Community Land Trust Program
Community Land Trust

• Real estate developer in neighborhood revitalization, subdivisions and in-fill initiatives

• Provide affordable homeownership for low and moderate income households

• Community Land Trust—work to provide affordable housing now and preserve the affordability of the housing for future generations
How We Help

• Qualified, income-eligible buyers can purchase high quality homes at affordable prices

• In exchange, Land Trust homeowners agree to ‘pay it forward’ and pass the bargain price they received on to the next owner of the home

• 99 year, renewable lease formalizes the agreement

• Resale price determined by a resale formula in the lease ensure permanent affordability
Permanent Affordability = Permanent Responsibility

• Manage resale of Land Trust homes
• Provide support to homeowners in need
• Require/encourage repairs to homes
• Help cure defaults and purchase homes that get foreclosed.
• Average annual foreclosure rate less than 1% over last 10 years
Community Benefit of a Community Land Trust

• Over $20 Million in local, state, and federal resources invested in homes in CLT homes

• Managed 138 resales to date (approx 1/2 of portfolio)

• Over $7.5 Million in local, state, and federal resources were recycled in the 138 resales
CLT State & National Perspective

• Over 200 CLTs in US
• 8 CLTs in MN. One Roof is the largest, with 282 homes
• One Roof is in the top 10 nationally in number of owner-occupied CLT homes
• One Roof quite entrepreneurial in terms of its operations compared to other CLTs: Developer, realtor, general contractor, modular home dealer, etc.
LAND TRUST RESALES: Preserving affordable homes for the future.

**2002**

- $138,000 Market Value
- $55,000 Community Investment
  40% of the Total Cost
= $83,000 Original Purchase Price
1st Buyer’s Investment
60% of the Total Cost

**2005**

- $160,000 Market Value
- $64,000 Community Investment
  40% of the Total Cost
= $96,000 Resale Purchase Price
2nd Buyer’s Investment
60% of the Total Cost
NCLT Resale Example

1999

$64,000 Market Value

- $12,000 Community Investment

= $52,000 Original Purchase Price

2010

$112,000 Market Value

- $33,201 Community Investment

= $78,799 Resale Purchase Price (includes new windows and furnace for 8,500)
First Homeowners Specifics

1999: Michael and Charlotte, son Peter (age 4)

- Michael worked as assistant manager in produce department of local food co-op. Char working on undergraduate degree in social work.

- 44% of area median income, $17,199/year

- Received assistance of $12,000 subsidy to lower the purchase price of the home. $4,000 worth of rehab done to the home after closing—not as much as we would have liked to do, but what we had funds for at the time.
First Homeowners Resale Specifics

2010: Michael, Charlotte, Peter & Kylie (age 6)

- Michael now manager of produce department, earning 2X the salary as in 1999. Charlotte finished her undergraduate and masters degree in social work, now employed by St. Louis County as a social worker.

- Stable, affordable housing for 11 years allowed them to more easily increase income and prepare for market rate homeownership once ready.

- Net profit at resale of $23,600 ($13,800 share of appreciation + $10,800 payment on principal - $1,000 closing costs)
2nd Homeowner

2010: Karen, single.

- Karen is employed as an administrative assistant in a law firm.
- $27,040/year which is 64% of area median income (50% of AMI for a household of 3 as were the Karsh’s)
- Received $33,201 discount in purchase prices as well as new windows and furnace.
Land Trust Statistics

• There are 282 permanently affordable Land Trust homes (as of July 31, 2017)

• Average yearly income of a Land Trust homebuyer is $34,325 (2016)

• Average Land Trust buyer earns 65% of median income (2016)

• Average mortgage amount for a Land Trust home is $93,175 (2016)

• Average monthly payment for a Land Trust homeowner (includes P.I.T.I. & lease fee): $635 (2016)
Homeownership By Type

- New Construction - 68 homes
- HOMELAND (buyer initiated) – 91 homes
- Acquisition-Rehab - 123 homes
- Resales – 138 transactions
Lincoln Park Homes
Lincoln Park New Construction

Before

After
Central Hillside New Construction

Before
Central Hillside New Construction

After
Acquisition-Rehab Homes

- Rehabbed to Green Communities Standards
- Update major systems of the home.
- Use products that are durable and sustainable
- Improve energy efficiency
Acq-Rehab Home
West Duluth

Before

After

Jennifer
Lakeside – Before
Lakeside – After!
Central Hillside Resale Home
Peter & Lindsey, Forrest & Ella
One Roof Community Realty, LLC

- Participation in local Multiple Listing Service
- Jim is a licensed broker
- Julie and Katie are licensed realtors
Funding Partners

- Catholic Campaign for Human Development
- City of Duluth CDBG and HOME Program
- Duluth Economic Development Authority
- Duluth LISC
- Duluth-Superior Area Community Foundation
- Enterprise/Green Communities
- Federal Home Loan Bank of Des Moines
- Greater Minnesota Housing Fund
- Lloyd K. Johnson Foundation
- MN Housing Finance Agency
- MN Housing Partnership
- Northeast MN HOME Consortium
- Northland Foundation
- Ordean Foundation
- St. Mary’s Duluth Clinic
- St. Louis County CDBG
- Wells Fargo Housing Foundation
- Midwest MN Community Development Corporation
- Many individual & business members throughout the area
Lending Partners

- Greater Minnesota Housing Fund
- MN Housing Finance Agency
- North Shore Bank and Mortgage
- US Bank
- Wells Fargo Bank & Home Mortgage
- USDA Rural Development
Geography

• Goal to provide permanently affordable housing throughout the region
• 253 homes in Duluth
• 16 homes in Proctor
• 2 homes in Hermantown
• 6 homes in Cloquet
• 5 homes in Two Harbors
• 8 Homes in Progress in Grand Marais
Why Geography Matters

• Works well in High Housing cost areas where ownership and rental costs are high.
• Does not work well in low cost areas – we can’t compete with the market.
• Perception is reality on housing costs. In one area of the state it may cost $150,000 to build a 2000 sf home, and another part of the state it may cost over $300,000. Both may perceive these costs as (too) high.
Other Products and Recent Updates

- Recent foray into 115% AMI CLT homes – previously, all CLT homes were up to 80% AMI.
- Have developed several 115% AMI homes that are fee simple, with down payment assistance/affordability gap.
- Have developed 4 market rate homes in a mixed-income subdivision.
- For New Construction, 115% AMI homes may be our new niche. Often times not enough subsidy for 80% AMI homes and construction costs rising.
- For Acquisition/Rehab, both income levels are niche, and focus is city-wide so as to not concentrate LMI households in already LMI Concentrated areas.
EDAM Summer Conference
Housing Action Framework

Interim to adoption of the Imagine Duluth 2035 Comprehensive Plan Update
June, 2017

Adopted by the Duluth City Council
June 12, 2017
Resolution No. 17-0435R
Housing Action Framework

Duluth Housing Units Charts

<table>
<thead>
<tr>
<th>Income Levels</th>
<th>Area Median Income</th>
<th>Monthly Rent</th>
<th>Rental</th>
<th>Rental Units</th>
<th>Units Built</th>
<th>Needs to Build</th>
<th>Home Price</th>
<th>Homeowner</th>
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<tr>
<td>Subsidized/Low-Income</td>
<td>Below 30% AMI</td>
<td>$0 to $486</td>
<td>500</td>
<td>210</td>
<td>290</td>
<td>NA</td>
<td>180</td>
<td>15</td>
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<td></td>
<td>30%-50% AMI</td>
<td>$300 to $700</td>
<td>772</td>
<td>0</td>
<td>772</td>
<td>up to $150,000</td>
<td>470</td>
<td>20</td>
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<tr>
<td></td>
<td>50%-80% AMI</td>
<td>$700 to $1300</td>
<td>1207</td>
<td>372</td>
<td>836</td>
<td>up to $250,000</td>
<td>250</td>
<td>110</td>
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<tr>
<td></td>
<td>80% + AMI</td>
<td>$1300 and above</td>
<td>1092</td>
<td>675</td>
<td>417</td>
<td>over $250,000</td>
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<tr>
<th>Income Levels</th>
<th>Income Examples</th>
<th>Job Types</th>
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<tbody>
<tr>
<td>Subsidized/Low-Income</td>
<td>$13,000 or below</td>
<td>Food Service, Janitor, Part-time Employment</td>
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<tr>
<td>Entry Level</td>
<td>$22,350 to $31,900</td>
<td>Office/Admin, Food Service, Sales, Beautician, Health care support, Construction, Hospitality, Dental Assistant, Bank Clerk</td>
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<tr>
<td>Moderate/Move-Up</td>
<td>$35,750 to $51,050</td>
<td>Teacher, Healthcare Practitioners/Technician, Skilled laborer, Management, Business person, Government worker, Police, Carpenter</td>
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<tr>
<td>Market Rate/Executive</td>
<td>$70,000 and above</td>
<td>Engineer, Lawyer, Architect</td>
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Housing Mission

Housing in Duluth will promote the essential character of its neighborhoods while providing desired, safe, clean, and equitable living space for all members of the community.
Tax forfeit lands
Housing Development – Implementation
Actions

• Zone land in Core Investment Areas and along transit corridors for higher densities
  – Diversity in housing types: new sites for townhomes, senior housing, affordable housing in all neighborhoods

• Triple the number of houses being rehabbed annually

• Replace houses that would be cost prohibitive to repair – expand blight removal and site prep by public agencies (EDA and HRA)

• Create programs to allow individuals to purchase “fixer-upper” houses at very low prices in exchange for minimum levels of rehab / ownership

• Establish benchmarks for home ownership and wealth building in Duluth to address historic inequities
How does the Imagine Duluth 2035 planning effort relate to development of Community Land Trust housing in Duluth?

- Preservation of long term affordability
- Focus on ownership and neighborhood reinvestment
- Partnerships with financial entities and the County Planning Department and Land & Minerals Department
- Access to housing services
- Execution of Community Housing Development Organization (CHDO) priorities consistent with federal program requirements (mostly HOME program)