Innovative Tools to Support Permanent Affordability

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Panel Participants:

Christi Smith, Urban Land Conservancy
Stu Wright, FirstBank
Tim Reinen, Radian
Debby Kasemeyer, Northern Trust
Stefka Fanchi, Elevation Community Land Trust
Introductions
Urban Land Conservancy

$110 million in 37 real estate investments
Leverage $750+M in redevelopment, serving over 10,000 low and moderate income people
2,000 jobs are supported by ULC real estate

Areas of Focus

• Transit Oriented Development (TOD) and Land Banking to Preserve Future Affordable Development
• Community Land Trusts
• Nonprofit Facility Space/Schools
• Real Estate Stewards
• Create Capital Resources for Strategic Real Estate Acquisitions
FirstBank was founded in 1963
- Largest locally owned banking organization in Colorado
- Over $19 billion in assets operating in more than 115 locations in Colorado, Arizona and California
- Serves more than 750,000 customers
- Contributed more than $60 million + thousands of volunteer hours to charitable organizations since 2000

Stu Wright
Executive Vice President

- 21 years in banking in Denver/Boulder
- Work with private developers, nonprofits, and housing authorities on acquisition, ground-up and rehab construction, and permanent financing of retail, office, multi-family, and special-use projects

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Radian consists of a passionate team of architects and urban designers who serve community advocates through a people-centered approach in the pursuit of social equity.

Radian is the only non-profit (501c3) architecture and urban design group in Colorado, bridging the gap between neighborhood-based projects and the development community by acting as a resource that serves all sectors, including private companies, governments & municipalities, community organizations and nonprofit groups.
Trust, Asset Management, Wealth Bank
Headquartered in Chicago, IL

- Offices in 20 states and DC including Denver, CO
- $2.5 Billion invested in underserved communities
- 23 years of consecutive Outstanding CRA Rating
VISION
By the end of 2022, ECLT will create more than 700 CLT homes, helping to double the number of for-sale CLT homes in Colorado and creating a sustainable platform for supporting families and communities.

MISSION
Elevation Community Land Trust partners with Colorado communities to create opportunity for families through permanently affordable homeownership.
Elevation
Community Land Trust

Stewarding 700 affordable homes within 5 years

Targeting 80% AMI or below

Building a long-term platform for CLT residents to access supportive health and human services

Start-up Operations

NEAR-TERM
Incubate as an LLC subsidiary of ULC for 12-18 months
Leverages ULC for technical assistance and back office supports

LONG-TERM
Establish stand-alone 501c3 entity

Governance

REPRESENTATIVE BOARD
CLT residents, community members, Funders and government partners

STAFF
Led by a President & CEO and Approximately 10 FTEs over 5 years
WE RECOGNIZE HOUSING AS THE BACKBONE OF FAMILY STABILITY AND AS A CRITICAL PIECE OF PUBLIC INFRASTRUCTURE.
Modifying the typical process of home buying to make housing permanently affordable.

1. Public and private capital is used by the CLT to acquire homes in geographic focus areas.

2. Land decoupled from and owned by the Community Land Trust. CLTs are governed by a nonprofit board, with representation from CLT home owners.

3. Buildings are owned by individuals. Because they pay a discounted price for the structure as well as a nominal ground lease fee, purchasing the building is more affordable.

4. A 99-year ground lease between the CLT and owner ensures owner occupancy and responsible use and outlines fees paid to the CLT.

5. A resale formula built into the ground lease keeps homes affordable for the next home buyers.

Source: Community Land Trust Infographic, CommunityWeath.org
Every CLT develops its own resale formula. This example uses 25% as fair return and does not reflect CLT owners making capital improvements to their home.

Building wealth...

<table>
<thead>
<tr>
<th>CLT Home Owner</th>
<th>Purchase Price</th>
<th>Today</th>
<th>5 years later</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>$220,000</td>
<td></td>
<td>$239,475</td>
</tr>
<tr>
<td>#2</td>
<td>$27,000</td>
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<td></td>
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</table>
Every CLT develops its own resale formula. This example uses 25% as fair return and does not reflect CLT owners making capital improvements to their home.

...while retaining public investment.

**CLT Home Owner #1**
- **purchase price today**: $220,000
- **public subsidy today**: $40,000

**CLT Home Owner #2**
- **purchase price 5 years later**: $239,475
- **public subsidy 5 years later**: $0

**Without CLT, creating affordability 5 years later:**
- **purchase price**: $350,000
- **affordable price**: $239,475
- **Gap**: $110,525
- **Public subsidy required**: $55,000

* Every CLT develops its own resale formula. This example uses 25% as fair return and does not reflect CLT owners making capital improvements to their home.
SITE SELECTION + CRITICAL PARTNERS = IMPACT

- Municipality match of 50%
- AMI affordability (<80%)
- Family housing (2+ bed)
- Neighborhood / community needs assessment
- Presence of community based organizations
- Catalytic value relative to other ECLT projects in the area
- Characteristics of the property (family housing, condition of rehab needed, etc)
- Leveraging partner missions
- Intersections of community benefit
Congregation Land Campaign
• 18%
• It’s your asset. We help you see the options, the needs, what can actually be built, and who can help you do it.
• Champion, Workshops, Feasibility, and Connect

Faith groups own more than 5,000 acres of undeveloped land within five counties.
CONGREGATION LAND CAMPAIGN

Is your congregation able to leverage some of its land to combat Denver’s affordable housing crisis?

YES
NO

Does our mission, your location and the City’s needs overlap?

YES
NO

Based on AMI, do you know which affordable housing solution might be best?

YES
NO

Let’s revisit this

What are your concerns?

Not a problem, we can walk you through the options!

MODEL A | TINY HOMES

MODEL B | PERMANENT SUPPORTIVE HOUSING

MODEL C | PERMANENT AFFORDABLE HOUSING

MODEL D | OWNER OCCUPIED HOUSING

TIMELINE
6-12 months

DEAL / ENTITLEMENTS
Land Rental (Formal MOU)

# OF UNITS
Land Dependent

AREA / GROUND NEEDS
Flat (e.g. Parking lot)

CAPITAL STRUCTURE
Private Donations & Foundations

SERVICES & AID
Part-time Resource Navigator

TIMELINE
3-4 years

DEAL
Ground Lease, Deed of Transfer, PSH Developer, Land Acquisition

# OF UNITS
Land Dependent

AREA / GROUND NEEDS
Water, Sanitation, Power

CAPITAL STRUCTURE
Tax Credits

SERVICES & AID
Social Services (in house)

TIMELINE
Micro Housing (1-2 years)
High Density (3-4 years)

DEAL
Ground Lease, Deed of Transfer, Affordable Developer Land Acquisition

# OF UNITS
Land Dependent

AREA / GROUND NEEDS
Water, Sanitation, Power

CAPITAL STRUCTURE
Micro-Grants, Loans, etc. High Tax Credits

SERVICES & AID
Faith Community Stewardship

TIMELINE
2 - 3 years

DEAL
Town Homes / Condos / Single Family

# OF UNITS
Land Dependent

AREA / GROUND NEEDS
Water, Sanitation, Power

CAPITAL STRUCTURE
Grants, City Subsidies, Fundraising, Loans

SERVICES & AID
Homeowner Stewardship & Resale Restrictions / Certifications
<table>
<thead>
<tr>
<th>Phase 1: Vision + Context</th>
<th>Phase 2: Participatory Project Design</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome Goal:</strong> Listen and info gathering; Begin to identify residents &amp; land uses</td>
<td><strong>Outcome Goal:</strong> Provide direction for Developer’s Prospectus</td>
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<tr>
<td><strong>Congregation Mission, Ministries, &amp; Needs:</strong></td>
<td><strong>Charrette:</strong> Participatory design workshop that explores multiple building configurations, evaluating the pros/cons of each</td>
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<tr>
<td>o What matters to you? What current ministries/mission does the congregation have or want? What peoples are on your hearts?</td>
<td>o Review initial “massing studies” which will include 2+ concepts / sketches</td>
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<tr>
<td>o Financial needs? Space needs? Other?</td>
<td>o Discussions will guide basic design decisions including:</td>
</tr>
<tr>
<td><strong>Studying the Place</strong></td>
<td>o Number of units &amp; building scale</td>
</tr>
<tr>
<td>o Zoning review</td>
<td>o Open space &amp; mixed uses</td>
</tr>
<tr>
<td>o Neighborhood context</td>
<td>o Land deal options; etc.</td>
</tr>
<tr>
<td>o Proximate assets, services, and systems</td>
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**Phase 3: Project + Prospectus Development**

**Outcome Goal:** Clarify the project vision; Communicate vision in Developer’s Prospectus

- In-depth analysis of project
- Feedback on draft prospectus documents
- Exploratory meetings with developers, service providers, and city officials

**Phase 4: Matchmaking**

**Outcome Goal:** Handoff of project to mission-driven developer and/or service provider

- Distribute and receive responses to a Request for Proposals (RFP)
- Vet and select project partners from RFP applicants; Legally establish new partnership

**Education:** Trainings on social issues, Affordable Development 101, Land Deal Options, and others are integrated into workshops along the way

**Additional Services:** The CLC team is also available to assist the congregation with neighborhood engagement and rezoning as needed
WORKSHOPS
& CHARRETTES

*NOTE: THIS IMAGE IS CONCEPTUAL AND SUBJECT TO CHANGE*
WORKSHOPS & CHARRETTES
Urban Land Conservancy

Being Opportunistic
Creating Resources for Real Estate Acquisitions

$15 million Denver Transit Oriented Development Fund
  • Country’s first TOD Fund created to preserve and develop affordable housing along transit

$10 million Calvert Facility Fund
  • Created to preserve and develop affordable housing AND nonprofit facilities throughout Metro Denver

$50 million Metro Denver Impact Facility (MDIF)
  • Currently capitalized at $28.5 million
  • Developed to preserve and develop affordable housing (including for-sale) and nonprofit and community real estate
To date: these resources resulted in over $45 million invested into 18 properties:

- Preserved 250,000 sf of commercial space + 52 units of affordable housing
- Developed 55,000 sf of commercial space + 568 units of affordable housing
- Pipeline for 300,000 sf of commercial space + 1000 affordable rental & for-sale units
MDIF is a **locally managed revolving facility** for ULC real estate acquisitions, a flexible resource to invest in affordable housing **AND** nonprofit facilities, commercial and warehouse space.

**$50M Metro Denver Impact Facility**

**$28.5M in Capital Currently**

- **Borrower Equity – ULC**
  - 10%

- **Subordinate Debt**
  - Partner Lenders
  - (Shared Second Position $14.25 currently secured)

- **Senior Debt – FirstBank**
  - $25 million commitment
  - ($14.25M currently accessible)

**Purpose:** Acquisition Loans + Option for Capital Needs Financing

**Term:** 5 or 7 year - interest only

Blended rate of 3% or less

**Current Partner Lenders:**
- Colorado Health Foundation
- The Denver Foundation
- Colorado Housing and Financing Authority
- The Colorado Trust
- Piton Foundation
MDIF at Work
Permanently Affordable Real Estate
6 Acquisitions in 10 Months

**Harlan Nonprofit Centers: East and West**
Affordable, transit accessible, commercial space for nonprofits and mission minded businesses - home to Lutheran Family Services headquarters and Easterseals.

**South Platte Crossing and Future Affordable Housing:**
80,000 sf building at an N Line rail station to support city agencies, nonprofit services and mission minded organizations. Property includes excess land for future affordable housing, creating a transit oriented community.
MDIF at Work
Permanently Affordable Real Estate

La Tela (partnership with Elevation CLT):
Parcel near Denver’s Arts District will be developed into 92 permanently affordable for-sale condominium units including studios, two- and three bedrooms. The land will held in a 99-year ground lease and will create rare affordable homeownership opportunities.

Westminster Station TOD 1 and 2:
5.5 acre property assemblage is located 2 blocks from the Westminster Station, future master site development will include affordable housing and community serving space.
Importance of FirstBank Partnership

FirstBank’s Mission: Banking for Good

Benefits of partnering with ULC and ECLT:

Why MDIF? Appealing risk profile, borrower understands the landscape of incorporating traditional bank financing with impact funding

Why Elevation CLT? Property acquisition, construction financing, mortgage lending

Impact of community investment: Borrower shares bank’s mission to understand needs and create assets within communities
Investing in Colorado

Creating Impact
Panel Discussion

How can financing best align with the needs and strengths of communities?
Let’s Discuss Challenges
Questions?