Community Land Trust
“Deep Dive”
February 3, 2017
1992
DISPLACEMENT

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Slide created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
Under current market conditions, most projects require four funding sources or three plus donated land.
Growth of Our Portfolio

- 2002: 1
- 2003: 1
- 2004: 1
- 2005: 8
- 2006: 11
- 2007: 21
- 2008: 38
- 2009: 57
- 2010: 113
- 2011: 131
- 2012: 161
- 2013: 168
- 2014: 187
- 2015: 194
- 2016: 211
Representative Projects

211 Homes in Trust

Walcott Homes
2010: 15 homes
Distressed Purchase, New Construction

Rainier Vista, New Construction 2013:
Partnership, Developed by Habitat for Humanity

New Construction 2013:
3 Homes, Infill

- Skyway Solutions - Homeownership strategies
- B Hamilton Park United Methodist Church, Tukwila
- Sunset Neighborhood, Renton
- Central District Displacement

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PUTTING HOMEOWNERSHIP WITHIN REACH

Homestead homes are affordable to those who make less than 80% of area median income.

Median Price
Homestead Home $193,217

Median Price
King County $514,975

Median Price
Seattle $594,600


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Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.

**Homeowner Diversity**
- 48% White
- 20% Black or African American
- 20% Asian
- 9% Mixed Race
- 3% Other

**Homes for Families**
- (Homes by Bedroom Size)
  - 1: 4.3%
  - 2: 36.2%
  - 3: 36.2%
  - 4: 10.0%
  - 5: 2.4%
  - 6: 0.5%

We provide homes for families of all sizes.

**Home Types**
- Single Family Detached: (47.6%) 101
- Townhomes, Condos: (52.3%) 110

Multi-unit homes (higher density) are more than 50% of our portfolio.

**Our Portfolio is Growing**
- Total Homes: 211
- Total Resales: 27
- Total Families Served: 238
Median Price of a Home in Seattle
$637,250
6/1/2016 Seattle Times

Source: Salary.com 2015

Income to buy median priced home:

- Social worker
- Reporter
- Firefighter
- High school teacher
- Taxi driver
- Child care provider
- Medical technician
- Grocery cashier
- Nurses aid
- Barista
Runaway real estate costs have created an affordability crisis that affects everyone.

But homeownership is also a justice issue.

For more than 100 years restrictive covenants, discriminatory federal policies, bank redlining and predatory lending practices have also disproportionately targeted minorities, creating more obstacles to homeownership.
Homeownership is one of the primary means that people accumulate wealth.
Racial, Ethnic Wealth Gaps Have Grown Since Great Recession

Median net worth of households, in 2013 dollars

Notes: Blacks and whites include only non-Hispanics. Hispanics are of any race. Chart scale is logarithmic; each gridline is ten times greater than the gridline below it. Great Recession began Dec. ’07 and ended June ’09.
Source: Pew Research Center tabulations of Survey of Consumer Finances public-use data

PEW RESEARCH CENTER
WHAT MODEST INCOME BUYERS CAN AFFORD

$180,000 to $220,000

WHAT TODAY'S HOMES COST

To build:
$365,000

To buy:
$450,000 to $650,000
Together we are growing the community assets that put homeownership within reach.
**How Homestead Works**

**Modest Income Buyers ($40,000 to $60,000) HUD Income Limits**

Homestead builds or renovates homes

We secure public (tax) and private grants and donations to lower the cost to the buyer by at least 30%

The buyer pays for and owns the structure and improvements

Homestead owns the land under the structure and leases it for a small monthly fee

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Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
Building Equity Safely

Buyers accrue 1.5% equity in their home compounded annually

They achieve a “fair return” (Federal standard) that looks something like this:

$35,000 net after 5 years
$70,000 net after 10 years

They receive supportive services that help them in the case of financial distress

Our foreclosure rate is far below national average (1% compared with 4.84%) Federal Reserve Q1 2016

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Paying it Forward

Buyers can stay in their homes as long as they wish, even if their income increases.

They agree to sell their home at a formula-determined price to the next income-qualified buyer.
Every home made permanently affordable

Gives up to 7 families over 50 years a safe, healthy home that also allows them to build wealth
Meet Our Homeowners

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
ANATOMY OF A COMMUNITY LAND TRUST

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Origins

Ralph Borsodi and Robert Swann

Garden City movement in UK
Gramdan Villages in India
moshav communities in Israel

Civil rights movement leaders created first modern-day prototype

“New Communities” – land for African American farmers

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New Communities Inc.
LITTLE FARMERS MARKET
MEATS AND GROCERIES
Origins

First urban CLT
Community Land Cooperative of Cincinnati

Ecumenical association of churches, ministries

Sister Barbara Wheeler

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Elements of the Modern Housing CLT

Non-profit, tax exempt corporation
Dual ownership of land and structures
Leased land
Perpetual affordability
Perpetual responsibility
Democratic governance
Homeowner and community membership
CLTs Can Be Used For

Housing and Displacement Prevention
Civic Buildings
Commercial Space
Community Gardens
Agricultural Space
Community Assets

Slides created for the Homestead CLT Deep Dive event; plea:
Who “Owns” A Non-Profit?

Answer: No One and Every One

“The nonprofit organization is not ‘owned’ by the person or persons that started it. It is a public organization that belongs to the public at-large. The parties responsible to operate the organization for the stakeholders are the members of the board of directors.”

-Greg McRay, EA; Foundation Group

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Federal Housing and Community Development Act of 1992:
a membership-based non-profit established to create permanently affordable homeownership opportunities for modest income people through leased land and shared equity pricing (formula resale price).
Agreements that Perpetuate Affordability

Residential ground lease
Condominium ground lease
Coop lease
Non-residential ground leases (commercial)
Deed restrictions

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Different Types of CLTs

Dudley Street Neighborhood Initiative

Founded with Support from the City of Burlington, VT

Gentrification of working class neighborhoods

More than 2000 homes 9% of housing

Urban blight
Grant power of eminent domain
Purchased land

Dudley Neighbors Inc. CLT
225 homes (including rentals, 2013)

Champlain Housing Trust

Founded with Support from the City of Portland, OR

Gentrification of working class neighborhoods

Over 250 homes

Grass-roots leadership capacity
Community Organizing
Land stewardship

Founded by three community-based organizations

Trust. South LA

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Starting a Community Land Trust

http://groundedsolutions.org/start-upclthub/

http://cltnetwork.org/tools/

2011 CLT Technical Manual

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Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
Annual Gathering
May 15 to 17, 2017
Winthrop, WA

Nwclt.org

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Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
FUNDING AFFORDABILITY
Land Trusts are a structure for shared ownership

- Individual Ownership
- Shared Ownership

The land trust is the structure

Community Investment

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Land Trusts are vehicles

Land trusts vehicles that can take you to different destinations...

- Neighborhood Control
- Affordable Housing
- Bridging the Wealth Gap
- Community Enterprises
- Urban Agriculture

...but to take you anywhere, they need fuel (community investment)

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Dudley Street Neighborhood Initiative

CONDITIONS / ORIGIN
• Extreme disinvestment
• Defined geographic area
• Threat of large-scale, centralized redevelopment
• Land trust created when property values were very low

MISSION / OBJECTIVES
• Development without displacement
• Community control over future development
• High-quality neighborhood

COMMUNITY INVESTMENT
• Community activism and organization
• City donated city-owned parcels (15 acres for $500)
• Received power of eminent domain (haven’t actually used it)
• Private grants
• Public loans and grants
• Tax credits (through partners)
TRUST South LA

CONDITIONS / ORIGIN
- Historic disinvestment
- Rising property values and decentralized redevelopment
- Threat of displacement / gentrification
- Defined geographic area

MISSION / OBJECTIVES
- Preservation of community / resistance to displacement
- Community control over future development
- Improve neighborhood infrastructure / investment

COMMUNITY INVESTMENT
- Community activism and organization
- Private grants
- Public loans and grants
- Land assets from dissolved Community Redevelopment Agency
- Tax credits (through partners)
Champlain Housing Trust (formerly Burlington CLT)

CONDITIONS / ORIGIN
- Mid-sized city without rapid increases in cost of housing
- Early support from city government

MISSION / OBJECTIVES
- Permanently affordable housing
- Expand access to homeownership

COMMUNITY INVESTMENT
- Seed money from city government
- Organizational capacity support from city government
- Grants from state and city
- Loan from city pension fund
Lopez Community Land Trust

CONDITIONS / ORIGIN
• Small, rural community
• Rapidly rising property values and recreational redevelopment

MISSION / OBJECTIVES
• Permanently affordable housing
• Permanently affordable access to farmland / forest land
• Community control over redevelopment of island
• Preservation of rural livelihoods and way of life

COMMUNITY INVESTMENT
• State Housing Trust Fund
• Federal grants (CDBG)
• Private grants
• Sweat equity of residents and volunteers

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Homestead Community Land Trust

CONDITIONS / ORIGIN
• Dispersed / not geographically defined
• Rapidly rising property values throughout city
• Rapid redevelopment

MISSION / OBJECTIVES
• Resistance to displacement / gentrification
• Bridging the wealth gap
• Expand access to homeownership
• Permanently affordable housing

COMMUNITY INVESTMENT
• Discussed in detail in following slides
Sources of Community Investment (Equity)

WASHINGTON STATE HOUSING TRUST FUND:
• Administered by department of commerce
• Funded through state funds and federal funds
• HO Limits: $50k per unit / $600k per project

SEATTLE OFFICE OF HOUSING:
• Funded through city funds and federal funds
• HO limits: $70k per unit (recent increase)

KING COUNTY HOUSING FINANCE PROGRAM:
• HO funding is primarily from federal sources
• HO limits: $35k per unit

FEDERAL HOME LOAN BANK (FHLB):
• Cooperative of banks (not a federal agency)
• 10% of annual earning set aside for Affordable Housing Program

SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM (SHOP):
• Federal program administered through regional non-profits (Community Frameworks)
• Provides funds for projects as a “match” for sweat-equity or volunteer labor hours
• Limits: $15k per unit

OTHER FORMS OF COMMUNITY INVESTMENT:
• Private grants (foundations, corporations, individuals)
• Below market acquisition of land and/or structures

EXPIRED FORMS OF COMMUNITY INVESTMENT:
• American Recovery and Reinvestment Act / Neighborhood Stabilization Program funds
• National Mortgage Settlement with the state Attorneys General

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Factors that are limiting growth

RAPID RISE IN COST OF LAND AND HOUSING
• Cost of housing growing much more quickly than income
• Requires a larger amount of community investment (subsidy)

RESOURCES FOR HOMEOWNERSHIP ARE LIMITED
• Not as many resources available for AFFORDABLE homeownership as there are for affordable rental
• Shift in funding to address homelessness crisis has exacerbated this trend
• Homeownership projects are not well-suited to largest source of federal subsidy – Low Income Housing Tax Credits

LACK OF PUBLIC AWARENESS
• Lack of public awareness or understanding of CLT’s in general
• Lack of public awareness of existing CLTs (Homestead)
• Geographic dispersion MAY be a limiting factor

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Seattle home price appreciation vs. income growth

Percent change in median sales price vs percent change in median income 1997 to 2015

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Sales price vs. what households can afford

Median sales price vs price that median income household can afford 1997 to 2015

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Rental resources vs Homeownership

2015 Washington State affordable housing allocations

9% LIHTC allocation: $17,557,591
Credits are worth 10x the allocation
If the market value is $1 per credit, the allocation is worth over $170 million

HTF Homeownership: $3,626,731 (7%)
HTF Rental: $46,454,885 (93%)

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LIHTC leverage favors rental over homeownership

The Housing Trust Fund leverages much larger sources of investments from the public and private sectors to build affordable housing in Washington.

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Seattle Housing Levy: Rental vs Homeownership

Seattle Housing Levy: simplified comparison of expenditures

- **Homeownership**
  - $9,500,000
  - 3.8%
  - $42,000,000
  - 12.1%
  - $201,000,000

- **Rental O&M**
  - $42,000,000

- **Rental**
  - $201,000,000

Totals do not include all levy expenditures and percentages are proportion of only those expenditures that are included.

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MAKING DIFFERENT TYPES OF HOUSING AFFORDABLE
Single-Family
Multi-Unit New Construction
Building Conversion
Limited Equity Coop

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Single Family Homes

Purchase Existing Homes

Homestead Home

Price vs. Resources

2017 Seattle Average Home Price

Total: Mortgage, Grants & Donations

Possible Grants & Donations

Per-unit Sources

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Multi-Family Homes

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South King Co Homeownership Project: Total S&U

Total Uses:
- Land
- Hard Costs
- Soft Costs
- Debt Costs
- Dev Fee
- Sales Costs

Total Sources:
- Donated Land
- Bank Grant
- HTF
- King County
- FHLB
- SHOP
- Other Grants
- HO Mortgages

C.I. = 49%

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South King Co Project: Per Unit S&U

Per-unit Uses:
- Land
- Hard Costs
- Soft Costs
- Debt Costs
- Dev Fee
- Subsidy Costs

Total Sources:
- HO Mortgages $210,000
- Other Grants
- SHOP
- FHLB
- King County
- HTF
- Bank Grant
- Donated Land

C.I. = 49%

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Homeowner debt vs equity over time

HCLT homeowner equity over time

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
Building Conversion: Total S&U

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Lopez Island Community Land Trust

Total sources of funds per unit for five LCLT projects

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Lopez: Debt vs Equity over time

Individual coop member equity over time

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity at Start</th>
<th>Equity at End</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Start</td>
<td>7,500</td>
<td>11,700</td>
</tr>
<tr>
<td>End of year 7</td>
<td>9,600</td>
<td>13,800</td>
</tr>
<tr>
<td>End of year 14</td>
<td>11,700</td>
<td>21,500</td>
</tr>
</tbody>
</table>

Price appreciation: 4% simple interest / year

Collective debt vs equity over time

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt at Start</th>
<th>Debt at End</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Start</td>
<td>1,085,000</td>
<td>579,280</td>
</tr>
<tr>
<td>End of year 7</td>
<td>130,797</td>
<td>505,720</td>
</tr>
<tr>
<td>End of year 14</td>
<td>316,271</td>
<td>768,729</td>
</tr>
<tr>
<td>End of year 21</td>
<td>579,280</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

Mortgage assumptions: 30 year amortization 5% interest

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The Evergreen: case study for LEC conversion

Prepared by James Tjoa for Boyd Pickrell
http://www.commerclaims.com
The Evergreen
6600 Rainier Ave S Seattle WA 98118
Listing #: 378817 | Status: Available | Last Modified: 12/6/2016 |

For Sale
6600 Rainier Ave S Seattle WA 98118

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
## The Evergreen: income (rent)

<table>
<thead>
<tr>
<th>Unit Type Beds/Baths</th>
<th>Quantity</th>
<th>Average Unit Area (SF)</th>
<th>Total Net Area (SF)</th>
<th>Average Monthly Rent</th>
<th>Average Rent per RSF</th>
<th>Total Monthly Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>One / One</td>
<td>6</td>
<td>600</td>
<td>3,600</td>
<td>845</td>
<td>1.41</td>
<td>5,070</td>
</tr>
<tr>
<td>Two / One</td>
<td>10</td>
<td>725</td>
<td>7,250</td>
<td>1,000</td>
<td>1.38</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total/Avg.</strong></td>
<td><strong>16</strong></td>
<td><strong>678</strong></td>
<td><strong>10,850</strong></td>
<td><strong>$942</strong></td>
<td><strong>$1.39</strong></td>
<td><strong>$15,070</strong></td>
</tr>
</tbody>
</table>

### Ancillary Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Qty.</th>
<th>Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking</td>
<td>17</td>
<td>@</td>
<td>$</td>
</tr>
<tr>
<td>Storage</td>
<td>0</td>
<td>@</td>
<td>$</td>
</tr>
<tr>
<td>Laundry</td>
<td></td>
<td></td>
<td>$180</td>
</tr>
<tr>
<td>Residential Fee Income</td>
<td>16</td>
<td>@</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Ancillary Income</strong></td>
<td></td>
<td></td>
<td><strong>$180</strong></td>
</tr>
</tbody>
</table>

### Gross Monthly Income

- **$15,250**
- **$15,250 x 12**

### Gross Annual Income

- **$183,000**

### Vacancy Loss

- **6%**
- **(10,980)**

### Net Income

- **$172,020**

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Area Median Income and Affordability

2016 Income and Rent Limits - Multifamily Rental Housing
Published by HUD on March 28, 2016

<table>
<thead>
<tr>
<th>Income Limits</th>
<th>Percent of Area Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Size</td>
<td>30%</td>
</tr>
<tr>
<td>1 Person</td>
<td>$19,000</td>
</tr>
<tr>
<td>2 Persons</td>
<td>$21,700</td>
</tr>
<tr>
<td>3 Persons</td>
<td>$24,400</td>
</tr>
<tr>
<td>4 Persons</td>
<td>$27,100</td>
</tr>
<tr>
<td>5 Persons</td>
<td>$29,300</td>
</tr>
<tr>
<td>6 Persons</td>
<td>$31,450</td>
</tr>
<tr>
<td>7 Persons</td>
<td>$33,650</td>
</tr>
<tr>
<td>8 Persons</td>
<td>$35,800</td>
</tr>
</tbody>
</table>

This property is a “NOAH” Naturally-Occurring Affordable Housing
It is affordable to households making approximately 50% of AMI

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## The Evergreen: Expenses and NOI

<table>
<thead>
<tr>
<th></th>
<th>Number of units:</th>
<th>Per Month</th>
<th>Per Year</th>
<th>Per Unit</th>
<th>Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes:</td>
<td>2,800,000 85% 2,380,000 0.9486%</td>
<td>1,881</td>
<td>22,577</td>
<td>1,411</td>
<td></td>
</tr>
<tr>
<td>Management:</td>
<td></td>
<td>533</td>
<td>6,400</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Administration:</td>
<td></td>
<td>87</td>
<td>1,041</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Insurance:</td>
<td></td>
<td>345 per unit per year</td>
<td>460</td>
<td>5,520</td>
<td>345</td>
</tr>
<tr>
<td>Leasing and Marketing:</td>
<td></td>
<td>40</td>
<td>480</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Unit turnover:</td>
<td></td>
<td>400 per turn 10% turn/yr</td>
<td>53</td>
<td>640</td>
<td>40</td>
</tr>
<tr>
<td>Maintenance and repair:</td>
<td></td>
<td>750 per unit per year</td>
<td>1,000</td>
<td>12,000</td>
<td>750</td>
</tr>
<tr>
<td>Utilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Excluding Taxes and Reserves:</td>
<td>3,740</td>
<td>44,881</td>
<td>2,805</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Excluding Reserves:</td>
<td>5,622</td>
<td>67,458</td>
<td>4,216</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves per unit</td>
<td>350 per unit per year</td>
<td>.467</td>
<td>5,600</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>Total including Taxes and Reserves:</td>
<td>6,088 73,058 4,566</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gross annual income: $172,020
Less annual expenses: $73,058
Net Operating Income (NOI) $98,962

How much is this income stream “worth”?

What is the market price for the building based on this income?

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The Evergreen: cap rates and building value

Capitalization rate the ratio of NOI to Price = \( \frac{\text{NOI}}{\text{Price}} \)

At a cap rate of 7.3% the price is $1,356,000
At a cap rate of 4.4% the price is $2,249,000
Seller is asking $2,800,000 which is a cap rate of 3.4%

Source: Colliers International Seattle Apartment Market Study

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
The Evergreen: if purchased by a for-profit investor

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Cost:</strong></td>
<td></td>
</tr>
<tr>
<td>Acquisition Price</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>Rehab Costs ($2,000/u)</td>
<td>32,000</td>
</tr>
<tr>
<td>Closing Costs</td>
<td>7,850</td>
</tr>
<tr>
<td>Due Diligence</td>
<td>13,700</td>
</tr>
<tr>
<td>Other Soft Costs</td>
<td>1,500</td>
</tr>
<tr>
<td>Debt Finance Costs</td>
<td>19,500</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>2,324,550</strong></td>
</tr>
<tr>
<td>Cost per unit</td>
<td>145,284</td>
</tr>
<tr>
<td><strong>Sources of Funds:</strong></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>771,550 (33%)</td>
</tr>
<tr>
<td>Bank Loan</td>
<td>1,553,000 (67%)</td>
</tr>
<tr>
<td>Interest Rate: 5.0%</td>
<td></td>
</tr>
<tr>
<td>Amortization: 40 years</td>
<td></td>
</tr>
<tr>
<td>DSCR: 1.15</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Annual Income</strong></td>
<td>$183,000</td>
</tr>
<tr>
<td>Vacancy (6%)</td>
<td>10,980</td>
</tr>
<tr>
<td>Net Income</td>
<td>172,020</td>
</tr>
<tr>
<td>Expenses</td>
<td>$63,023</td>
</tr>
<tr>
<td>Reserves (350/u/yr)</td>
<td>5,600</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>68,623</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td><strong>$103,397</strong></td>
</tr>
<tr>
<td><strong>Debt Service</strong></td>
<td>$89,862</td>
</tr>
<tr>
<td><strong>Yr 1 Cash Flow Before Tax</strong></td>
<td>$13,535</td>
</tr>
<tr>
<td>Cap Rate:</td>
<td>4.4 %</td>
</tr>
<tr>
<td>Year 1 Cash on cash return:</td>
<td>1.8 %</td>
</tr>
</tbody>
</table>

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
The Evergreen: if converted to Limited Equity Coop

<table>
<thead>
<tr>
<th>Project Cost:</th>
<th>Gross Annual Income</th>
<th>$ 183,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Price</td>
<td></td>
<td>$ 2,250,000</td>
</tr>
<tr>
<td>Rehab Costs ($4,000/u)</td>
<td></td>
<td>64,000</td>
</tr>
<tr>
<td>Closing Costs</td>
<td></td>
<td>7,850</td>
</tr>
<tr>
<td>Due Diligence</td>
<td></td>
<td>13,700</td>
</tr>
<tr>
<td>Other Soft Costs</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>Developer / Project Mgmt</td>
<td></td>
<td>15,000</td>
</tr>
<tr>
<td>Debt Finance Costs</td>
<td></td>
<td>17,500</td>
</tr>
<tr>
<td>Subsidy &amp; Grant Costs</td>
<td></td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td></td>
<td><strong>2,382,050</strong></td>
</tr>
<tr>
<td>Cost per unit</td>
<td></td>
<td>148,878</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources of Funds:</th>
<th>Debt Service</th>
<th>$ 86,159</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Equity ($5000/u)</td>
<td></td>
<td>$80,000 (3%)</td>
</tr>
<tr>
<td>Subsidy ($60,316/u)</td>
<td></td>
<td>$965,050 (41%)</td>
</tr>
<tr>
<td>Bank Loan</td>
<td></td>
<td>$1,337,000 (56%)</td>
</tr>
<tr>
<td><strong>Interest Rate: 5.5%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amortization: 35 years</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DSCR: 1.2</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Yr 1 Cash Flow Before Tax: $17,238

Could be used for:
- Reserves
- Additional debt repayment
- Dividends / equity growth for members
- Support non-profit sponsor / steward

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
The Evergreen: property tax exemption

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Cost:</strong></td>
<td></td>
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<tr>
<td>Acquisition Price</td>
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</tr>
<tr>
<td>Subsidy &amp; Grant Costs</td>
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<td></td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
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<td></td>
</tr>
<tr>
<td>Cost per unit</td>
<td>148,878</td>
<td></td>
</tr>
</tbody>
</table>

|                        |               |               |
| **Sources of Funds:**  |               |               |
| Member Equity ($5000/u)| 80,000 (3%)   |               |
| Subsidy ($45,691/u)   | 731,050 (31%) |               |
| Bank Loan              | 1,571,000 (66%) |               |

|                        |               |               |
| **Gross Annual Income**| $183,000      |               |
| Vacancy (6%)           | 10,980        |               |
| Net Income             | 172,020       |               |
| **Expenses**           | $44,881       |               |
| Reserves (350/u/yr)    | 5,600         |               |
| **Total Expenses**     | 50,481        |               |
| **Net Operating Income**| $121,539     |               |

|                        |               |               |
| **Debt Service**       | $101,238      |               |
| **Yr 1 Cash Flow Before Tax** | $20,301 |               |

Could be used for:
- Reserves
- Additional debt repayment
- Dividends / equity growth for members
- Support non-profit sponsor / steward

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
MODELS OF ENGAGEMENT AND PARTNERSHIP
But first, a few distinctions about ownership, governance and stewardship.............
<table>
<thead>
<tr>
<th>OWNERSHIP</th>
<th>GOVERNANCE</th>
<th>STEWARDSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>The CLT and its assets are not owned by its founders but by the community</td>
<td>The CLT is governed on behalf of all stakeholders (including sources of subsidy) by its Board</td>
<td>Members of the CLT have a voice in governance as described by the bylaws</td>
</tr>
<tr>
<td>Homes within the CLT are owned by individual homeowners</td>
<td>Homes with shared boundaries or interests (subdivision, location) are governed by Homeowners Associations</td>
<td>Perpetual affordability and the welfare of homeowners are stewarded by the CLT</td>
</tr>
</tbody>
</table>

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
<table>
<thead>
<tr>
<th>OWNERSHIP</th>
<th>GOVERNANCE</th>
<th>STEWARDSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>In a cooperative tenants own shares rather than property or deeds</td>
<td>Cooperatives have tenants’ associations or cooperative Boards</td>
<td>If the coop is not in a CLT, affordability may be perpetuated by the coop governance</td>
</tr>
<tr>
<td></td>
<td>If the cooperative is a member of a CLT the cooperative may have a voice in CLT governance</td>
<td>If it is in a CLT, perpetual affordability and the welfare of owners are stewarded by the CLT</td>
</tr>
</tbody>
</table>

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Community Engagement with a CLT

Membership
- Homeowners
- Community members
- Annual meeting
- Election of Board

Board of Delegates
- Homeowners
- Community members
- Committees

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Elements of Running a Community Land Trust

- Compliance
- CLT Technical Knowledge/Expertise
  - Legal
  - Operations
  - Employee Development
- Housing Development
- Stewardship
- Community Engagement
- Fundraising/Ops
- Sales/Buyer Support

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Elements of Running a Community Land Trust

- Housing Development
- CLT Technical
- Compliance
- Stewardship
- Community Engagement
- Fundraising/Ops
- Sales/Buyer Support

Housing (Project) Development
- Feasibility
- Project Financing (Grants, Loans)
- Pre/Development Planning
- Construction

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Elements of Running a Community Land Trust

Sales/Buyer Support
- Affirmative Marketing
- Buyer Qualification
- Buyer Support/Counseling, Referral
- Transaction Support

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Elements of Running a Community Land Trust

Community Outreach/Engagement
- Membership communication/Board support
- General Advocacy – Public support
- Neighborhood/Community - Stakeholder Engagement
  - Advocacy
  - Projects
  - Policy advisory to policy makers

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Elements of Running a Community Land Trust

- CLT Technical Knowledge/Expertise
  - Legal
  - Operations
  - Employee Development
- Compliance
- Stewardship
  - Post-purchase support of owners
  - Resales
  - Asset management
- Fundraising/Ops
- Sales/Buyer Support
- Housing Development

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
Elements of Running a Community Land Trust

- Compliance
  - Funder reporting, compliance
  - Legal compliance
  - Accounting

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Elements of Running a Community Land Trust

**Organizational Support**
- Fundraising for operating capital
- Volunteer recruitment and support
- HR
- IT
- Business and Operations

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**Hub and Spoke Models**

**Hub and Spoke Models:**
- Used to encourage rapid growth
- Make efficient use of scarce resources

**Services:**
- Compliance
- CLT Technical
- Housing Development
- Sales/Buyer Support
- Fundraising/Ops
- Community Engagement
- Stewardship

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Hub and Spoke Models:

Used to encourage rapid growth

Make efficient use of scarce resources

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
Hub and Spoke Models:

- Used to encourage rapid growth
- Make efficient use of scarce resources

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SPOKE

Lincoln County, OR

Has:
• Active Board
• Regional Funding

Needs:
• Paid Staff
• Administrative and Compliance Systems

HUB

Portland OR

Lincoln CLT contracts with Proud Ground for outsourced operational management
SPOKE
9th Ward New Orleans

Has:
• Community Organizing
• Housing Counseling
• Economic Development

Needs:
• Housing development and stewardship

Hub and Spoke Community Organization

SPOKE
9th Ward New Orleans

Has:
• Community Organizing
• Housing Counseling
• Economic Development

Needs:
• Housing development and stewardship

HUB
New Orleans

Created post Katrina to support NENA and other small neighborhood CLTs

Hub capacity and network planning funded by a grant

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SPOKES
Collection of CDCs in New Jersey

Has:
• Housing development capacity

Needs:
• Funding support
• Homebuyer education
• Post-purchase stewardship

Hub and Spoke Community Organization

HUB
Formed with support of the National Housing Institute in NJ to preserve housing affordability

Now the county-wide land steward supporting partner CDIs

ECLT

Community Asset Preservation Corporation
Jersey Community Capital HOMECorp
Hands, Inc., Ironbound CDC

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Hub and Spoke
Inclusionary Units

SPOKES
City of Alameda
City of Concord
City of Livermore
City of Menlo Park
City of Novato
City of Pleasanton
Town of Los Gatos

Have:
• Affordable housing

Needed:
• Stewardship and management of inclusionary units

HUB
Provides stewardship of affordable housing and inclusionary units

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HUB

City First Homes (CLT) is part of City First Enterprises, a non-profit bank holding company, a CDFI which provided financing for the renovation. City First Homes provides homeowner support.

SPOKE

The Norwood Cooperative, DC
1417 N Street NW

Has:
• Tenants organized and bought their building

Needed:
• Financing
• Development
• New tenant and leasing support

Slides created for the Homestead CLT Deep Dive event; please use only with credit to Homestead.
<table>
<thead>
<tr>
<th>STEWARDSHIP ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Training, Guidance, &amp; Support</strong></td>
</tr>
<tr>
<td>- Training and support for the maintenance of the built environment</td>
</tr>
<tr>
<td>- Building management support</td>
</tr>
<tr>
<td><strong>Empowering Residents</strong></td>
</tr>
<tr>
<td>- Homeowner education and skill building</td>
</tr>
<tr>
<td>- Self-management training and support</td>
</tr>
<tr>
<td><strong>Bridging Gaps</strong></td>
</tr>
<tr>
<td>- Ongoing relationships with government, utility providers, etc.</td>
</tr>
<tr>
<td><strong>Stabilizing Projects</strong></td>
</tr>
<tr>
<td>- Site feasibility</td>
</tr>
<tr>
<td>- Project oversight and implementation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PHYSICAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOCIAL</strong></td>
</tr>
<tr>
<td>- Resident/community organizing</td>
</tr>
<tr>
<td>- Governance structure and training</td>
</tr>
<tr>
<td>- Board/committee member (formal or informal)</td>
</tr>
<tr>
<td>- Ongoing workshops</td>
</tr>
<tr>
<td>- Emphasizing culture of empowerment for residents</td>
</tr>
<tr>
<td>- Supporting democratic nature of coop projects</td>
</tr>
<tr>
<td>- Mediation and conflict resolution</td>
</tr>
<tr>
<td><strong>FINANCIAL</strong></td>
</tr>
<tr>
<td>- Project oversight</td>
</tr>
<tr>
<td>- Annual budget review</td>
</tr>
<tr>
<td>- Reserve fund assistance</td>
</tr>
<tr>
<td>- Pre/Post-purchase education</td>
</tr>
<tr>
<td>- Refinancing education</td>
</tr>
<tr>
<td>- Access to CLT revolving loan fund (for new member share purchases)</td>
</tr>
<tr>
<td>- Accessing financial resources (government grants, non-profit and for-profit loan funds, etc.)</td>
</tr>
<tr>
<td>- Securing blanket mortgages for coops</td>
</tr>
<tr>
<td>- Buffering resident investment during cold markets</td>
</tr>
<tr>
<td>- Preserving permanent affordability and supporting the coop mission during hot markets</td>
</tr>
<tr>
<td>- Screening new coop members for income eligibility and financial qualifications</td>
</tr>
</tbody>
</table>
Successful Hub and Spoke models...

Both hubs and spokes have assets and resources
Community support
Require clear roles and shared goals, expectations
Trust and communication
Alliances, Networks and Collaborations

Advocacy – Legislative and Subsidy

Shared Learning & Innovation; Industry Standards

Community Engagement

Create Housing

---

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BREAKOUT GROUPS

We are all figuring this out together...

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Thanks for coming!

www.Homesteadclt.org

Contact:
Kathleen Hosfeld
Executive Director
kathleen@homesteadclt.org
206-323-1227 Ext 113