

DWELLING PLACE REGIONAL COMMUNITY LAND TRUST
BOARD OF DIRECTORS
June 10, 2021
UNAPPROVED MINUTES

MEMBERS PRESENT Rich Kogelschatz, Lee Nelson Weber, Kim Sims

MEMBERS ABSENT Doretha Ardoin, Gil Segovia

STAFF & GUESTS PRESENT Dennis Sturtevant, David de Velder, Chris Bennett, Latrisha Sosbee, Kiley Lowery

George Larimore, Colliers International

The meeting convened via video conference at 11:03 AM.

APPROVAL OF MINUTES Ms. Weber noted that Kim Sims was listed as a guest rather than a CLT Board member. **Minutes of the Dwelling Place Community Land Trust Board of Directors meeting of May 13, 2021, were approved with noted corrections by the motion of Rich Kogelschatz, supported by Kim Sims and carried unanimously.**

DPCLT HOMEBUYER APPLICATIONS **AUDREY CAVANAUGH HOMEBUYER APPLICATION**

Mr. Sturtevant provided background on the homebuyer application process to date indicating:

- This is a new line of business for Dwelling Place, so we are learning.
- Staff wanted the board to be a part of the process so we decided it would be appropriate to have the board look at approving our next two homebuyer applications.
- Our first couple buyers that we have been working with met all the basic requirements, but the two applications the board will be reviewing today are looking for some additional support.
- Bringing future CLT homebuyer applications to the board will be on a case-by-case basis depending on the support that a buyer is looking for from Dwelling Place.
- By the board approving a buyer's application, it doesn't mean they are automatically qualified to purchase; they will still need to go through underwriting and final approval for a CLT mortgage with the bank.

Mr. de Velder introduced the first CLT applicant, Audrey Cavanaugh, who has applied to purchase Martineau Unit 223. Ms. Cavanaugh's request is:

- She is 59% area median income (AMI), is approved for a CLT mortgage up to the purchase price of \$85,500 and has \$500 saved for down payment.
- The CLT mortgage lender, Mercantile Bank, has approved Ms. Cavanaugh for \$7,500 in down payment assistance.
- Due to higher property taxes and condo fees at Martineau, staff are recommending an additional DPCLT Sales Price Discount of \$5,000 and Spectrum Healthier Communities Rental Conversion Sales Price Discount of \$5,000.
- The additional discounts off the purchase price will bring the

total payment down to \$980 a month, so that its affordable for Ms. Cavanaugh.

The CLT Board had the following comments on the application:

- Further clarification on Ms. Cavanaugh's \$7,500 of down payment assistance (DPA) with Mercantile Bank.
- The board can't discount selling prices just to accommodate a buyer's wishes but they support helping buyers who can't afford to purchase as long as they fall into the mission of the program.
- This is a program based on affordability and not where you want your housing payment to be.
- The board was concerned there could be a structural problem with buyers purchasing at Martineau because Ms. Cavanaugh is at 59% AMI, and Martineau is currently restricted to buyers up to 60% AMI.
- Concerns were raised about the condo fees being high and what they included.
- The board wants to set buyers up for success and whether they can afford to purchase comes down to the math.
- The process needs to be consistent with respect to providing subsidies.
- The board wants to see how they can help Ms. Cavanaugh be successful but this is not a negotiation either.

Staff responses to the CLT Board's questions included:

- The \$7,500 DPA is needed in order to get the loan closed.
- Staff noted that the down payment assistance can only be used for closing costs and can't be used to reduce the sales price.
- Staff reported that Ms. Cavanaugh had concerns with affording the projected house payment with all fees, estimated to be just over \$1,000 per month, which is why she was asking for subsidy to reduce the purchase price.
- Due to higher condo fees and property taxes, we reduced the CLT discount from 75% of appraised value to 50% of appraised value to increase the likelihood of helping below 60% AMI buyers.
- Staff thoroughly researched all Martineau expenses to make sure the number was accurate and have performed extensive renovations inside and out to ensure the condo fees can be supported going forward.
- Staff raised concerns with delaying the approval of Audrey's application.
- Staff will report to Ms. Cavanaugh that because she was approved for a CLT mortgage at our asking price, and based on the policies we have in place, if she is comfortable moving forward, we will work with her on the purchase. However, Dwelling Place will not negotiate the purchase price.

ERINN CLANTON HOMEBUYER APPLICATION

Mr. de Velder introduced the second CLT applicant, Erinn Clanton, who has applied to purchase 651 Grandville SW. Ms. Clanton's request is:

- She is 57% area median income (AMI), is approved for a CLT mortgage up to the purchase price of \$118,000 and has \$6,000

- saved for down payment.
- DPCLT is asking the 75% of appraised value price of \$120,000 for 651 Grandville.
- Ms. Clanton is asking for approval from Dwelling Place for \$2,000 in repairs to the home and would use \$2,000 of her down payment to pay for those repairs.
- Ms. Clanton is asking for \$3,000 in DPA toward closing costs.

The CLT Board had the following questions:

- The request for repairs was viewed as a slippery slope.
- Would there be an option for Dwelling Place to provide the \$2,000 of repairs at no cost to her?
- Will the resale formula will take into account the repairs and improvements we are making for a buyer?
- Will the DPA be recoverable?
- Does the buyer deserve to build equity on DPA given to them?

Staff response to the CLT Board's questions include:

- The requested repairs are resulting in less down payment for Ms. Clanton and causing the need for subsidy.
- The buyer will get 25% of the appreciation based on the future appraised value.
- Our policy right now is that we don't actually give them credit for the cost of the improvements.
- DPCLT is not doing loans, the DPA is a grant to the buyer.
- We need to be mindful of the mission and the DPA is a benefit for low-income buyers to help them be successful.
- Staff are concerned about the burden and constraints of a recoverable DPA.
- Research shows that a big concern when dealing with racial equity is qualifying for a mortgage and achieving homeownership.
- Staff would like the board to focus on if the assistance is needed in order to qualify for the CLT purchase.

A motion was made by Rich Kogelschatz, and seconded by Kim Sims to move forward with Erinn Clanton on the following conditions:

- **The requested \$2,000 in repairs was denied.**
- **Down payment assistance of \$2,000 from the Spectrum Healthier Communities grant was approved.**

The motion was carried unanimously.

The homebuyer selection guidelines review was postponed to the July board meeting.

DPCLT PROGRESS REPORT UPDATE

The DPCLT Progress Report was included in the board packet for review.

OTHER BUSINESS

Mr. Larimore is continuing to work on the Brownfield TIF and New Market Tax Credits for upcoming CLT developments.

Staff mentioned that the regulatory agreement expires in June 2021 on Martineau, so there are no ongoing regulatory restrictions. This will result in the release of the PILOT on Martineau, but Mr. Larimore is

working with the City of Grand Rapids on amending the Brownfield plan to capture the property taxes moving forward. Staff believe the tax capture will be more financially beneficial for Dwelling Place in the long run.

Staff continue to work with the City of Grand Rapids regarding getting City legal counsel to be in favor of the CLT sales price discount as a qualified brownfield expense.

Staff shared images and background on the artists that will be replacing the mural at Martineau, which is being funded by DGRI.

ADJOURNMENT

The Dwelling Place Regional Community Land Trust Board of Directors adjourned at 12:31 PM.