



Delaware Housing Coalition
Statewide Conference
November 10, 2009

*Balanced Housing,
Balanced Communities*

*Creating Communities of
Opportunity and Inclusion*

Community Land Trusts



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CLTs in Minnesota



- 10 CLTs in Minnesota (approx. 250 in US)
- Over 700 CLT homeowners in MN
- Urban, Suburban, and Rural
- Great diversity in how each CLT serves their community
- Recently incorporated, gained 501c3 status as the MN CLT Coalition
- Hired Executive Director in Fall 2008
- Focused on policy, best practices, data collection, furthering collective missions



City of Lakes Community Land Trust



- City of Minneapolis
- Incorporated in 2002
- First Household assisted in 2004
- Staff of 3.5 FTEs
- 98 CLT homeowners, 7 resales to date
- Single Family Homes, Townhomes, and Condos
- Not a developer
- 25% Appraisal-Based Resale Formula



Creating Affordability Today



- Developer Partnerships
 - New Construction
 - Rehab
 - Foreclosure Related Rehabs
- Homebuyer Initiated Program (HIP)
 - Increasingly Foreclosed Homes
- Project: Reclaim
 - Responsible Contract for Deed Program



CLCLT affordability investments come from neighborhood, city, county, state and federal government sources, as well as private foundations.



Preserving Affordability for the Future



- Balance between homeowner wealth creation and the growth of community assets
- CLCLT homebuyers agree to pass the good deal they get on to the next buyer.
- CLCLT homeowners enter into a long-term agreement (Ground Lease or Housing Subsidy Covenant) with the CLCLT to ensure that the home will always be affordable.
- The long-term agreement outlines the **resale formula** and is used to calculate the sales price for a CLCLT home when the home is sold.

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Resale Formula

You purchase your home through the CLCLT. It is worth **\$200,000** and assume the CLCLT contributes an affordability investment of **\$50,000**. Your mortgage would be for **\$150,000**.



7 years later, you decide to sell your home to either the CLCLT or another income-qualified buyer.

Let's now assume that the value of your home is **\$240,000**

A new CLCLT income-qualified homebuyer will be able to purchase your home for what you originally paid (**\$150,000**)

Or, another way to think about it is $\$240,000$ (new appraised value) - $\$50,000$ (initial subsidy) - $\$30,000$ (75% of $\$40,000$) = $\$160,000$.

Which means your home has increased **\$40,000** ($\$240,000 - \$200,000$). Your share of the increased value will be **\$10,000** ($\$40k \times 25\%$)

PLUS your share of the increased value of your home (**\$10,000**)

For a new maximum sales price of **\$160,000** ($\$150,000 + \$10,000$)

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CLCLT Partnerships



- Minneapolis Neighborhoods
 - Unique funding opportunities in Mpls.
 - Housing Investments
- Public - various levels
 - Physical Development
 - Funding
 - Policy to increase long-term affordability
- For- & Non-profit partnerships



Single Family Homes



Townhomes and Condos



Homebuyer Initiated Program (HIP)



HIP helps families and individuals purchase and fix-up homes that are for sale in Minneapolis.

HIP provides two grants to make homeownership affordable:

Affordability Grant: \$25,000 to \$65,000 grant to put towards the purchase price

Rehab Grant: up to \$25,000 to address deferred maintenance, mechanical, safety and structural issues that the home has at the time of purchase

HIP is available to buyers earning less than 80% MMI –buyers enter into CLCLT Ground Lease Agreement.



Homebuyer Initiated Program (HIP) **Single Family Homes**



CLCLT Households Assisted



- Over 50% Single Female Head of Household
- 50% Underserved Populations
- Average CLCLT Household Income of 48% of Metro Median Income (MMI)
- Average Affordability Investment of \$54,617 per Homeowner/Home



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