

2021 MALB LEADERSHIP SUMMIT



Dwelling Place Regional Community Land Trust



David de Velder, CLT Director

10.25.2021



DWELLING PLACE HISTORY

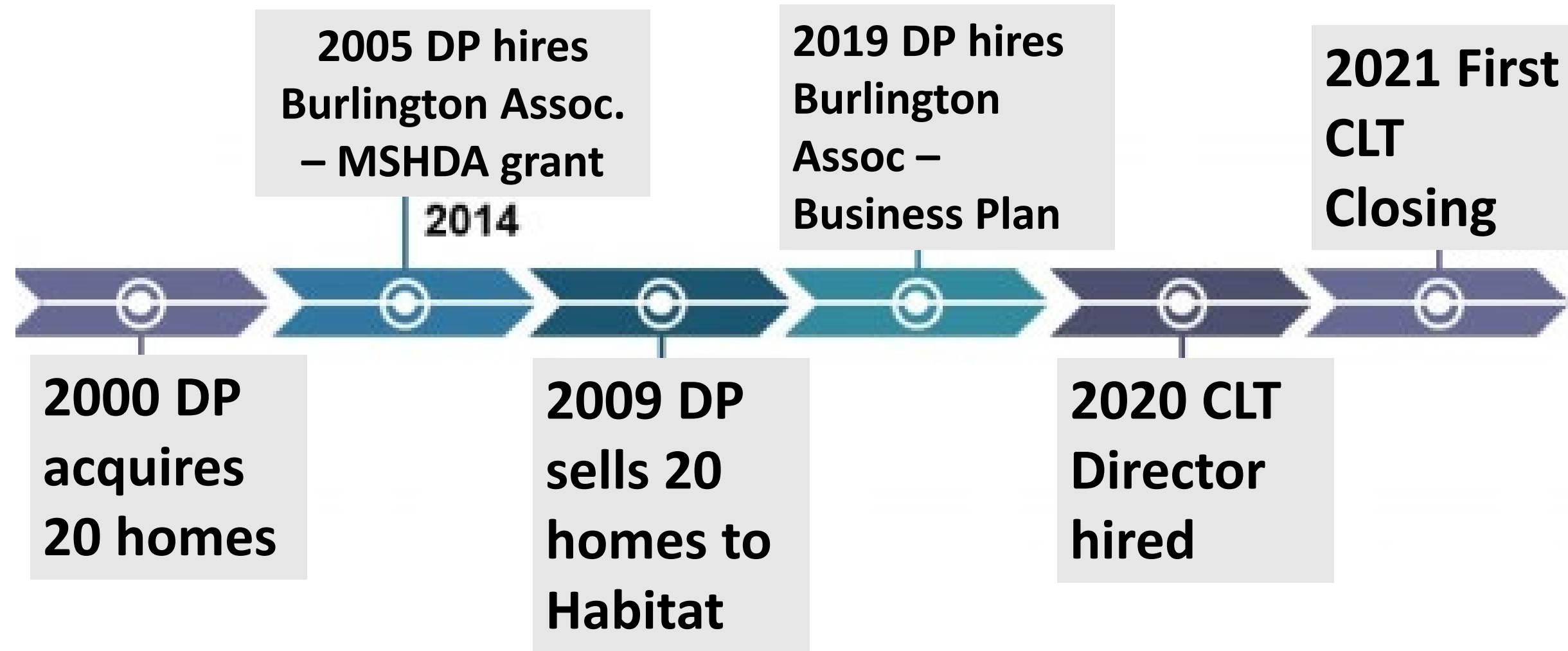
- ❖ Established in 1980 by church and nonprofit leaders
- ❖ Mission to improve peoples lives by creating quality, affordable housing, providing essential support services, and serving as a catalyst for neighborhood revitalization.
- ❖ Own and manage 1400 affordable housing units in 4 counties.
- ❖ 100,000 square feet on commercial space in downtown GR.
- ❖ Community Building & Engagement Dept - Connects residents with community groups and manages volunteer engagement, murals/art, community gardens, and financial education.
- ❖ Jeremy DeRoo started as CEO in August 2021.
- ❖ NeighborWorks America member.



Dwelling Place Regional
Community Land Trust



Dwelling Place Regional Community Land Trust (DPCLT)

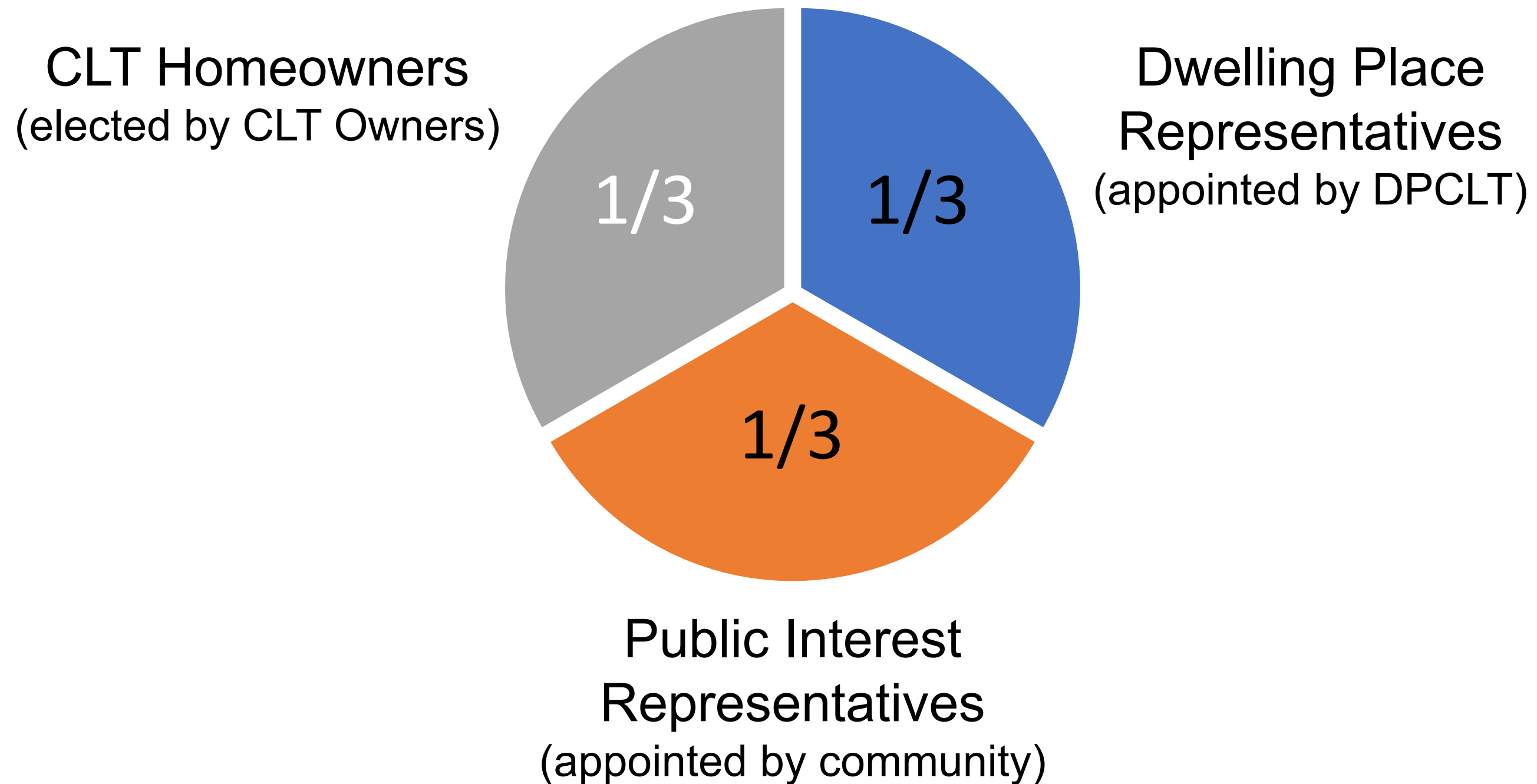


Dwelling Place Regional
Community Land Trust



Dwelling Place CLT Governance Structure

DPCLT Board of Directors Makeup















ACHIEVEMENTS & MILESTONES

2019 Study: Shared Equity Housing Programs

- ▶ Homeowners of color have increased from 13% pre-2001 to 43% today
- ▶ Wealth building:
 - ▶ \$1,875 = median equity investment by homeowners at purchase
 - ▶ \$14,000 = median equity earned by homeowners
- ▶ 58% of owners selling their homes purchased another home
- ▶ Majority of purchasers are 1st-time homebuyers from households headed by women in their late 30's, earning 51%-80% of local AMI

How Has Shared Equity Homeownership Stacked Up Against Conventional Homeownership for Lower Income Households?

	Through upturns & downturns...	At the peak of the foreclosure crisis (end of 2010)...	Based on data from 2016 for hundreds of comparable conventional homeowners and shared equity homeowners... [5]
Conventional Homeownership	 <p>less than 50% of low-income and minority owners maintain homeownership for 5 years. [2]</p>	 <p>...8.57% of mortgages—across all incomes—were seriously delinquent. [3]</p>  <p>...4.63% of mortgages—across all incomes—were in foreclosure proceedings. [3]</p>	 <p>...conventional owners had \$1,808 in monthly credit account payments, including mortgages.</p>  <p>...13.2% of conventional owners had open HELOCs reported in the last 6 months.</p>  <p>...conventional owners had a credit score of 722.</p>
Shared Equity Homeownership	 <p>74% of low-income, shared equity owners maintain homeownership for at least 6 years. [1]</p>	 <p>...1.30% of mortgages held by low-income shared equity owners were seriously delinquent. [4]</p>  <p>...0.46% of mortgages held by low-income shared equity owners were in foreclosure proceedings. [4]</p>	 <p>...shared equity owners had \$1,149 in monthly credit account payments, including mortgages.</p>  <p>...1.4% of shared equity owners had open HELOCs reported in the last 6 months.</p>  <p>...shared equity owners had a credit score of 714.</p>
	Longer Tenure	Less Delinquency/ Foreclosure	Lower monthly costs, HELOCs

Rental to CLT Conversions

- Former LIHTC, HOME, Historic & Brownfield Tax Credit
- Debts were minimal or forgiven
- Selling to CLT Buyers for 50% to 75% of appraised value
- Post Rehab Total Development Costs \$100,000 to \$125,000 leaving no funding gap
- Serve households 30% to 110% of the area median income
- **NO CURRENT RESIDENTS WILL BE DISPLACED**



Martineau Project



- **23 Live/work spaces developed for artists**
- **1 pending sale and 3 vacant condos for sale**



Grandville Homes



- 10 single family homes
- 1 home sold, 2 pending sale

New Hope Homes



- 6 Duplexes, totaling 12 condos
- New exteriors including Community garden and playground

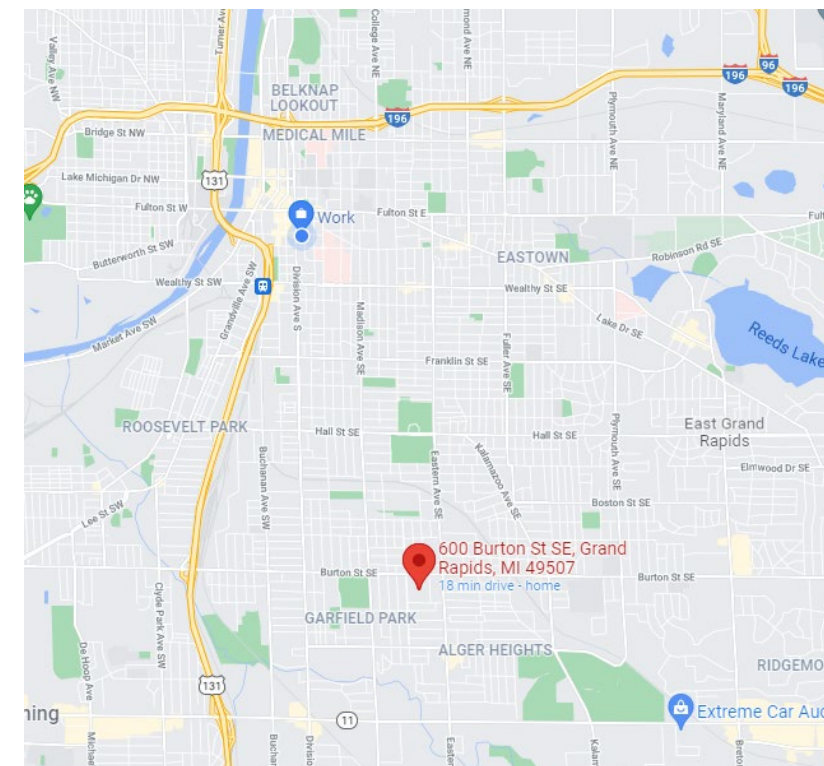
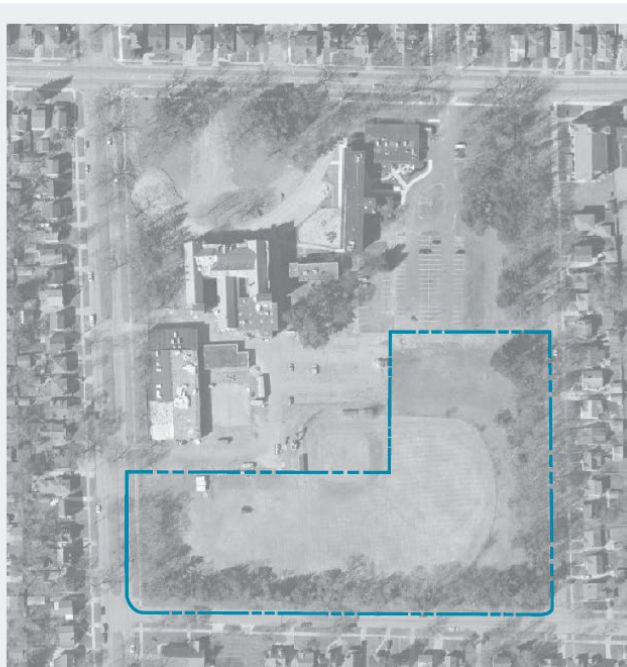


DPCLT New Construction - 2022

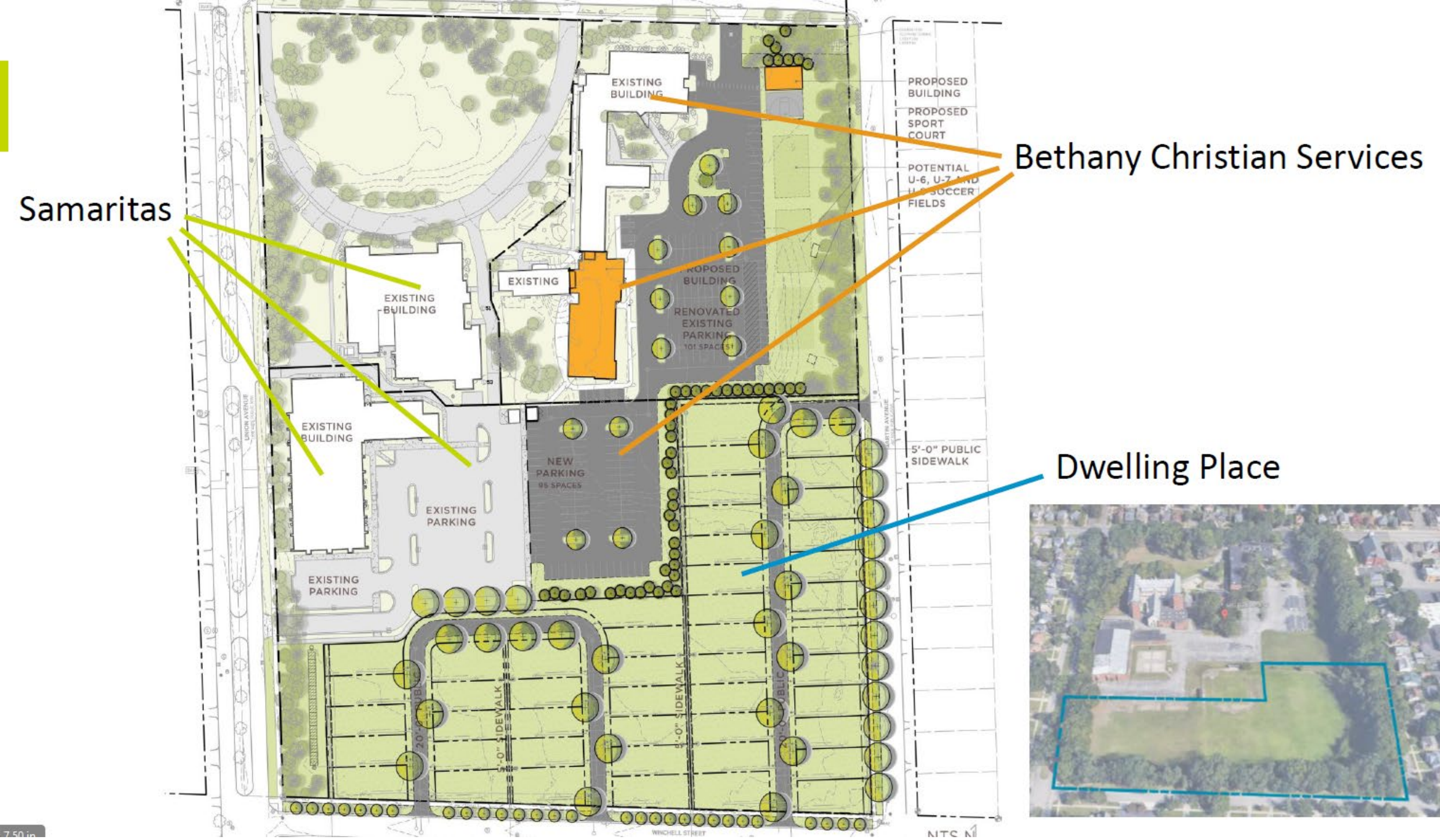
progressive|ae

Dwelling Place 600 Burton St. SE Concept Master Plan

APRIL 2021 - GRAND RAPIDS, MICHIGAN



600 Burton SE Campus



2080 Union Final Site Plan



Development Summary

Lot Size Legend:
 A = 50' Wide, 103' Deep
 B = 41.5' Wide, 103' Deep
 C = 50' Wide, 113.5' Deep
 D = 36' Wide, 113.5' Deep
 E = 50' Wide, 109.5' Deep
 F = 32' Wide, 109.5' Deep
 G = 50' Wide, 114' Deep
 H = 40' Wide, 114' Deep
 I = 38' Wide, 120' Deep

Total Lots Provided: 42
 New Asphalt Roadway: 19,519 SF
 Street Parking Available: 46

PROPOSED BUILDING

TOTAL TREES SURVEYED: 125
 TREES TO BE REMOVED: 42%
 - FAIR COND.: 8%
 - POOR COND.: 12%
 TREES TO REMAIN: 56%

DEFERRED PARKING AREAS

EXPANDED OPEN SPACE FOR POTENTIAL U-6, U-7, AND U-8 SOCCER FIELDS

RENOVATED EXISTING PARKING LOT, 101 SPACES TOTAL (TOTAL INCLUDES 40 DEFERRED PARKING SPACES)

EXISTING TREES TO BE REMOVED

MEDIUM DECIDUOUS CANOPY TREE, TYP.

1,100 SF RESIDENTIAL HOME, TYP.

TOTAL TREES SURVEYED: 220
 TREES TO BE REMOVED: 64%
 - GOOD COND.: 3%
 - FAIR COND.: 7%
 - POOR COND.: 22%
 - DEAD: 5%
 TREES TO REMAIN: 36%

Community Comments:

- ✓ Utilize existing entry off Union for connectivity to the street.
- ✓ Increase space between houses to enhance green space for community connectivity.
- ✓ Community Amenity; Linear Park, Dog Park, etc.
- ✓ Increase space to further protect and preserve existing mature trees.
- ✓ Reduce access points off Winchell.

Landscape Requirements

Zoning Classification: SD-PRD

Green Space Min.: 15%
 Bethany Christian Services Parcel (5.33 Acres)
 - Green Space Required: 0.80 Acres
 - Green Space Provided: 2.37 Acres (44%)

Dwelling Place Parcel (5.19 Acres)
 - Green Space Required: 0.78 Acres
 - Green Space Provided: 2.92 Acres (56%)

Parking Landscaping Requirements:
 - Screening: Type IV - Evergreen Trees

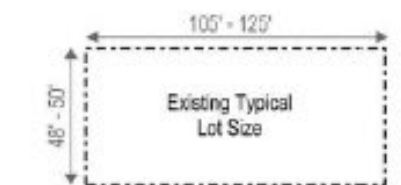
Street Tree Requirements:
 (1 Small Tree per 25 LF, 1 Med Tree per 40 LF)
 - Winchell Street (764 LF):
 - Required Trees: 30
 - Provided Trees: 29
 - Martin Street (472 LF):
 - Required Trees: 12
 - Provided Trees: 14
 - Interior Street A (633 LF):
 - Required Trees: 16
 - Provided Trees: 19
 - Interior Street B (618 LF):
 - Required Trees: 16
 - Provided Trees: 21

Interior Parking Lot
 (1 Tree per 15 Spaces, 196 Total Spaces)
 - Required Trees: 13
 - Provided Trees: 13

TOTAL NEW TREES: 96

Canopy Coverage Min.: 12%
 Bethany Christian Services Parcel (5.33 Acres)
 - Green Space Required: 0.64 Acres
 - Green Space Provided: 0.83 Acres (16%)

Dwelling Place Parcel (5.19 Acres)
 - Green Space Required: 0.62 Acres
 - Green Space Provided: 2.96 Acres (57%)



COLLIMAR DECIDUOUS TREE TO AVOID EXISTING OVERHEAD POWERLINES, TYP.



POTENTIAL 22'x22' GARAGE, TYP.

DPCLT 2080 Union - Courtyard Style

SAMPLE COURTYARD DESIGNS



DPCLT 2080 Union - Homes

WINCHELL STREET EDGE WITH LANDSCAPING



DPCLT Payment Breakdown

Unit Number/Address	Unit Type	Square Feet	Projected Appraised Value	CLT Discount Sales Price	Mortgage Payment	Homeowner Insurance	Taxes Land and Home	Monthly Ground Lease Fee	Monthly Repair Fee	Condo Fee	Total CLT Home Payment	Minimum Income Needed	Minimum AMI % - 1 person
Martineau Vacant	Condominium	1287	\$ 176,000	\$ 132,000	\$ 591.02	\$ 70	\$ 286.58	\$ 50	\$ -	\$ 290	\$1,288	\$ 51,504	75%
Martineau Resident	Condominium	1208	\$ 176,000	\$ 88,000	\$ 394.01	\$ 70	\$ 286.58	\$ 50	\$ -	\$ 290	\$1,091	\$ 43,624	75%
New Hope Homes	Site Condominium	1279	\$ 106,000	\$ 79,500	\$ 355.95	\$ 35	\$ 119.42	\$ 50	\$ 50	TBD	\$610	\$ 24,415	50%
Grandville Homes	Single Family	1218	\$ 160,000	\$ 120,000	\$ 537.29	\$ 58	\$ 163.92	\$ 50	\$ 50	\$ -	\$859	\$ 34,368	55%
2080 Union New Construction	Single Family	1250	\$ 225,000	\$ 168,750	\$ 755.56	\$ 80	\$ 250.00	\$ 50	\$ 50	\$ -	\$1,186	\$ 47,422	75%



SOUTH HAVEN – CLT OPPORTUNITY



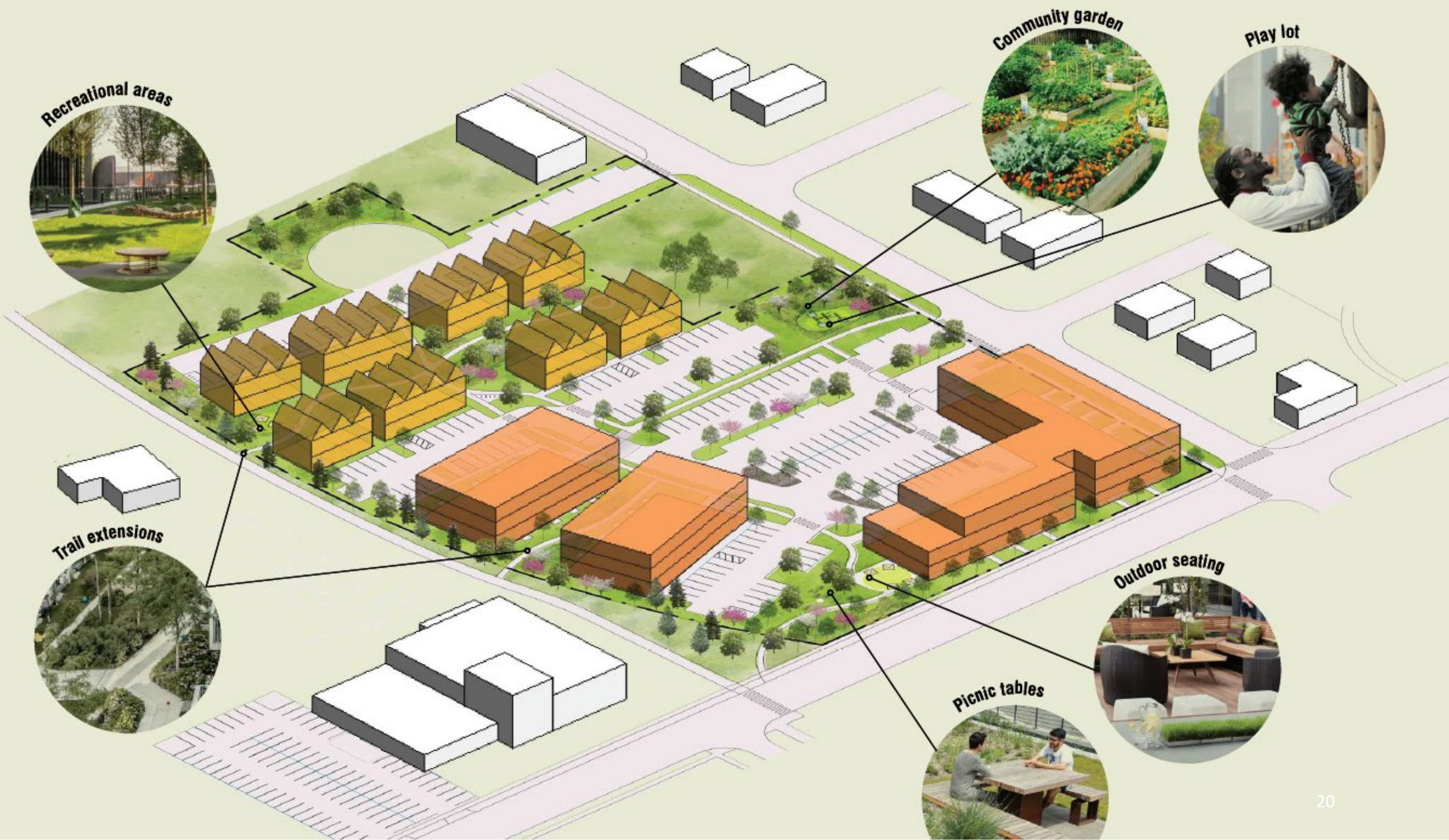
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UrbanWorks
IVNA / jb denison
EDGEWATER RESOURCES

IN PROGRESS
South Haven Overton Housing / 229 Elkenburg : South Haven, MI
City of South Haven and Ottawa County

connectivity to community

SOUTH HAVEN – CLT OPPORTUNITY

- Excellent location near downtown and Lake Michigan
- Attractive offer from Habitat Company to purchase the land within master planned site
- Habitat secured RFP from City of South Haven which included extensive site planning and community engagement
- Seven townhome buildings totaling 26 units with shared green space – appraised values of \$220,000 and sale price of \$165,000
- Half of Units below 100% AMI. Half of Units below 120% AMI. For a minimum of 25 years no units to be sold for more than \$250,000 adjusted for inflation
- City of South Haven is supportive of using Brownfield TIF
- New Market Tax Credits could be used with income targeting one-half of the units that serve households below 80% median income





229 Elkenburg : South Haven, MI
county

townhomes trails



Housing / 229 Elkenburg : South Haven, MI
nd Ottawa County

corner of elkenburg

CLT Tax Legislation

Dilemma #1: CLT Land is not tax-exempt & CLT structures are taxed at full taxable value.

- Higher taxes
- More difficult underwriting

Dilemma #2: How do we fix this that doesn't:

- Violate the state constitution
- Lower local revenues for schools & municipalities

Solution: CLT Refundable Income Tax Credit



CLT Tax Legislation

Currently polishing a two-bill package

Bill #1:

- Creates the refundable income tax credit
- Credit = 100% of taxes owed on land, $\geq 25\%$ of taxes on structures
- Provides for the prerequisite requirements
 1. Home sold below market value,
 2. household income at or below 120% of the statewide median income,
 3. land-lease restricts appreciation; and,
 4. land-lease requires the owner to pay taxes on the land

Bill #2:

- Allows the credit to be remitted to the local tax collector in exchange for a lower property tax bill.

Currently sharing bill drafts with stakeholders, working to get a bipartisan introduction this year.



Dwelling Place Regional
Community Land Trust



DPCLT Team

Homebuyer Education



Habitat for Humanity
of Michigan
Anitra Austin
(517) 485-1006 x 117
aaustin@habitatmichigan.org



Inner City Christian
Federation
Kelsey McFarland
(616) 336-9333 x 311
kkruis@iccf.org

Lenders



Land Home Financial
Craig Greenberg
(281) 973-5540
Craig.greenburg@ihfs.com



Opportunity Resource Fund
Venessa Remo
(616) 425-2177
vremo@oppfund.org

Funders/Partners



Huntington Bank
Jeff Brazier
(616) 481-7426
Jeffrey.e.brazier@huntington.com



Mercantile Bank
Bonnie Potter
(616) 443-6348
bpotter@mercbank.com



GCs/Consultants/Legal



Dwelling Place Regional Community Land Trust (DPCLT)

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Dwelling Place Regional
Community Land Trust





Community Land Trust

Northern Homes Community Development Corporation

Jane MacKenzie, Executive Director



MISSION

To create and preserve quality affordable housing opportunities for Northern Michigan residents through education, development, and partnering with local communities.

COMMUNITY LAND TRUST (CLT)

- CLTs are nonprofit, community-based organizations designed to ensure community stewardship of land.
- CLTs take the land out of the market and make it a COMMUNITY asset.
- CLTs are primarily used to ensure
 1. use of property meets community goals
 2. long-term housing affordability



Best resource on the internet: groundedsolutions.org

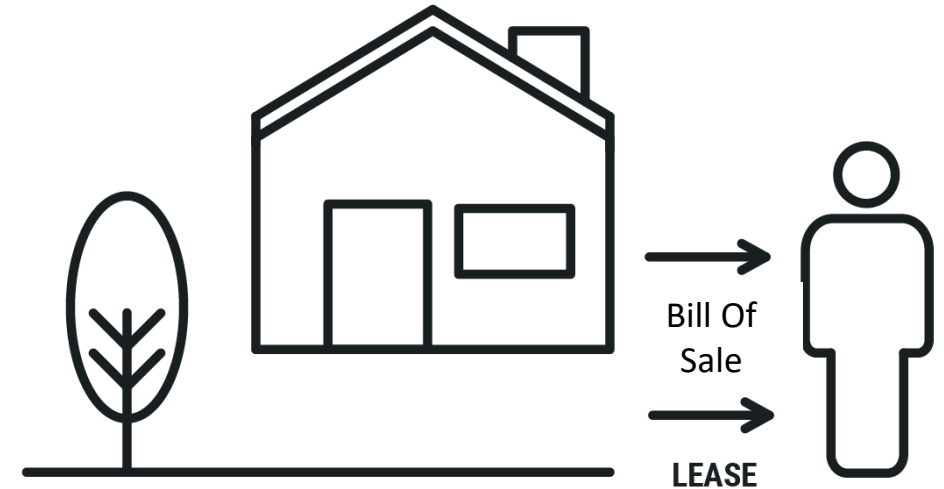
COMMUNITY LAND TRUST

TRADITIONAL PURCHASE



In traditional Real Estate transactions, the homeowner owns the house and the land that it sits on.

COMMUNITY LAND TRUST



The CLT separates ownership of the land from the buildings that sit upon it. The CLT retains ownership of the land and leases it to the homeowner.

COMMUNITY LAND TRUSTS (CLT)

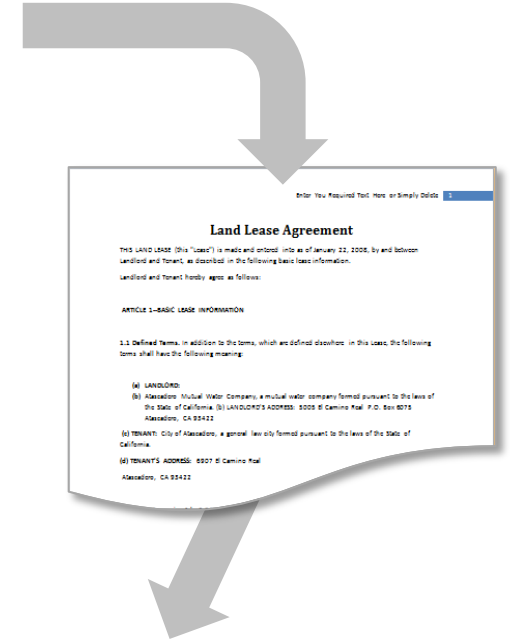
A typical CLT for affordable housing works like this:

1 A CLT purchases land that either already has a home on it, or land on which the CLT develops with homes.



2 A family or individual purchases a house – **but not the land**. The purchase price is more affordable because the homeowner is only buying the house. Additional grants can further reduce the purchase price.

3 The homeowner signs a 99-year ground lease to lease the land from the CLT for the long-term.



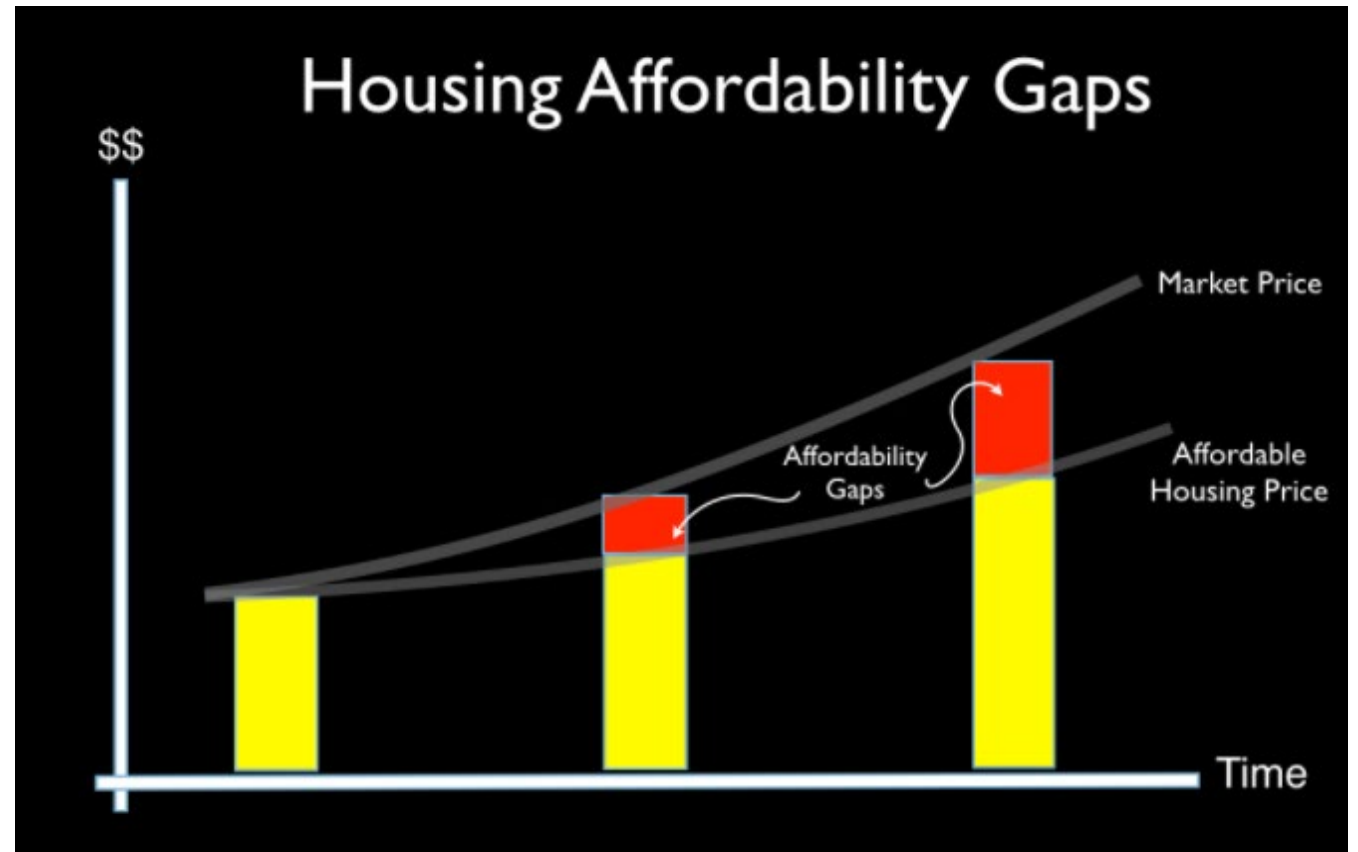
Why Community Land Trust?

The affordability gap increases over time.

The affordable home you built 10 years ago is not affordable today.

Without a CLT, you need more land, materials, labor and subsidy to re-create that affordable home.

A Community Land Trust ensures long-term affordability through the shared equity tool written in the Ground Lease.



Incomes increase at a slower rate than property values.

NORTHERN HOMES COMMUNITY DEVELOPMENT CORPORATION COMMUNITY LAND TRUST PROGRAM

- Program began in 2003
- A scattered-site Community Land Trust
- 15 homes in 4 communities in 2 counties



East Jordan
Rehab by Northern
Homes CDC



PROCESS FOR A NEW CONSTRUCTION HOME

- ✓ Buy the land
- ✓ Build the house

At sale of the home...

- ✓ Sell improvements only
- ✓ Retain ownership of the land
- ✓ Enter into a 99-year ground lease with stipulations on use, ownership, occupancy, ground lease fee and resale of the home

... Ongoing Stewardship includes: monitor tax payment, insurance, ground lease fee payment, refinance requests and resales



Boyne City
New
Construction



Northern Homes CDC's GROUND LEASE STIPULATIONS

- Owner occupied
- Principal place of residence (not a 2nd home)
- Cannot increase the footprint of the house
- Sell to household with income < 80% of the area median income

Northern Homes CDC's APPRAISAL BASED RESALE FORMULA

The appraisal at the time of purchase is compared to the appraisal when selling the home. The owner receives 22% of the increase in value. The remainder of the increase in value stays with the property to keep it affordable.

- The resale formula sets the ground rules for sharing the equity. **That is what keeps the home affordable – forever.**



EXAMPLE OF A RECENT RESALE

Appraisal at Sale (2021) **\$225,000**

Initial Appraisal (2006) 15 yrs. **\$140,000**

Shared Appreciation Calculation $\$225,000 - \$140,000 =$ **\$85,000**

Seller Receives (their share of the appreciation in value) $\$85,000 \times 22\% =$ **\$18,700***

Original Purchase Price (much lower than the appraised value, additional subsidy at construction allowed us to sell it for less) **\$92,000**

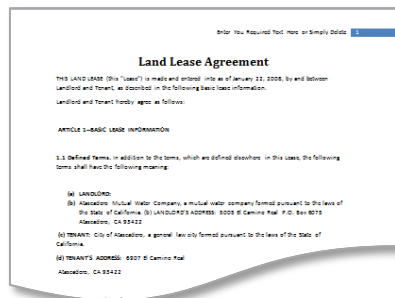
New Sale Price $\$92,000 + \$18,700 =$ **\$110,700**

* Seller also receives equity from paying down the principal on their first mortgage, about \$26,000.

**Mackinaw
City New
Construction**



COMMUNITY LAND TRUSTS (CLT)



- If the homeowner chooses to sell, the sale price is determined through the resale formula in the ground lease.
- The CLT retains the right to re-purchase the home at the resale formula price. If the CLT does not purchase the home, it can be sold on the market at the resale formula price.
- The shared equity is forever retained within the trust.
- The ground lease is the tool used by CLTs to establish and enforce restrictions and establish the shared equity resale formula.

Community Land Trust (CLT) and Property Taxes

- A CLT property receives 2 tax bills;
 - one for the land, and
 - one for the improvements.



Land



Improvements

- Typically the land does not receive the homestead exemption; the improvements do receive the homestead exemption.

Community Land Trust (CLT) and Land Banks

CLTs and Land Banks work together for long-term attainable housing

- The Land Bank creates the subsidy to make the home affordable to more local residents.
- The CLT ensures the subsidy stays with the home from buyer to buyer.

With a CLT the public investment created by the Land Bank is permanently protected.



Questions?



Jane MacKenzie, Executive Director

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NORTHERNHOMES.ORG

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