

I'M MOVING OUT: HOUSING DISPLACEMENT AND THE FIGHT FOR  
AFFORDABLE HOUSING IN AUSTIN, TX

by

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HONORS THESIS

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## **ABSTRACT**

Affordable housing and housing displacement are current policy problems facing the city of Austin as it continues to grow. Housing displacement can be defined in multiple contexts, but is most typified in East Austin by continued rising costs-of-living and forced migration to cheaper areas. Many policy solutions exist that may alleviate the issues of housing displacement. This paper proposes and analyses one policy solution to create affordable housing and mitigate housing displacement. The research in this policy document is laid out into two chapters. The first chapter explores the history and contemporary conditions that contextualize the underlying problems of affordable housing in Austin. The second chapter explores the policy solution which proposes expanding Community Land Trusts (CLT) in Austin. CLTs are defined as a nonprofit corporation holding ownership of community land, leasing the land to residents, and developing perpetually affordable housing for low- and middle-income individuals. This paper recognizes the impact that housing policy has on marginalized communities, like East Austin, and works to present a policy solution that may create avenues for intergenerational wealth transfers. This policy analysis finds that by creating pathways for homeownership, housing displacement that disproportionately impacts minority communities in East Austin may be mitigated. My final conclusion as a researcher shows that expansion of CLTs, in coordination with other affordable housing policies, will alleviate issues of current housing displacement in Austin, TX.

## **CHAPTER 1**

### **I. INTRODUCTION**

After reviewing the available information on Austin’s combined federal, state, and local policy toward affordable housing, I found it insufficient to address the larger issues of housing displacement. A major overarching issue impacting housing displacement in Austin is the ease of access entering the housing market due to price. A recent 2020 report published by the city of Austin shows that the median home value “rose 55% from 2010” with major decreases to affordable housing stock (Root Policy Research, 5). Additionally, the report found middle income earners “now have lower ownership rates than households in the city overall” with the statistic showing an 8% drop from “44% in 2012 to 36% in 2017” (Root Policy Research, 5) The research question I am seeking to understand is to what extent can new or existing affordable housing policies expand to meet the needs for low-to-middle-income earners in the city of Austin. Moreover, how can these affordable housing policies decrease housing displacement.

In this thesis, I will first examine the history of the housing issues in Austin and the historically marginalized communities that are actively displaced by rising development in East Austin. The history of these communities is essential to understanding the modern context impacting housing displacement and home ownership. Then I will analyze the specific housing policy and the possible solution to mitigate housing displacement. There are a multitude of policy tools proposed by other researchers. However, this research paper focuses solely on one policy solution that can work in tandem with other affordable housing policies used throughout cities

in the United State. The policy analysis will also address a fundamental issue that intersects with the housing displacement affecting marginalized communities: intergenerational wealth transfers. Affordable housing and intergenerational wealth are common policy issues which seek similar solutions. By proposing policy that works to alleviate housing displacement and provide forms of economic mobility, the marginalized East Austin neighborhoods most impacted by housing displacement may be less harmed. The policy decisions explained in the second chapter will go into depth about Community Land Trusts (CLT) and how the city of Austin can continue to create and implement them as one facet of housing policy in the future. This issue is multifaceted and relies on creating and researching policy for both institutional and non-institutional actors involved.

## **II. A Recurring Cycle**

Austin, TX is one of the fastest growing cities in the United States, with a “rapidly growing population [that] adds about 17,000 residents annually” (Shaw, 75). Throughout this growth pattern, a consistent issue remains: the lack of affordable housing. This systemic issue is a crisis in multiple American metropolises. Cities such as New York and San Francisco are becoming unaffordable for the average working American, displacing lower income individuals. The simple policy solution would continue the status quo of housing policy for the last 70 years. The resulting status quo has built a reliance on urban sprawl with single-family-housing, long urban corridors, and traffic rich commutes; it’s a model for drivable suburbanism that concentrates wealth and poverty. This continued regime begs a larger problem of whether or not housing will

continue to be an affordable commodity throughout the metropolitan area.

Downtown urban areas are seeing a renaissance in development and increased amenities, raising property values in areas that were traditionally disinvested.

Simultaneously, cities are increasingly growing in population, leading to continued development in the outer suburban fringe. This simultaneous growth and redevelopment have created large issues related to housing that are systemic to urban areas. Housing displacement is occurring as a result and the supply of housing units in centrally located locations is lower than the vast demand for it. As cities try to address this issue, they are equally trying to increase prosperity through amenity development in parks and public transportation. A large gap exists between amenity creation and the building of affordable housing that leads to a recurring cycle of housing displacement.

This thesis does not seek to understand the minutia underlying gentrification. Gentrification is largely a change in the local culture of a neighborhood, but also has implications for housing displacement. Instead, this thesis will examine housing displacement and one possible policy solution for Austin. Three kinds of displacement exist within Austin. Direct displacement is when “residents can no longer afford to remain in their homes due to rising housing bills” or even “new development,” and is often the first thought of displacement (Mueller, et al 16). Indirect displacement “refers to changes in who is moving into the neighborhood as low-income residents move out” making this displacement more subtle (Mueller, et al 16). Lastly exclusionary displacement occurs when “future low-income residents are excluded from moving into the neighborhood” and is pervasive in maintaining concentrations of wealth (Mueller, et al 16). Federal, state, and local policy has created an urban crisis where affordable



housing is in decline or is concentrated in specific locations. The result of these policy errors and a disinvestment in affordable housing has resulted in deeper concentrations of poverty, continuing segregation by class in urban areas. In order to effectively create and suggest policy, policymakers must suggest solutions that are equitable for urban residents.

In depth policy development is needed to take a critical lens on what works to create more affordable, equitable, and desirable places to live. Researchers and policymakers have identified several successful policy methods to implement in the continued development of metropolitan areas. In order to properly address affordable housing, implementation of these best practices and initial pilot programs will help ease affordable housing issues. By alleviating public pressure to perform and reject “an ingrained culture of risk aversion” policy makers will be willing to fail on new ideas or implement existing practices (Klein, 20). The best practices looked at later in this paper will explore Community Land Trusts (CLT) as a viable solution to the lack of affordable housing and continued housing displacement. Others not a part of this research will be included in the appendix of this document. Local governments, state governments, and the federal government need to act in order to provide opportunities for affordable housing and mitigate housing displacement.

## **II. A Look From Above: Past and Current Conditions In Austin**

Equity and access to housing resources was a political battle throughout the 20<sup>th</sup> century. Austin developed policy similar to many of its Southern counterparts, alongside racial lines and “spent the better part of the twentieth century, up until the 1970s, engineering an explicit scheme of racial segregation” (Structuring Race, 33). After

explicit racist covenants were brought down by *Shelly v. Kraemer* (1948), policies were more implicit in their racial and class bias. Race, class, and policy all have existing repercussions in today's policy issues impacting how institutions act.

In order to understand Austin's housing displacement issue occurring now, we must understand federal involvement in housing. Federal intervention in housing policy began during World War I but became widespread during the New Deal era which worked to "bring stability to financial institutions" rather than "fight poverty and destitution" (Judd and Swanstrom, 122). The United States federal institutions implemented several policies that transformed how metropolitan areas are built and run. Federal programs related to housing started with the 1934 National Housing Act that helped individuals "secure long-term mortgages from banks whose loans were guaranteed by the federal government" (Judd and Swanstrom, 122) and initiated a long precedence of federal involvement in housing. The Federal government started plans to build public housing in the Public Housing Act of 1937, which would provide housing for low-income individuals. However, a coalition of real estate interests raised concerns that it "competed with the private housing market" and the bill eventually failed (Judd and Swanstrom, 132). The policy outcomes of the New Deal are not mutually exclusive to the discussion of affordable housing. It underscores a historical precedent that affordable housing developments should not be built by the government. Rather, home loans would be subsidized by the government and private corporations would create the housing.

Housing loans offered by federal institutions were also influential in proving affordable housing. The loans offered by the federal government were a component of the 1934 National Housing Act which created the Federal Housing Administration (FHA)

who issued the loans for privately built housing. New housing developments were concentrated outside of the city and their actions served a racial agenda “that neighborhoods should be racially and ethnically segregated” (Judd and Swanstrom, 193). Initial policies discriminated against races through racial covenants, but after this policy was brought down by the Supreme Court, the FHA administration continued to outline areas that were “too risky for loans” (Judd and Swanstrom, 196). The FHA worked in tandem with the Home Owners’ Loan Corporation (HOLC) which “surveyed 239 cities and produced ‘residential security maps’ that color-coded neighborhoods and metropolitan areas by credit worthiness” (Strickland). This administration used similar discriminatory practices used by the FHA. Below is the map of Austin drawn by the HOLC in 1935.

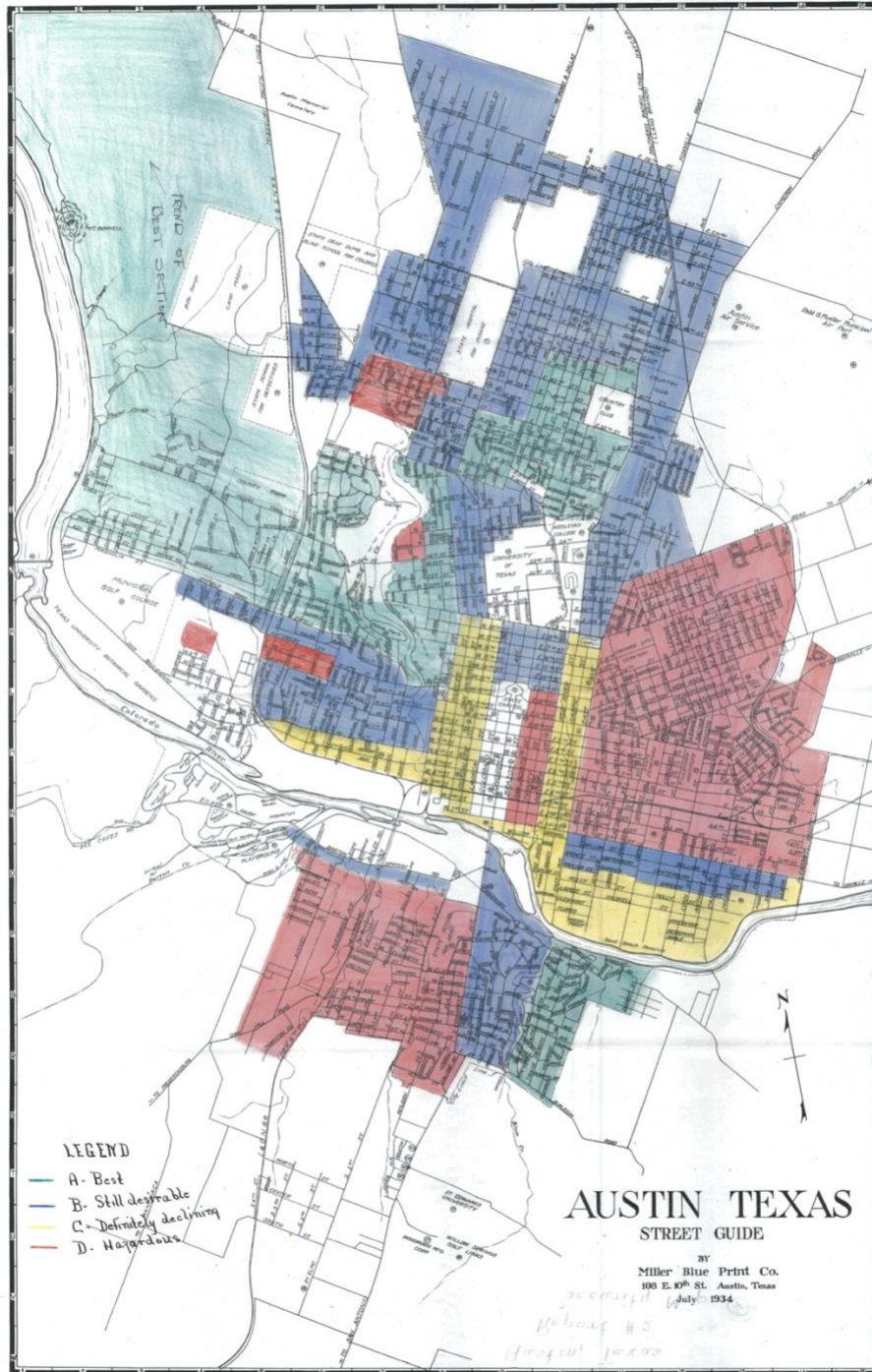


Figure 1 Austin HOLC map, 1935 Robert K. Nelson, LaDale Winling, Richard Marciano, Nathan Connolly, et al., "Mapping Inequality," *American Panorama*, ed. Robert K. Nelson and Edward L. Ayers, accessed November 24, 2020, <https://dsl.richmond.edu/panorama/redlining>

The term redlining came from the areas colored in red that were considered blighted based partially on factors such as race. Areas in yellow were considered

declining, while blue and green were desirable areas. White buyers were given loans and opportunities in these green and blue areas, providing capital and better housing access. Meanwhile people of color were excluded from these opportunities. The practice of racial discrimination in home loan access by these federal administration continued until the passage of the “Equal Credit and Opportunity Act of 1974, The Mortgage Disclosure Act of 1975, and the community Reinvestment Act of 1977 (CRA)” which were intended to eliminate the practice (Judd and Swanstrom, 196). The continued discrimination and segregation of people of color still has repercussions for affordable housing today.

The repercussions of prejudice toward people of color still impacts communities today. These maps helped establish a pattern of development that fueled concentrations of wealth and suburban sprawl. The development of capital through housing access was deliberate for white people. Government institutions “engineered, purposeful, and persistent inequality in the distribution of wealth” that exists in Austin to this day (Structuring Race, 36). East Austin remains largely segregated by race and class, containing most of Austin’s Black population. The impacts of continued neighborhood change and housing displacement directly impacts these communities and their ability to obtain capital or ascend in economic status. The historical disinvestment in central urban areas has resulted in continued losses for the lower classes and people of color. The inability to build generational wealth through home ownership and restrictive zoning trapped poor individuals into cycles of poverty. Now that urban centers are revitalizing, these individuals are continuing to reap the deepest losses as they are forced out of their neighborhoods.

The map below from the University of Texas at Austin’s Uprooted project

## Most Vulnerable Census Tracts (2016)

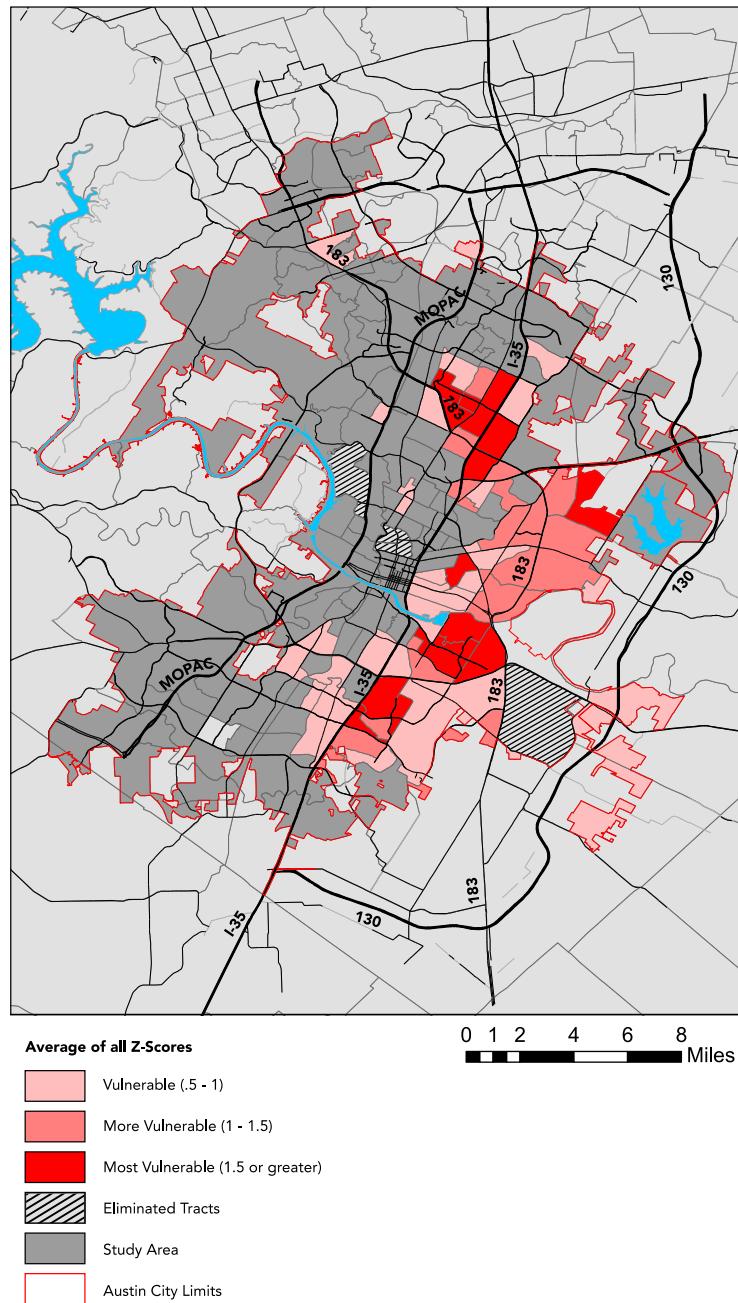


Figure 2 Mueller, Elizabeth; Way, Heather; Wegmann, Jake. "Austin Vulnerability Map." Uprooted Project, <https://sites.utexas.edu/gentrificationproject/..austin-uprooted-report-maps/>. Accessed 24 November 2020

outlines the vulnerable communities in Austin. This project encompasses underlying conditions of gentrification and housing displacement. The map shows communities

based on census tract and demographic information that are vulnerable to the different forms of displacement described earlier. When compared to the to the HOLC redlining map, an existing parallel is understood. Policy and government institutions created this issue that exists today in the form of housing displacement. Housing displacement can be seen to indirectly impact marginalized communities.

There a plethora of reasons to understand why these communities are vulnerable to displacement. The factors included in the Uprooted Project's data are "people of color, lack of higher education, low income, renters, and children in poverty" (Mueller, et al 28) and underscores who is affected by community displacement and how it is occurring in Austin. The communities impacted "lie in and near the Rundberg area in North Austin, Daffin Gin Park in Northeast, Rosewood in East Austin, Montopolis in inner Southeast, and Franklin Park in Southeast just south of the Ben White highway and immediately east of Interstate 35" which are areas that people of color were traditionally segregated, excluding the northern sections west of Interstate 35 (Mueller, et al 28). Housing displacement and affordable housing are two policy issues that work together. Marginalized groups bear the burden of housing displacement in Austin. The impact of past policies implemented at federal, state, and local level are evidenced in maps from the past and those from the modern era.

Discussions about urban development have been historically contentious in Austin. Austin's urban area remained small with their 1940 "population of about 90,000 with an incorporated area of about 30 square miles" (Tretter, 2223). The city shifted its economic focus to technology "in order both to replace the oil jobs that it knew were not permanent and to complement and expand upon the only major sources of employment in

town, the state government and the University of Texas” (A History of High Tech, 67). The population expanded to “470,000” by 1990 and had increased their urban area “sevenfold to about 225 square miles” (Tretter, 2223). Throughout the 1960s to 1980s the discussion of expansion into West Austin by these technology companies started the debate between anti-growth and growth coalitions. The debate largely centered on development over Austin’s source of fresh water in the Edwards Plateau “over restrictions on impervious surface cover” and was “not over suburban growth” (Tretter, 2228). Large tech companies planned to build corporate campuses away from the central downtown core in these areas, which for the anti-growth coalition was an environmental threat. Between the 1980s and the 1990s the anti-growth coalition built up popular support in the city council and public at large. In 1991 they organized a “petition drive to put their own water quality ordinance” that would be voted on in the 1992 election which later passed due “overwhelming popular support” (Tretter, 2229). This initiative helped to shift focus and attention away from West Austin and limit development there.

Much of the development of Austin’s downcore during the late 1980s was initiated by the Austin Chamber of Commerce. In order to diversify the Austin economy, the Chamber of Commerce began initiatives to “focus on the revitalization of downtown Austin” which included proposals in “urban design, the natural environment, community issues, cultural arts, transport, and economic development” (Tretter, 2229-2230). These policy initiatives also wanted to address the homeless population in downtown Austin and many of their solutions resorted to criminalizing homelessness and penalties for small crimes. Austin continues to grow with an existing policy legacy of acting tough on homelessness. The city’s decision in the early 90s continues today where policy actions



do not seek to solve the issue of homelessness, but rather make it inconspicuous. The issues related to urban homelessness and redevelopment continue to be contentious issues in Austin today. The lack of affordable housing in and around the downtown region continue to exacerbate the issue of homelessness in the Austin metropolitan region.

Austin's population and economic ventures remain steady, increasing the salience of affordable housing issues. Austin's local government have pushed for improvements to understanding density and affordable housing. Despite these increasing initiatives, there are large overarching difficulties that limit Austin's implementation of affordable housing policy. Texas state law restricts the enforcement of rent control, the demolition of usable apartment buildings, and "process of building and providing affordable apartments known as inclusionary housing" (Keeping Austin diverse, 93). Many policies related to affordable housing can and should be implemented at the local level. The city of Austin has put forth housing bonds, with one priced at "\$250 million" 2018 ballot (Keeping Austin Diverse, 94). The city of Austin realizes that it is increasingly difficult to live in the city and is looking proactively to solve the issue of housing displacement.

Austin is putting forth an effort to implement change in their urban development process and land use code. CodeNEXT is an ongoing discussion to update, change, and pass a new land development and use code. The update to Austin's zoning is an effort of multiple different coalitions to proactively act on issues impacting Austin including affordability, housing displacement, equity, and density. Different working groups are actively involved in the process. Targeted policy includes Mayor Adler's proposal to increase "density by targeting new housing to major transit corridors" (Keeping Austin Diverse, 98). Multiple different coalitions are acting to help implement complex housing

solutions, which include “real estate, business, affordable housing, and environmental groups” (Keeping Austin Diverse, 95). Changing the land development code represents a movement away from the status quo of urban development. Austinites and local activists understand that without these changes to the land development code, continued development will push “the city’s low income residents, who are often people of color, farther from jobs and public services” (Formby, 2). These efforts are primarily driven by groups frustrated with declining diversity and affordability. The political will for affordable housing is a local issue, even though there should be more efforts from the state and federal level to improve conditions in metropolitan regions.

Overall, the current and historical conditions that contextualize the issue of housing displacement relies on accurate and detailed policy. To properly address these issues of housing displacement and affordable housing, policy analysis needs to occur. The next section will review the Community Land Trust (CLT) policy and its possible expansion in Austin to provide long-term solutions for housing displacement.

## **CHAPTER 2**

### **COMMUNITY LAND TRUST POLICY ANALYSIS**

#### **I: Explanation of Community Land Trust**

There are multiple different avenues for community leaders to advocate for affordable housing in Austin. The difficult decision among many is choosing what strategy to address the issue. Questions and hard choices arise in the nuanced conversation about affordable housing. It is difficult to expand this conversation without losing the main focus of the paper. This chapter seeks to understand one specific tool to combat multiple issues related to affordable housing and housing displacement through the policy solution of Community Land Trusts (CLT). Additionally, this chapter will overview how this policy is utilized and ultimately to what extent can CLTs be expanded in Austin to alleviate housing displacement and create forms of affordable housing. As mentioned in the previous chapter, there are complex circumstances creating dynamics of housing unaffordability. The analysis and proposal for expanding CLTs is important to address the underlying inequities in Austin's housing market. By providing information on one possible solution in a policy analysis, the city of Austin can best move forward in expanding current CLTs and providing better avenues for homeownership and affordable housing.

The choice to evaluate CLTs as one possible policy solution to housing displacement was difficult, considering interrelated nature of housing policy. Other possible coinciding policy solutions will be discussed in further reading appendix section. Austin is currently experiencing housing displacement and there is a deep need for viable policy solutions. CLTs present one facet to these solutions. There is extensive research on CLTs and their

usage across the United States. The implementation of this housing policy is basic and seeks “to provide long-term affordable housing units” to “low-moderate income residents,” thus alleviating issues of affordability (Platts-Mills, 5). The housing provided is governed and restricted helping to maintain affordability into perpetuity. To better understand how most CLTs are organized, a detailed outline of CLTs is provided below.

### 1. Nonprofit organization

A governing body to these organizations provides the foundational basis for how the organization is run. The established nonprofit acts as a framing structure and most of the organization’s focus is on maintaining “resident and community control of the CLT” (Miller 356). Nonprofits CLTs are chartered as a 501c3 and have a tax-exempt status. The nonprofit controls the legal title to the land and different states and localities vary in the acquisition of land. Multiples styles of running these organization exist with common models being a volunteer board of directors selected from the community, self-governed communities with an active membership organization, or managed by a municipality. The ultimate goal of the nonprofit is to continue sustaining the community. These actions are focused on applying for grant funding from government organizations, securing tax exemptions and cooperating with local governments on property tax methodology, and continuing to act as steward of the CLT (Platts-Mills, 11)

## 2. Potential Buyers

Rules and land restrictions apply to the CLT structure to maintain affordable cost for residents. Potential buyers of a CLT property must obtain their mortgage from a third-party lender and qualify for the income parameters established by the CLT organization. There is some variance on whether CLTs should use restrictive covenants or ground leases to establish a legal mechanism to “impose resale and use restrictions on the home” (Platts-Mills, 11). Most CLTs use a ground lease with their buyers that outlines resale restrictions, limitations on home improvement, inheritance, property taxes, and monthly ground or stewardship leases. Ground leases establish the system of the CLT and help to diminish the costs associated with owning a home.

## 3. Dual Ownership

A fundamental aspect to the CLT policy model is the separation of property into two distinct functions, with the ultimate purpose of reducing cost. The CLT acquires land or existing homes and maintains ownership of the land in perpetuity. The buyer consents to a ground lease for set amount time, typically 99 years for a low monthly fee. The contract allows for the continued mission of the CLT to preserve “the appropriate use, structural integrity, and continuing affordability” of any property governed by the CLT (Weiss, 8). Therefore, the housing issues facing Austin considering the valuation of land are mitigated by the policy model. The buyer purchases the home and not the land, only owing a mortgage to the physical structure. The lease that each buyer obtains from the CLT has multiple resale restrictions that stipulate how the property will be

managed. There are also governing resale formulas that limits the appreciation house. Lastly, Texas tax appraisal districts should properly price the home based on an established resale formula, additionally valuing the land based on “the annual ground lease fee divided by the relevant capitalization rate” (Platts-Mills, 13). This model of separation is complex allowing for the structural basis for the policy.

CLTs are formed in part to initiate an introduction to homeownership for former renters and allowing for some “equity to take with them to their next home” (Platts-Mills, 5). The financial barrier limiting low-to-middle income earners from owning a home in Austin why continued advocacy is needed for the CLT structure. The problem at hand throughout Austin is searching for sustainable policies that can continually impact the community’s need for housing. The continued population boom puts increased stress on a multitude of factors. Therefore, examining the major policies relating to CLTs as a continued solution will benefit the policy goals of institutional and non-institutional actors.

## **II: Key examples of Community Land Trust implementation (Chicago, Illinois; Irvine, California)**

There are multiple key examples to understand how the model for CLTs are structured throughout the United States. The models provided from my research are located in Chicago, Illinois and Irvine, California (Miller). Each organizational model differs in several aspects, but still keeps core aspects of the CLT structure. These differences largely come from the context of their location. These cases provide

necessary information to fully understand how CLTs can be managed across the United States and act as a solution for housing displacement policy.

Chicago began its city wide CLT in December 2005 which worked in tandem with other institutional policy actions addressing affordable housing overall, “producing 125,000 units of affordable housing since 1989” (Miller, 359). The major issue facing the Chicagoans were the limitations of “soft second mortgages” (Miller, 359). The housing policy perpetuated a cycle of homeowners selling the unit at market rate and repaying the soft second mortgage, limiting the city’s ability to maintain housing unit’s affordability for future residents. The CLT model alleviated gaps identified in local housing policy and offered a different alternative to other need-based housing programs. Initially, the city planned to close on 150 housing units in 2007 and “150 to 200 units each year” to match demand for affordable units (Miller, 360). However, the acquisitions were limited by the beginnings of the Great recession. Since then, the program has bounced back and is “poised to grow substantially” (Miller, 360).

The structure of the Chicago based organization is structured to the common model for CLT nonprofits. CLT Chicago uses a restrictive covenant and not a ground lease to maintain affordability. Residential covenants used last 99 years and are renewed with each home resale. The restrictive covenant limits housing units to income qualified buyers and establishes a resale price lower than market value using a complex appraisal formula. Chicago CLT is a city operated nonprofit and acts as a division of the city Department of Housing and Economic Development. The organization’s board of directors is made up of key actors involved in the CLT including “representatives from development companies, community based organizations, banks, the legal community, funders, and

others active in affordable housing, “leaving out community residents on the board until the program administers “200 units” (Miller, 362). The program is funded through state and federal subsidies and additional inclusionary zoning requirements that require building affordable housing or “donating \$100,000 to the city’s Affording Housing Opportunity Fund” (Miller, 362). Property taxes for the CLT are guided in cooperation with the Cook County Assessor’s office that will not tax the housing units at market rate. The creation of this CLT was largely in cooperation with local institutional actors in Chicago to implement a place-based policy in coordination with other housing programs.

Multiple factors played into Irvine initiating a CLT. The local median home price had skyrocket to \$800,000 and the income of area residents had increased by “150 percent between 1980 and 2002” necessitating the policy environment for increased local action on affordable housing policies (Miller, 363) . The city had an existing inclusionary zoning policy that created 4,400 housing units, but the city wanted to create more available affordable housing units for future residents. Additionally, limitations of the inclusionary zoning policy, demanded longer term action to create affordable units. Irvine also had redevelopment opportunities after the annexation of the “El Toro Marine Corp Air Station,” which the city wanted to keep affordable perpetually (Miller, 364).

Unlike the Chicago example, Irvine is governed through a 99-year ground lease where the Irvine CLT owns the available land. The resale price is calculated in a separate fashion. Other qualifications include specific thresholds potential buyers must meet:

“applicants must be at least 18 years old; applicants must prequalify with a prime mortgage lender; applicants must attend an Irvine CLT orientation; applicants must sign a statement agreeing to the resale price restrictions;



applicants must have at least 5 percent of the total purchase price to contribute at the time of purchase; and applicants must be below the maximum income limit expressed as a percentage of AMI based on household” (Miller, 365).

The governing structure of the organization is a mixed model comprised of several city appointed members and community members. The structure would be a “tripartite governance” with two members selected by the city, two members elected from the community, and three members appointed by the board of directors (Miller, 365). The overall funding for this CLT would come from funds collected by inclusionary zoning requirements in established by the city.

Both these models provide an outline for how different cities can implement the CLT model to fit the specific conditions impacting their housing environment. Each city has different ordinances, governing capacities, and need for affordable housing that warrants the creation of a CLT program. The next section will look at why CLTs are an important facet housing policy that can address community and racial issues that intersect with housing displacement.

### **III: Connections of Race, Intergenerational Wealth, and Housing Displacement**

Homeownership and intergenerational wealth are not mutually exclusive topics when understanding the issue of affordable housing. The involvement of government entities in the form of the HOLC, FHA, and VA all were actors in creating affordable housing for the middle class in the 20<sup>th</sup> century. Many marginalized groups were left out of these programs. When researching housing displacement and affordable housing, it is

difficult to disconnect topics of institutional racism and housing displacement. These topics are intertwined in a web of chaos that has taken blame in other forms. The roots of this organization model come from the progressive actions of Civil Rights supporters in Georgia. In 1968, inspired by similar historical models of community organization, this group worked to establish a nonprofit organization to give housing back to the oppressed Black residents of Georgia. The roots of this policy model come from the understanding that marginalized communities lacked equal access to housing and thus the means to continue passing wealth to future generations

It is essential to understand housing in American cities by also comprehending the inequities in intergenerational transfers of wealth. Property in a regular market model exists as one facet of wealth acquisition. CLTs meet in the middle to provide affordable housing and some form of equity for marginalized communities unable to participate the hyper competitive market. CLTs are meant to include and involve “the people who will be most impacted” by community change (Grounded Solutions). Housing displacement in Austin, as evidenced in the previous chapter, disproportionately impacts communities of color on the east side. Improving access to housing through expanded CLT nonprofits is a progressive social component that could positively impact affordable housing. CLTs are not just policy tools for housing, but also form a core tenant of community organization and foundation. Rapidly changing urban environments like Austin often discount current residents in favor of the market trends. The housing market’s inability to provide an adequate remedy to marginalized communities demands the actions of community leaders, institutional actors, nonprofits, organizers, and other relevant stakeholders.

Research on intergenerational wealth and social mobility heavily coincide with the circumstances initiating policy toward CLT creation and expansion. Social mobility factors including “educational mobility, occupational mobility, wage mobility, family income mobility, and wealth mobility” can be tied back to housing access (Beller and Hout, 21). Historic conditions that perpetuate housing displacement among marginalized communities relies on the action of policy makers. Denying the connections between affordable housing policy and race would be reductive to the policy issue. Historic racism is a fundamental factor in why CLTs should be implemented. Providing expanded access to perpetually affordable housing and home equity will have increased positive potential for marginalized communities in Austin.

#### **IV: Expansion of CLT Model and Implications for Current Stakeholders in Austin**

The CLT model presents itself as a key tool in combating housing displacement in Austin, while additionally providing a pathway to intergenerational wealth through home ownership. How CLTs are implemented in Austin, TX is an important question in understanding their continued success. Currently there are multiple nonprofit organizations working in Austin to provide CLT housing. The major work that each CLT does to integrate and work with the community is as a byproduct of the work done since the 1960s to make CLTs a viable model for housing issues.

Existing actors in Austin participating in the CLT policy model as a form of affordable housing include the Guadalupe Neighborhood Association, Austin Habitat for Humanity, and city managed Austin Finance Corporation. The continued expansion, implementation, and creation of CLT resources will be a fundamental component to mitigating housing displacement. The Guadalupe Neighborhood Development

Corporation (GNDC) has operated as a nonprofit provider of affordable housing for the past 35 years in Austin (Guadalupe Neighborhood Development Corporation). The GNDC acts as a community steward providing and creating affordable housing units. Austin Habitat for humanity works as a larger nonprofit also providing access to affordable homes.

The Austin Finance Corporation has large amount of produced data on their outcomes and mission to provide housing units to the city of Austin. The city of Austin's initiatives and feasibility report were documented by the Austin Finance Corporation and Austin Community Development Corporation in 2005. These measures take into account the institutional actions at the state and local level in implementing a CLT sponsored by the city. Austin identified specific policy areas that are necessary for successful CLT implementation and possible expansion including, but not limited to:

- Guaranteed operating fund for initiating three year start up period (Weiss).
- Commitment to cooperation with neighborhood nonprofits and community housing development organizations (CHDOs) (Weiss).
- Ability to produce units over initial three year start up period (Weiss).
- Ability to be provide a fair return on CLT investment, in order to provide incentives to participate in the program (Weiss).

#### **V: Limitations of Expanding Network and Capacity of CLTs in Austin Affordable Housing Debate**

Although CLTs present a myriad of positive solutions to housing displacement occurring in Austin, there are drawbacks to implementing or expanding this policy model that should be mitigated if this analysis is considered. The problem at hand facing the city

of Austin is similar to the circumstances facing the city of Irvine, California outlined earlier. The market dominant forces of housing are pushing out the participation of marginalized communities and the city realizes the need for more affordable housing units. However, each policy implemented is not without its flaws and limitations. The overall policy limitations were outlined by Austin Finance Corporations report

1. Limitation on Wealth Creation- Although a minimal setback of CLTs, the ability to accumulate massive amounts of equity are not possible due to resale restrictions and calculations used by CLT ground leases. The possibility for future homeownership outside of the CLT assisted structure is a potential opportunity for social mobility as discussed above. However, massive amounts of equity produced through the regular market model is not possible. The decision of policy leaders must determine the public goals “1) To create permanent affordable housing opportunities; *or* 2) To perpetuate where a few low-income households can benefit from market appreciation of their homes in order to build and create wealth”(Weiss). The questions about wealth acquisition are nuanced, but a larger pool of low-income individuals creating home equity may be more beneficial in long-term solutions to housing policy (Weiss).
2. Perceived “Competition” with Nonprofit Housing Provider- the prevalence of CLTs in Austin may further competitive dynamics over scarce resources allocated to development of CLTs. Austin Housing Finance Corporation provides forgivable loans to Habitat Humanity for land acquisition and development (Weiss). However, the forces impacting expansion of these

organization's functioning capacity may not be limited by increased cooperation and collaboration. Continuing to utilize community organizing among different CLTs may overcome barriers to perceived competition between establishing nonprofit organizations.

3. Market Competition- Other non-controlled market housing like "CENTEX and KB" offer affordable housing rates for low-to-middle income individuals (Weiss). However, the caveat of these homes is their continued affordability for future home buyers. Market rate housing and its creation cannot maintain affordability because of price appreciation. The CLT model of ground leases and resale restrictions allows for lasting affordable housing (Weiss).
4. Affordable rentals- The policy model for CLTs does not completely encapsulate the housing needs for Austinites. Many individuals rely on rental housing which needs different housing policies to address its affordability. This thesis is limited in scope to addressing home ownership as a solution to housing displacement. However, additional research could work in tandem with CLTs to address affordable rental housing.
5. Not a singular policy solution- Other policy solutions are necessary to work with CLTs. CLTs are not a perfect model for affordable housing policy which necessitates multiple other policy solutions to mitigate housing displacement. Urban policy researchers and public administrators have identified a plethora of other housing policies that could work well with CLTs. These include low-income housing tax credits, historic tax credits, housing revenue bonds, expanded public housing, mandatory inclusionary zoning, and anti-

displacement tax funds (Fields). These policies are implemented across the United States in multiple cities to combat the large effects of housing displacement. Affordable housing does not have a silver bullet in policy and needs constant evaluation to maintain sustainable regimes.

There are major ethical circumstances to consider with the expansion of CLTs. The moral dilemma of many policy makers is whether to choose to react and involve government into market forces. However, the market forces in question limit the livability of Austinites and have far more reaching consequences outside the scope of this policy discussion. In the consideration of this policy analysis and proposal it is important to understand that innovative policy action is better than no action. Marginalized communities are continuing to see the brunt of population expansion and limiting the availability of affordable housing resources would be a detriment to these communities. A plethora of benefits have been explored in this document including increased access to affordable housing, the possible earnings of social mobility and intergenerational forms of wealth, and the possible decrease of housing displacement throughout Austin's east side. Taking the approach of a combined policy approach in addition to analyzed housing policy of CLTs will assist in mitigating negative market forces and establish sustainable forms of affordable housing.

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