



To: Rob Mattei, Director of Community Development, City of Grand Rapids

From: Diane R. Larson, Executive Director

Date: July 6, 2022

Subject: Single Family Development Using the Land Trust Model

Proposal and Partners:

Itasca County HRA is partnering with One Roof Community Housing and Kootasca Community Action, Inc. to develop eight (8) affordable, owner occupied, single-family homes on sites at the former Forest Lake Elementary School. We anticipate building four (4) homes in 2023 and four (4) homes in 2024, contingent on a financing package we are assembling and a funding request to Minnesota Housing for gap financing. One Roof Community Housing is a nonprofit organization and for over 25 years has helped over 500 low- and moderate-income households buy their own homes through the Community Land Trust program. They will be providing technical assistance to the HRA with the goal of building this capacity locally. Kootasca Community Action, Inc. will assist with the homebuyer down payment assistance and education.

What is a Community Land Trust?

A Community Land Trust program assists people in need of housing now, while permanently preserving affordable housing in the community for future generations. Various sources of public and philanthropic capital are raised and used by the land trust to either construct new homes or purchase and rehabilitate homes in the community. A new family buys their house outright but leases the land underneath from the land trust. The homebuyer receives assistance with down payment funds to purchase the home and when they are ready to move, they agree to pass on the benefits they received by selling their home below market price to another income-qualified buyer. Through the formula used for the re-sale, the homeowner retains a portion of the increased market value of the home, so they benefit. The community benefits because the next family buys the house at a price that's been kept affordable.

Application and Leverage:

The Itasca County HRA intends to submit an application to Minnesota Housing for their Community Homeownership Impact Fund on or before July 14, 2022 and anticipates funding awards to be announced between December 2022 and February 2023. Other sources of leverage that are either committed or in the request stage include Iron Range Resources & Rehabilitation (IRRR), Kootasca, Greater Minnesota Housing Fund, Itasca County HRA, and the Minneapolis Foundation.

Request to the City:

The Itasca County HRA requests general support from the City of Grand Rapids for the proposed development and our application to Minnesota Housing for Impact Funds. Additionally, we are seeking the City's consideration of financial assistance in two forms. First, the use of tax increment financing and secondly, the use of American Recovery Plan funds and other City obtained funds to complete the installation of sanitary sewer and water services for the development. Both sources of financial assistance will be contingent upon the project receiving full funding by February 28, 2023.