



To: Dwelling Place Board Members
From: Denny Sturtevant
Re: Business Plan for Dwelling Place Regional Community Land Trust
Date: January 27, 2020

At our February 5th board meeting will be presented with a formal recommendation from the Real Estate Development and Asset Management Committee to move forward with implementation of the Dwelling Place Regional Community Land Trust. The final Business Plan and 10 Year Operating Budget that was presented to and approved by the RED Asset Management Committee is attached to this memo for your review. Since the business plan is lengthy, I thought it might be advisable to send this document to you separate from the normal board packet that will be mailed to you on Wednesday of this week.

The idea to create a Community Land Trust has been the subject of board, staff, resident and community conversations dating back to the opening of Martineau Apartments in 2004, when a Community Land Trust was being considered as an appropriate exit and restructuring strategy to follow the end of the New Markets Tax Credit compliance period for Martineau Apartments. The idea surfaced again in 2018 as a potential growth strategy to restructure some of our existing small apartment communities and as a means to expand affordable housing options in areas where we are currently active and areas within our 15 county footprint where Low Income Housing Tax Credit projects are not feasible.

In October of 2018 the Board was presented with the question of whether the creation of a Community Land Trust, as a new line of business (home ownership), was an appropriate next step for Dwelling Place growth, aligned with our mission and strategic plan. After considerable discussion and a review of the Community Land Trust concept, an informal vote was conducted with the intention of gauging board support for considering this new line of business. The Board voted to authorize staff to pursue development of the Community Land Trust idea by working through the Real Estate Development Committee for a final determination of feasibility.

Early in 2019 Dwelling Place contracted with Michael Brown of Burlington Associates to provide technical assistance for staff and the RED committee in completing its assessment of the feasibility for creation of a Dwelling Place Community Land Trust. Burlington Associates are nationally recognized experts on Community Land Trusts. Michael Brown has worked as a CLT technical assistance provider for Burlington Associates for nearly 4 decades. Dwelling Place also

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secured a \$100,000 grant from Downtown Grand Rapids Inc. (DGRI) and a \$50,000 grant from NeighborWorks for planning and implementing a Community Land Trust. Both DGRI and NeighborWorks have expressed a strong interest in the creation of new models for the creation of affordable home ownership. The Community Land Trust is part of a broader array of shared equity homeownership models for home ownership that NeighborWorks is exploring with its affiliate partners. The other two models of shared equity housing include Limited Equity Cooperatives and Deed Restricted properties. NeighborWorks recently announced a special appropriation from Congress to NeighborWorks to expand the use of shared equity housing across the United States.

Locally, Inner City Christian Federation (ICCF) is moving forward with its own version for a Community Land Trust, using some of the single family portfolio of homes they recently purchased from an investor group in Chicago. ICCF's CLT model differs slightly from the one being proposed by Dwelling in as much as ICCF has borrowed features from their "lease purchase" model for homeownership in their design. Dwelling Place's proposed model, on the other hand, follows a more traditional CLT model, commonly used across the United States. Dwelling Place plans to collaborate with ICCF using their homeownership training program for our CLT buyers. The ICCF home ownership training program is widely used by other local agencies with home ownership programs such as Habitat for Humanity, LINCUp and New Development Housing. Because this training program is funded by MSHDA, there is no charge to the local agencies using this program and just a nominal fee for the prospective homeowners who go through the training.

From a financial standpoint, Dwelling Place will also benefit as we convert rental housing into homeownership units. We anticipate recouping approximately \$2.5 million from mortgage sale proceeds for homeownership units in Martineau Apartments, New Hope Homes and Grandville Homes (45 units in total) after renovation and development costs, while retaining ownership of the commercial spaces in the Martineau project. The unit sales are expected to occur gradually, over a period of time, as turnover in the rental units occur. Beyond the offering of yet another affordable housing option, the community benefits as Dwelling Place is able to preserve much of the original governmental, investor and philanthropic equity that was contributed to create the existing projects.

The attached Business Plan offers substantially more details about this new and exciting initiative. Our RED and Asset Management Committee Chairperson, Rich Kogelschatz, will present this recommendation to the full board. I will be present to assist Rich and others from the committee to answer any of your questions.

