize longer affordability restrictions, CLTs don't need to obtain full control of the property to ensure the units remain affordable. Most organizations have a right of first refusal (ROFR) built into their contract, which affords them the opportunity to acquire the property at a predetermined price. All organizations we spoke with plan to maintain the affordability of the LIHTC units they're involved in, but given the long-term nature of these deals, it can be hard to predict or guarantee what bumps in the road they might encounter before the time comes to act.

LIHTC can also be a very difficult source of funding to access. There can be significant competition for the more valuable 9% tax credits, and state priorities often favor core cities over suburban and rural areas. In addition, a particular development project may not meet the priorities (e.g., serving populations with certain needs) of their state's qualified action plan. The preparation is also cumbersome—a legal partnership must be established, the applications are lengthy and complex, and gap funding must be secured. LIHTC development is expensive—requiring outside lawyers, syndicators, and consultants—and can be risky as many pre-development outlays precede any guarantee of securing the tax credits.

It's not surprising, then, that several organizations we spoke with actively choose not to pursue LIHTC projects. In some cases, they are not interested in developing projects large enough to make tax credits feasible. Organizations might also have to make concessions to comply with tax credit requirements, such as strict income restrictions, that make the funding source unattractive.

Still, CLTs can have a critical role in preserving the lasting affordability of LIHTC properties. When developed only by for-profit entities, LIHTC units are likely to exit the program and become market-rate, especially in states with limited affordability periods. According to the National Housing Preservation Database, more than 350,000 units are at risk of losing affordability by 2030. In its 2025 State of the Nation's Housing report, Harvard's Joint Center on Housing Studies states that between 6,000 and 10,000 LIHTC units are lost annually after 15 years, before the end of the full 30-year compliance period, due to a loophole. CLT partners that have a ROFR can alter this trajectory, ensuring that units remain affordable in perpetuity.

Rental Income and Financial Stability

Most of the organizations we spoke with expressed that a major benefit of having a rental program is the steady income that a homeownership program alone cannot provide. Through monthly rents and developer fees, about 61% said that their rentals are self-sustaining and, in a few cases, even profitable. However, some are just narrowly breaking even. Those who are struggling are often carrying debt, and in addition to the costs of managing and maintaining the properties, the monthly income they generate is not enough to sustain the properties without additional subsidies.

One organization noted that because maintenance costs were so low at the beginning of its operation, it started charging rents much lower than it should have. Now, it can't raise them as high as it needs to cover expenses.

Organizations whose rental properties are performing well can maintain a steady cash flow from rents, which, in some cases, can contribute to operational costs, construction, rehab, or reserves. When sales from their homeownership program slump, rental properties can serve as a buffer for the organization's bottom line. Furthermore, unlike the complicated nature of CLT land ownership, rental properties that organizations own outright can be a valuable asset to leverage financing for new development projects.

Funding Challenges

CLTs rely on multiple funding sources to keep their organizations financially sound and enable them to add units to their portfolios. Not all funding sources are accessible or easy to work with, however. The organizations we spoke with most commonly express challenges with U.S. Department of Housing and Urban Development (HUD) funding and federal tax credits. Common HUD challenges include complexity, compliance, and unavailability in certain areas, particularly rural locations. Jacob Horner, chief real estate development officer of Dwelling Place, says the requirements make it difficult to build since there are "certain strings that get attached to complicate [the] already complicated [deals]."

Further, it becomes a capacity issue when the applications and compliance become more complicated.

Regulators may take years to approve LIHTC for a project. Compliance obligations, legal work, and other soft costs can increase deal complexity, potentially raising total development costs considerably. Cotner from Albany CLT said they have "stayed away from complex LIHTC deals that work best for larger, 60+ unit projects, and have instead focused on acquisition and renovation of existing one- to four-unit buildings to help rebuild neighborhoods."

Some CLTs don't work with the LIHTC program because it limits their ability to serve a project's intended income range.
Others have been unsuccessful in getting tax credits, citing frequently changing program rules and the high cost of applying. Some are concerned that partnering with other entities can open the door to more risk. Tax credit projects may require complex local zoning approvals, so it may be less cumbersome to focus on smaller chunks of projects, and less appealing to pursue tax credits.

Interviewees identified state funding challenges that result from evolving state housing priorities. Certain subsidies often include inflexible income and eligibility requirements. Many state allocation plans have established priorities for specific targeted communities, like extremely low-income families, unhoused individuals, or persons with disabilities, ultimately limiting the type of projects for which CLTs can use state funding. For example, Julie Brunner at OPAL CLT discussed how Washington state's prioritization of veterans, farm workers, and Native Americans effectively limits how a rural-focused organization, such as OPAL CLT, can serve a mix of these populations. Meanwhile, Winters mentions that, in California, the income restrictions tied to small sites programs have strict income restrictions that are not aligned with the amount of funding provided, requiring additional gap funding for a project to pencil out. While these state programs might have the community's best interests in mind, they can also result in unintended barriers for CLTs to preserve and increase the supply of permanently affordable rental housing.



The Cascades - *Yellow Springs Home, Inc.*

Rental Portfolio and Affordability

The CLTs we spoke with have varied rental portfolios, from two units to more than 2,500 units; the average number of units is 347, and the median number of units is 87). Figure 3 shows the share of organizations that provide each type of rental property. Most organizations have a relatively even mix of multifamily and single-family units, though none have exclusively single-family rental homes. A few organizations have other types of rental units, including leased cooperative units, manufactured and mobile homes, accessory dwelling units (ADU), and commercial spaces.

These CLTs mostly serve low- to very-low-income residents, as determined by the HUD Area Median Income (AMI). Figure 4 shows how many organizations we spoke with serve each % AMI range, while Figure 5 shows their maximum AMI served.

Figure 3

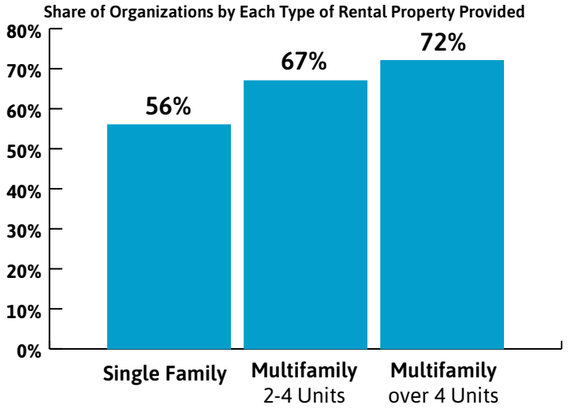


Figure 4

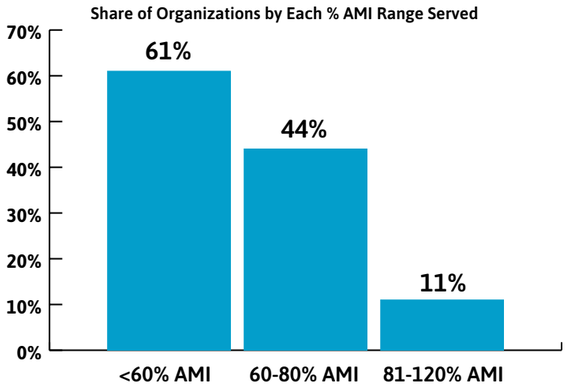
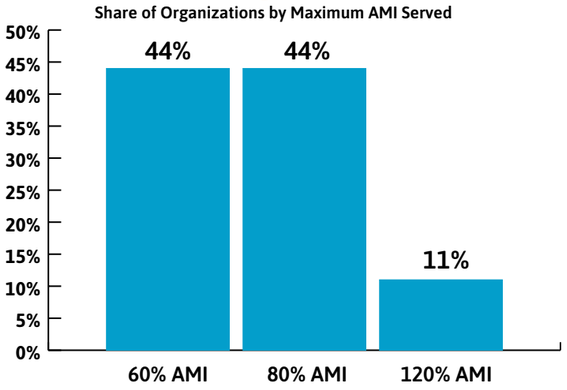


Figure 5



Most organizations determine their rental rates based on the funding source tied to the property, which often restricts the units by income. In cases where more than one funding source is tied to the property, the lowest income level controls.

However, CLTs can be more flexible with rents for properties that don't have funding restrictions. Some choose to use standard HUD AMI restrictions as a guide for setting their own rates, while others try to offer deeper affordability, as standard restrictions may not provide the level of affordability needed in their area. Others choose a case-by-case approach for each of their tenants, rather than setting a blanket AMI target.

CLTs also have to think ahead when setting their rents. Though they may want to provide the deepest affordability possible at the outset, increased operating costs will inevitably occur. Raising rents may not be feasible due to legal constraints or risks to long-term residents' financial stability.

The key is developing the right formula that allows the organization to charge enough rent to ensure the long-term sustainability of the property while offering a rate that its target populations can afford. A helpful strategy, if afforded the flexibility, is to have mixed-income properties where higher rents can help subsidize lower rents. This may also help serve populations that earn too much to qualify for income-restricted housing but too little to afford a market-rate home. Many CLTs also accept Section 8 vouchers, while other landlords, depending on local or state law, do not. Vouchers make it possible to charge higher rents while still maintaining affordability for tenants. For context, LIHTC properties must accept vouchers, as per Treasury Department regulations (Emmanuel and Aurand, 2024).

Every organization we spoke with intends to maintain the affordability of its rental units for the long term. Some have legal mechanisms to enforce this, which are important for more complex ownership arrangements. Others find that simply keeping the units under their ownership is enough of a guarantee. One organization mentioned the possibility that its board may choose to sell a couple of properties if an opportunity presents itself to purchase a greater number of units in exchange.

Policy Landscape and Advocacy

A dive into the policy landscape reveals how innovative state and city-level policies can open the door to new funding opportunities, while some states preempt localities and organizations from adopting innovative models. There are various ways in which state and local government policy can help or hinder the progress of CLT rental programs. When it comes to local policies, support for rental development can include tax abatements, tax revenue allocations, local budget set-asides, and other creative sources of funding, as well as zoning provisions that incentivize affordable units.

Horner of Dwelling Place explained that in Grand Rapids, MI, "if you're building affordable housing, the city will give you whatever they can give you to help you in terms of tax abatement, assistance with the development process via timely requests for information and letters...[basically] they want to see good quality development." Some cities recognize the housing needs in their community and enact policies that support affordable housing development. Even then, the interviews revealed that for some cities that have the funds available for affordable housing efforts, it's still separate from the work of the CLTs and not always available, especially when it comes to operational or capacity support. Additionally, while some municipalities and states might be supportive of the work on paper, it doesn't always translate into real financial support.

In New Orleans, funding is available, but there is also a lack of transparency around when and how it will be released, making it difficult to plan. Felsman at People's Housing+ says the announcements are "not predictable enough [and] they tend to be gobbled up by larger deals."

The final municipal policy theme that arose is the overlap with inclusionary housing (IH) programs. In each scenario, there tend to be gaps in the process that limit how successful CLTs can be in relation to the IH policies. Specifically, when it comes to ensuring the development of units as well as their preservation. Boulder, CO, has an IH policy but offers a fee-in-lieu that can be seen as a direct incentive for developers to opt out of building new affordable units. In cases of weak IH policies, localities might miss the opportunity to grow the stock of affordable housing.

At the state level, some policies that help or encourage rental development include lasting affordability requirements tied to state-allocated funding, surplus land use programs, committed resources for affordable housing, and other legislative changes aimed at easing restrictions on permanently affordable housing.

Saint Joseph CLT has a relationship with the state of California to receive surplus land with a 99-year ground lease, as well as with the regional planning agency to get bonus units for developments. In their case, it took support from all levels to make their projects possible. Programs in Washington, Colorado, North Carolina, and New York detailed the crucial role of state funding. Albany CLT in New York receives a lot more support from the state than the city, since, Cotner says, "state policymakers do understand the benefits of working with a land trust in terms of the permanent affordability."

When states and jurisdictions are not supportive of such policies, local organizations are limited in their ability to grow their portfolios. Champlain Housing Trust's CEO Michael Monte says,

"It will be difficult to fulfill the promise and opportunity of this work without local and state support. That's where the resources are to do this work."

Closer relationships with elected officials, both local and statewide, can help the organization influence and establish impactful policies, creating a policy environment that is more supportive of their work. Throughout the interviews, CLTs listed ways they are creating a policy environment more favorable to affordable rental housing development and preservation of affordability.

CLTs tend to partner up and form coalitions for the biggest possible impact. They will often work together advocating to funders and policymakers, using their collective strength to target each member's goals. People's Housing+ in New Orleans often advocates collectively with the only other CLT in their city. Together, they've pushed for set-asides for permanently affordable rentals so they can purchase, rehabilitate, and develop units. Albany CLT advocates with other New York groups to push for greater subsidies for properties that have long-term affordability periods. In other states, coalition-level advocacy work is nearly nonexistent.

For context, nonprofits need to ensure compliance with lobbying laws that guide their 501(c)(3) status.1 Island Housing Trust in Massachusetts worked with another organization that led a recent advocacy effort. However, due in part to their limited ability to contribute to the effort, the initiative did not pass.

The outcome of advocacy reflects the policy environment. In New Orleans, People's Housing+ worked with advocates to achieve a new zoning ordinance called The Small Multifamily ordinance which allows for up to four units on single-family zoned lots that can be built in two separate structures. Importantly, one of those units must be deed restricted for a renter earning less than 80% AMI.

The change did not immediately work well in practice because commercial building standards, like fireproofing and sprinkler systems, drove up the costs of construction. However, advocates worked to pass an amendment to modify the policy to allow for two structures instead of one, which simplified the construction process. Other efforts have focused on passing up-zoning policies and securing partnerships with a municipality to ensure consistent subsidies from the city's housing trust fund, which dedicates 2% of the city's general fund to affordable housing.

Keller of Yellow Springs Home in Ohio emphasizes advocating to funders directly. They respond anytime there's an invitation for feedback from any of their funders and use this opportunity to request more funding for rural areas, since there are already commitments to urban areas. Winters of Northern California Land Trust says that, through collaboration with the statewide network, they've accomplished "underlying structural definitions for CLTs [that are now] built into the California Constitution and into some of the underlying regulatory law."

Competition

While a multitude of affordable rental providers in an area may seem like competition, most organizations view it as being on the same team, fighting for the same goal. Whether organizations sense competition among other housing organizations in the community tends to vary based on specific local and regional contexts. A handful of CLTs said that competition comes up in the form of financial scarcity. Felsman of People's Housing+ said:

I think competing for funding is just a reality of being in a resource-scarce city. And, yeah, I don't know that I would use [the term] "competing" so much as [saying] there is a limited pot of funds and a lot of people that want to access [it]. So, we could use a lot more money than we get. But then again, so could our fellow nonprofit developers.

Even for a larger organization, while they might be the only housing nonprofit in their area, they occasionally compete with the private sector for tax credits. Other organizations might even compete with local municipalities for state funding. One CLT might collaborate with another but also compete to access funding, particularly from the city and for local match dollars. This forces the organization to strategize how it applies for its rental work.

Delray Beach Community Land Trust in Florida faces significant challenges stemming from the high cost and limited availability of vacant land in an increasingly competitive market. This scarcity fuels competition not only among mission-driven nonprofits, such as CLTs, CDCs, and Habitat for Humanity, but also with local counties and municipalities. The situation is further intensified by private-sector developers who rapidly acquire and flip properties. Unlike these well-capitalized developers, nonprofits lack the same financial flexibility, making it difficult for them to compete in a market where speed and access to capital are critical.

Still, CLTs emphasized the idea that other organizations providing housing are not seen as competition; rather, as necessary contributors to a shared goal. As Taylor from Durham Community Land Trustees explained:

To solve this issue... you have to have the whole football team, the color guard, the marching band, the referees, everybody. I don't care if you have two units or 1500 units... So, I don't consider them competitors.

Felsman of People's Housing+ suggested that it is unconstructive to frame it as competing, "because the only way to solve affordable housing in New Orleans, or anywhere, is collaboratively working together to shift the needle on policy and funding, etc." So, while it might be frustrating to lose funding to another organization, there is value in acknowledging that collective efforts are moving the needle.

Other programs shed a different light on the concept of competition in their work. Many organizations do not see competition, since the type of work they do is often quite different from what other providers in the area pursue, or there is simply an absence of other affordable housing developers in their area. Anna Kochersperger with City of Bridges Community Land Trust in Pittsburgh, PA, says they get phone calls about situations "no one else would touch" because they're "eyesores or challenges in the community." Therefore, benefiting from connections and relationships with landlords and neighbors since they're not after the same properties. Philippe Jordi of Island Housing Trust shared the same sentiment when expressing that once the municipality "puts out a request for a proposal... [they're] the only entity that responds because no one from outside of the island community in their right mind would do it."

Key Takeaways

When asked if they would recommend rental to other CLTs, interviewees generally leaned toward the affirmative. Some were enthusiastic about the inherent benefits of rentals, such as a steady income stream, a diverse portfolio, the ability to serve more of their community, and ensuring stable and quality homes for renters. Others suggested proceeding with caution, since operating a rental program also comes with big challenges, such as the high-cost property management and securing funding and financing. Each CLT shared some of their recommendations and lessons learned from operating an affordable rental program as a CLT. This report provides multiple policy examples that the field can use to advocate for affordable housing development and preservation.

Specifically, federal policymakers can take away from this report the importance of continued funding for the HOME Investment Partnerships Program and the Community Development Block Grant (CDBG) Program, which housing organizations use to finance development and preservation, including critical gap financing for LIHTC projects. Local policymakers can help CLT rental programs through tax abatements, dedicated funding, as well as land use improvements that incentivize affordable units. State lawmakers can support lasting affordability through robust state funding appropriations, loan programs, land disposition, and easing restrictions on permanently affordable housing. The private sector also has an important role to play by providing financial support to CLTs, particularly in the form of unrestricted grants that allow organizations to boost their reserves and have flexible cash on hand to remain competitive when development opportunities arise.

As a CLT, it is important to consider all aspects of what it takes to operate rental housing. It can be tempting to jump on an opportunity to expand one's portfolio or rescue a property without fully considering the responsibilities and challenges that might come with it. Does the organization's budget consider all the costs of operating a rental project? How will rents be determined? Will income adequately sustain the project, or will it need additional funding? Is the organization prepared for the complex compliance requirements? What capacity will the organization need to build for property management? Has it identified a reputable, mission-aligned third-party property manager?

It is also important to consider the local context. What are the goals for starting a rental program? Would it address significant gaps in the local affordable housing market? Or are there other organizations already doing this work well? Certain markets are already saturated with organizations that provide long-term affordable rentals and policies that support this work. In this case, it probably makes more sense for a CLT to stick to their homeownership expertise. Other markets may struggle with a loss of affordable rentals and a lack of policies that support long-term affordability. There, "community land trusts could play a really pivotal role in changing the long-term landscape of access to housing," said Brunner of OPAL CLT.

Partnerships are crucial to a CLT's operations and can provide benefits for its rental program. Strong relationships with local governments can help unlock resources and property acquisition opportunities. Developing partnerships with a variety of local service providers can help a CLT deliver crucial assistance to tenants in need. Partnering with experienced co-developers can be a valuable way for a CLT to learn from experts and share the risks involved with developing new projects.

It is also necessary for a CLT to adequately vet all potential partners. We heard cautionary tales of agreements and partnerships gone wrong due to unfulfilled or misunderstood commitments and a lack of due diligence when entering contracts. These deals are complex, and the organizational leadership must fully understand the financial and legal details of contracts. This might apply to development or acquisition partnerships, investment partnerships such as LIHTC, property management engagements, and more. Good consultants and lawyers should be involved early in the process of entering any complex, long-term agreements.

Opportunities for Future Research

There are many possible ways a CLT might include rental in its offerings. This study is intended as a high-level view of various rental portfolio models. Further research, particularly in specific states and regions, will provide a more comprehensive understanding of the field and opportunities for scale.

A national, quantitative survey of the sector would provide a larger dataset and the opportunity for deeper analysis of strategies and impact. Additionally, more in-depth studies on specific topics only briefly addressed in this study would help establish best practices for topics such as multifamily rental-to-ownership conversions, innovative funding strategies and solutions, municipal partnerships and policy design, and creative development models.

Additional areas for future research include: factors influencing shared equity organizations' decisions to pursue—or not pursue—LIHTC preservation and/or new development; the impact of rental programs on household and organizational financial stability; and preservation for models beyond LIHTC, including naturally occurring affordable housing.

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Thank You!

Albany Community Land Trust - Susan Cotner

Champlain Housing Trust - Michael Monte

City of Bridges Community Land Trust - Anna Kochersperger

Community Home Trust - Kimberly Sanchez & Daniele Berman

Delray Beach Community Land Trust - Evelyn Dobson

Durham Community Land Trustees - Sherry Taylor

Dwelling Place of Grand Rapids - Jacob Horner

Island Housing Trust Corporation - Philippe Jordi

North East Housing Initiative - Garrick Good

Northern California Land Trust - Ian Winters

One Roof Community Housing - Jeff Corey

OPAL Community Land Trust - Julie Brunner

People's Housing+ - Colin Felsman

Pima County Community Land Trust - Maggie Amado Tellez

Saint Joseph Community Land Trust - Jean Diaz

Tenants To Homeowners - Rebecca Buford

Thistle Community Housing - Paul D'Angelo

Yellow Springs Home Inc. - Brittany Keller