National Community Land Trust Network

www.cltnetwork.org

After logging into the webinar,
please call: 866-628-8620
Code: 159149

Start time – 10:00am PST
1:00pm EST

In Partnership with: LINCOLN INSTITUTE OF LAND POLICY

Sponsored by: ncb capital impact

National Community Land Trust Network

CLT Webinar – CLTs and NSP Funding
December 16, 2009

1. **Welcome** (Roger) – *5 minutes*
   - ❑ *the sponsors, presenters and participants*
   - ❑ Overview of webinar -*the norms for the call*
2. **Purpose** *– 3 minutes*
   What are we going to cover?
3. **CLT Experiences -** *60 minutes*
   - ❑ Oakland CLT - Oakland, CA (Anne)
   - ❑ Northern Communities CLT - Duluth, MN (Sarah)
   - ❑ Diamond State CLT - Dover, DE (Van)
4. **Questions** (Roger & Rick) – *20 minutes*
5. **Resources** *- 2 minutes*

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Oakland CLT -
Anne Griffith

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Oakland CLT - Anne Griffith

1. CLT General Background Information

History

- New land trust – formed in January, 2009.

Projects: NSP project is first project!

Staff:

- Interim Executive Director, but supported by founding/incubating organization, Urban Strategies Council.
- Major services contracted to partners

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2. NSP Project Description:

A. Community Conditions:

- Top 20 City (in foreclosure rates)
- Strong market city with continuing need for affordable/workforce housing
- Older housing stock

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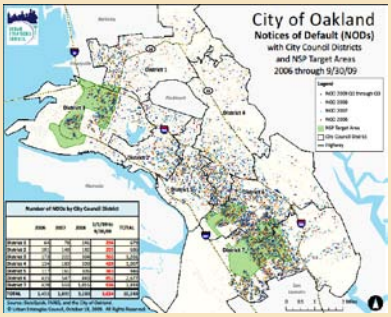

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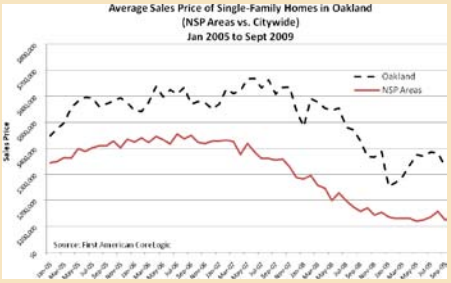

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2. NSP Project Description (con't):

B. Program Goals:

- Acquire and rehabilitate 200 single-family homes located in East and West Oakland.
- Sell to families earning between 50 and 80 percent of the area median income (for a family of four, earning between $44,650 and __.
- Rehabilitate properties in phases of 10-30 homes within rough geographic clusters.
- Energy efficient rehabs with potential for rating by Build it Green; solar?
- Contractor committed to providing workforce development/on-the-job training for residents, especially the formerly incarcerated and other hard to employ populations.

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2. NSP Project Description (con't):

C. Project Roles:
   1. Developer (earn a developer's fee)
      a. Property identification (BAHBA)
   2. Acquisition
   3. Rehabilitation (MAN, Turner)
   4. Marketing (BAHBA)
   5. Stewardship

3. Key Partners

A. Contracted service providers (fee developer, general contractor, affordable homeownership manager)
B. City of Oakland
C. National Community Stabilization Trust
D. NCB Capital Impact
E. Enterprise Partners

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4. Example: 800 Olive

Predevelopment costs	$3,700
Acquisition	$94,000
Rehabilitation	$98,000
Soft costs	$30,300
Developer Fee (CLT portion)	$5,700
Total Development Cost	$228,000
OakCLT Sales Price	$143,000

*Approximately $85,000 NSP/home remains as subsidy

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Oakland CLT

5. Challenges

- Property acquisition
- NEPA requirements
- Insurance coverage: to wrap or not to wrap
- Heightened burden for success under program; land trust must demonstrate path to self-sustainability (i.e. acquire and rehab all 200 homes as land trust homes) to continue receiving NSP

6. Opportunities

- Created a land trust in Oakland!
- Technical assistance support for new CLT

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Northern Communities Land Trust –
Sarah Hannigan

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Northern Communities Land Trust –
Sarah Hannigan

1. Northern Communities Land Trust Overview

- affordable housing developer serving Duluth, MN and surrounding communities
- 185+ homes developed and sold to date through new construction, acquisition-rehab and buyer initiated programs; 220+ total households served
- staff of 8.5 FTEs, including Real Estate Broker and Agent for Northern Communities Realty, LLC, NCLT's Realty Company
- Common Ground Construction, LLC, is NCLT's general contractor, employs 11.5 FTEs plus oversees two Department of Corrections Work Crews and supervisors

Duluth population +/- 86,000
1 in 3 struggling to get by on daily basis; 18.9% live below poverty level
Median Home Price - $146,000 in 2008 (down 3% from prior year)
Area Median Income – $59,875 (family of 4)
Older housing stock – over 50% of homes 60+ years; deferred maintenance
Foreclosure rates increase 300% between 2006 and 2008

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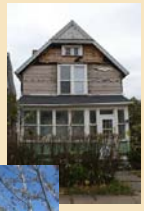
Northern Communities Land Trust

2. NSP Project Description:

A. Community issue

- Foreclosures concentrated in 3 core neighborhoods: Lincoln Park, West Duluth, East Hillside
  - Decreased housing values
  - Deferred maintenance
  - Lower rates of owner-occupied housing
  - In 2007 NCLT shifted focus to acquisition-rehab; well positioned for NSP activities



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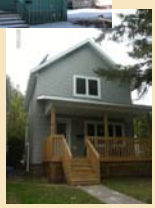

2. NSP Project Description (cont.)

B. Goals:

- Acquire, redevelop and resell 11-15 single-family homes
- Homes to be sold as NCLT homes to income qualified households (<80% of AMI; average income of household served in 2008 was 58% if AMI - $28,155/per year).
- Target population – renters, current and former homeowners, underserved populations

C. Funding Arrangement

- NCLT receives funds from Minnesota Housing Finance Agency through the City of Duluth
- NCLT is recognized as a developer

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Northern Communities Land Trust

2. NSP Project Description (cont.) – Work Flow

- **Funding** – Key funders include NSP, HOME Federal Home Loan Bank, Greater Minnesota Housing Fund, Duluth Housing Redevelopment Authority's HUD Lead Grant Program
- **Finding** – MLS, National Community Stabilization Trust, Fannie Mae's First Look Program, direct from local lenders
- **Assessing** – partnership with general contractor is key for NCLT to be able to quickly determine project feasibility

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2. NSP Project Description (cont.) – Work Flow

- **Acquiring** – partnerships with lender, title companies, appraisers
- **Rehabbing** – expect the unexpected, and plan for more
- **Selling** – begin marketing as soon as you've secured the house – initial 'soft marketing', take advantage of cross marketing opportunities, word of mouth. Use finished properties to sell properties underway.

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Northern Communities Land Trust

3. Key Partners and Roles

- Funders- City of Duluth, HOME, Greater Minnesota Housing Fund, Minnesota Housing Finance Agency, Federal Home Loan Bank, Duluth LISC/Home Depot Foundation
- Interim Construction Financing – Greater Minnesota Housing Fund, Minnesota Housing Finance Agency, local lenders
- Acquisition – NCST, Fannie Mae, local buyer's agent
- Rehab- Common Ground Construction, LLC, Minnesota Department of Corrections Institute Community Work Crew
- Marketing/Sales- Northern Communities Realty, LLC
- Permanent Financing – US Bank, Wells Fargo, local lenders, Minnesota Housing Finance Agency's CASA program
- Buyer Education – NHS of Duluth, Community Action Duluth
- Stewardship- NCLT preserves affordability through Ground Lease, provides homeowner services to homebuyers

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4. 1323 East 10th Street, Duluth

USES		SOURCES	
Acquisition	$88,500	CLT Sales Price	$89,000
Rehab	$75,000	NSP	$80,000
Financing	$3,000	HOME	$1,000
Holding Costs	$4,000	Federal Home Loan Bank	$6,000
Marketing	$6,230	Duluth HRA (Lead)	$4,000
Developer Fee	14,000	Greater MN Housing Fund	$15,000
TDC	$195,000	TOTAL SOURCES	$195,000

Appraised value upon completion: $125,000
CLT Sales Price: $89,000
NSP funds used for Affordability and Value Gap

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5. Challenges

- NSP rules surrounding purchase are not industry standard
- Sellers desire to use their own title companies
- Competition amongst 'flippers'
- Rehab unknowns – robust contingencies are critical
- Potential buyer's ability to secure financing

6. Opportunities

- Targeted redevelopment
- Housing development activity up 150% in one year
- Pairing foreclosure recovery with other objectives (Green + sustainable rehab)
- Ability to serve more households in areas with few NCLT homes

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Diamond State CLT – Van Temple

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Diamond State CLT – Van Temple

1. CLT General background information

- Short history
- Community Served
- Typical projects
- Staff
- General Market Conditions:

Statewide CLT - 3 Counties, 1 Urban, 2 Rural
350,000 Households
14% HHs Cost Burdened
Low-paying Service Jobs being created (before recession)
Median Home Price - $300K
Affordable Homes in $100K - $170K Needed

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Diamond State CLT

2. NSP Project Description:

A. Community issue

- market depreciation not devastating, foreclosure problem is both urban and rural

B. Goals:

- All Homeownership, all Permanently Affordable
- Serving 80% AMI & below (30K - $50K Household Incomes)
- Target population: primarily renters, some former homeowners
- Homes: create 70+ CLT homes (w/ NSP funds) over next 3 years – first-use NSP $s, plus sales proceeds recycled over & over until fully invested

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Diamond State CLT

2. NSP Project Description (cont.)

C. Funding Arrangement

- Developer for 3 Sub-recipients (Kent & Sussex Counties, City of Dover)
- MOU Partner to several N-P Housing Organizations (that are Primary Developers under New Castle County & City of Wilmington NSP programs)
- Invited Partner to several neighborhood and special needs housing organizations throughout the state - 1, 2 unit projects

D. Statewide Partner with Delaware State Housing Authority – the recipient of entire state NSP1 allocation $19.6 million

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2. NSP Project Description (cont.) – Work Flow

- Outreach & CLT buyer training – NSP-specific
- Pre-development – real estate search, ball-park proforma
- Bid, negotiate, arrive at tentative agreement
- Appraisal, inspections, quick rehab specs, initial proforma including CLT sales price range & NSP investment required
- Closing, full specs developed, rehab bids, award
- Rehab period, advertise & match buyer to house
- Sell to CLT homebuyer

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Diamond State CLT

3. Key Partners and Roles

5 NSP Sub-recipients in Delaware – Kent, New Castle & Sussex Counties, Cities of Dover & Wilmington. Diamond State CLT - partner to all 5 NSP jurisdictions. Permanent Affordability Steward for whole state.

- Funder – DSHA through NSP Jurisdictions
- Acquisition – various methods
- Rehab – contract to for-profit subs or through N-P partners
- Marketing/Sales – Diamond State CLT & Real Estate Agents
- Stewardship – Diamond State CLT – 99-year Ground Lease
- Acquisition & Rehab work done in several ways:
  - ➢Non Profit Housing Developer partners
  - ➢County & City CDBG Staff partners
  - ➢Diamond State as sole developer
  - ➢Real Estate Agent partners

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Diamond State CLT

4. EXAMPLE: 337 N. Governor's Ave, Dover

Predevelopment (appraisal, inspections)	$1,000
Acquisition	$114,000
Rehab	$20,000
Holding (utilities, insurance, misc.)	$3,500
Developer Fee (15% of $138,500, factors above)*	$20,775
Total Development Cost	= $159,275
Shared-Equity Sale Price (proceeds recycled)	$105,000
NSP Investment (Net)**	$54,275

* Stewardship Fee = $7,500/unit ** Other sources supplement in some cases, reducing NSP share

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4. EXAMPLE: 337 N. Governor's Ave, Dover

27 Downey Oak Circle

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5. Challenges

- Most bulk providers of REO properties – disappointing performance
- Too many layers of control between NSP dollars and Non-Profit Implementers
- Many new players with limited or no experience in Purchase/Rehab For-Sale activities
- Tight time-frame for 1st Use of Funds
- Tight credit standards & mortgage market
- Economic uncertainty & loss of jobs

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6. Opportunities

- Activating on-paper partnerships
- Access to substantial capital
- Technical assistance to help develop statewide CLT
- Production statewide
- Earned revenues, decreased dependence upon operating grants
- CLT momentum builder
- Delaware NSP2 application - $13.5 million
- Possible NSP3 funding (H.R. 4173) $1 Billion, amendment passed House 12/11/09

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Questions

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Resources

❑ **Discussion Forum**
www.cltnetwork.org

❑ **Websites:**
National CLT Network
www.cltnetwork.org

NeighborWorks America
www.nw.org/foreclosure
www.stablecommunities.org

Shared Equity Coalition/NCB Capital Impact
www.homesthatlast.org

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❑ **Reports**
NSP funding report is available at
http://www.homesthatlast.org/goals/foreclosed-properties/

❑ **Training**
Preserving Affordability in the NSP program - Webinar
January 14th

Stabilization training – NWA Preserving Affordability Course
January 2010, Orlando, FL

CLT Training - CLT Academy
March 2010, New Orleans, LA

Sponsored by: ncb

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Speaker Bios:

Anne Griffith, Interim Executive Director, Oakland Community Land Trust
Anne Griffith is a Senior Program Associate in the Economic Opportunity Program at Urban Strategies Council and the Interim Executive Director of the Oakland Community Land Trust, a nonprofit organization created to convert a portion of Oakland's vacant, foreclosed and now bank-owned, single-family residences into community-controlled, permanently-affordable homeownership units. In addition, Ms. Griffith also supports the Council's equitable development efforts in San Francisco and Oakland. Ms. Griffith has served as on the board of directors of both the People's Community Partnership Federal Credit Union in West Oakland and the Oakland Economic Development Corporation in East Oakland, and she is currently a volunteer foster youth advocate with the Alameda County Court Appointed Special Advocate Program, a director of the Train Station Partnership in West Oakland and the Bay Area representative to the Clearinghouse CDFI Advisory Board. Griffith brings both legal and urban planning skills to her work at the Oakland Community Land Trust and Urban Strategies. After earning a Juris Doctorate and a Masters in Urban Planning through a joint degree program at New York University, Ms. Griffith practiced as a real estate attorney for eight years in both New York City and San Francisco, representing affordable housing and market-rate developers acquire, finance and develop of a variety of public and private projects. Most recently Ms. Griffith worked as an associate with Farella Braun + Martel, LLP, but has also worked at Gubb & Barshay, LLP, and Paul, Hastings, Janofsky & Walker, LLP. Ms. Griffith earned her Bachelor of Arts degree in sociology from the University of California, Berkeley.

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Speaker Bios:

Sarah Hannigan is the Housing Development Director with Northern Communities Land Trust in Duluth, Minnesota. Since 2006, she has overseen the organization's single-family housing development, including the redevelopment of over 20 foreclosed properties and the completion of 25 scattered-site Green Communities homes.
Sarah began working with community land trusts in 2002. As Housing Director at Rondo CLT in Saint Paul, she was responisble for the launch and implementation of its Homebuyer Initiated Program. She also served as Project Director with City of Lakes CLT in Minneapolis, overseeing the organization's housing development activities. Sarah was the Institute for Community Economic's Board of Directors' and CLT Network Steering Committee's Midwest Representative from 2003 - 2006. She co-chaired the CLT Network Steering Committee in 2005 - 2006, and also served on the National CLT Network's Interim Board of Directors in 2006.
Sarah's educational background is in environmental studies and sustainable development; she earned a BA from Middlebury College and studied at the Center for Sustainable Development Studies in Costa Rica. Prior to her involvement with sustainable housing development, she was a Research Associate with the Institute for Local Self-Reliance, where her research and writings focused on policies and programs that foster vibrant communities.

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Speaker Bios:

Van Temple has been Executive Director of the Diamond State Community Land Trust (DSCLT), the first statewide community land trust - serving Delaware since 2006. DSCLT partners with non-profit and for-profit housing developers, housing counseling agencies, counties, cities and others working for affordable, balanced housing. Van's experience includes consulting in affordable housing and community development in northeast, mid-atlantic and midwestern states, CDC director, manager of social justice non-profits, and a 13-year career in city management with the City of Dallas. Van is on the Board of the National CLT Network - active in foreclosure solutions, the national effort to take shared equity to scale, and other public policy initiatives. Van can be contacted at van@diamondstateclt.org