



COMMUNITY
LAND TRUSTS

PROVIDING
AFFORDABLE
HOMEOWNERSHIP
OPPORTUNITIES THAT
LAST FOR
GENERATIONS



WHAT IS A COMMUNITY LAND TRUST

A community land trust (CLT) is a nonprofit, community-based organization that owns land for the benefit of a community, promoting housing affordability and sustainable development and mitigating historical inequities in homeownership and wealth building.

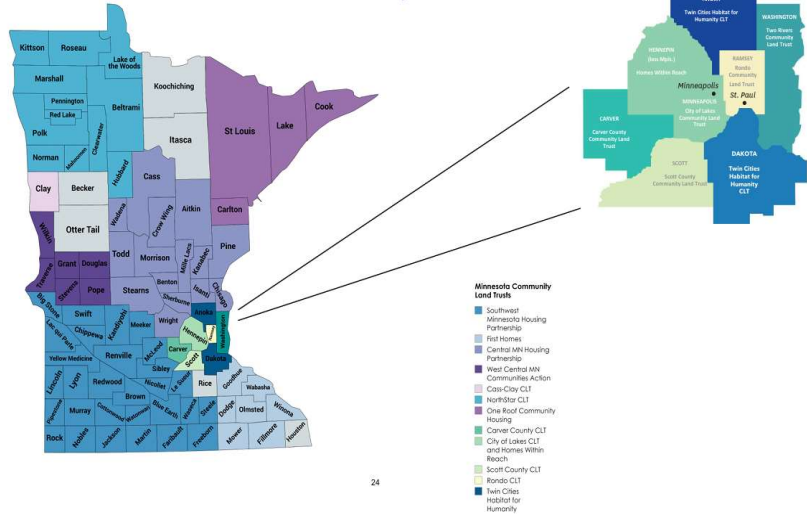
CLTs are a response to the increasing lack of affordable housing, particularly for underserved minority communities. A CLT acquires land and removes it from the speculative, for-profit, real estate market thereby assuring affordability in perpetuity(that is, forever).

CLT buyer, who must be at 80% AMI or below, purchases only the structure and enters into a ground lease which provides for their use and enjoyment of the land. The ground lease also insures the future affordability via a resale formula.

BROADER ECOSYSTEM OF CLTS

- Over 350 CLTs nationally
- 14 CLTs in MN
- MN Community Land Trust Coalition
- Over 1,500 Homes in Trust in MN and 780 resales
- 7 CLTs in Twin Cities Metro (largest concentration of affordable homeownership CLT homes in Nation)
- Increasing interest from funders and government in shared equity homeownership

MN Community Land Trusts

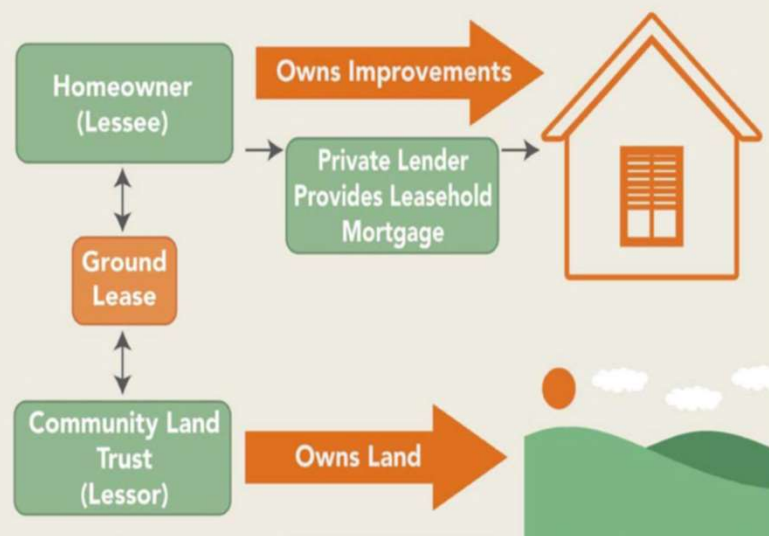


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CLT: THE BASICS

- Bridge the difference between buyers mortgage and the true market cost of the property
- The typical CLT investment ranges from 20%-50% of the total purchase price of the property
- Affordability Investment - typically tied to the title of the land via a Ground Lease
- If the property sells, owner agrees to an income plus resale restriction

How a Community Land Trust Works



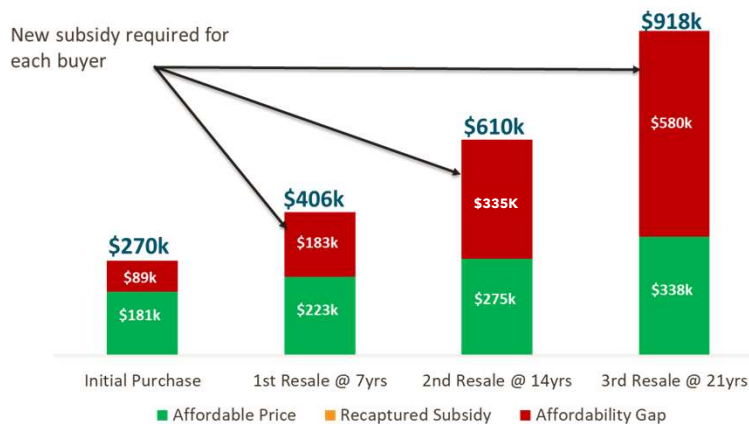
What are the Benefits of Shared Equity Homeownership?



HOMEBUYER AND COMMUNITY BENEFITS

FORGIVABLE LOAN

Affordability & Sales Price Over Time



*Assumes 6% annual housing inflation and 3% annual income inflation

Forgiveness:

Loan with no expectation of repayment

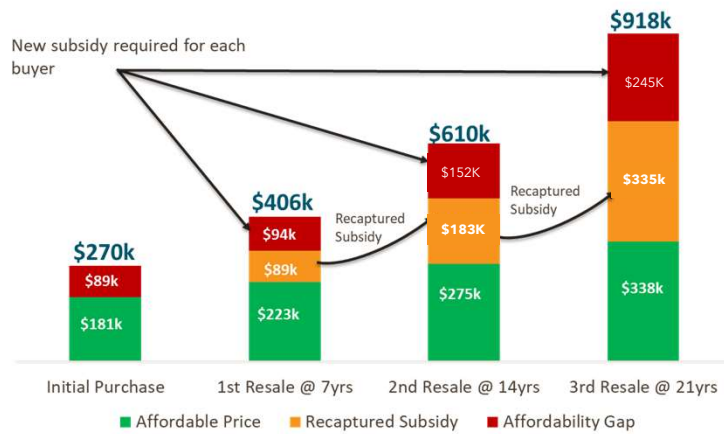
When to Use:

- Wealth creation
- Incentivize challenging neighborhoods
- Small investments
- Limited staff time

Modified from Grounded Solutions Network Presentation, 2019

DEFERRED INTEREST LOAN

Affordability & Sales Price Over Time



*Assumes 6% annual housing inflation and 3% annual income inflation

Recapture:

Subsidy is recaptured and reused

When to Use:

- Moderate markets
- Moderate investments
- Ability to make up the subsidy gap
- Moderate staff time

Modified from Grounded Solutions Network Presentation, 2019

PERPETUAL AFFORDABILITY

Affordability & Sales Price Over Time



*Assumes 6% annual housing inflation and 3% annual income inflation

Retention:

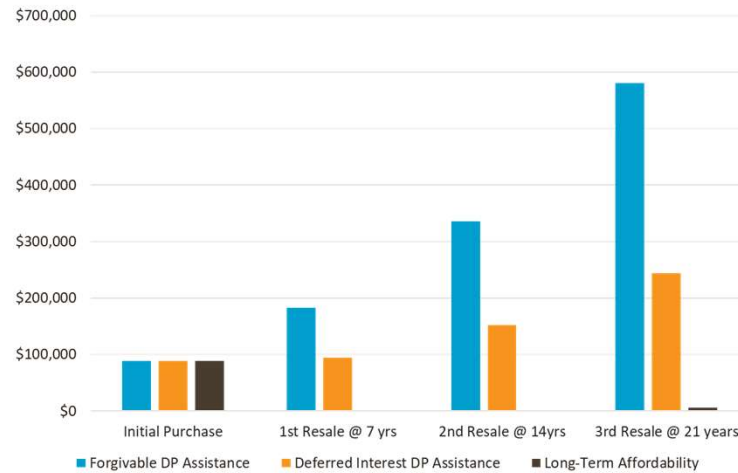
All subsidy is retained in the home

When to Use:

- Hot markets
- Large investments
(even in weak markets)
- Preserving affordability
- Significant staff time

Modified from Grounded Solutions Network Presentation, 2019

HOW THE APPROACHES COMPARE

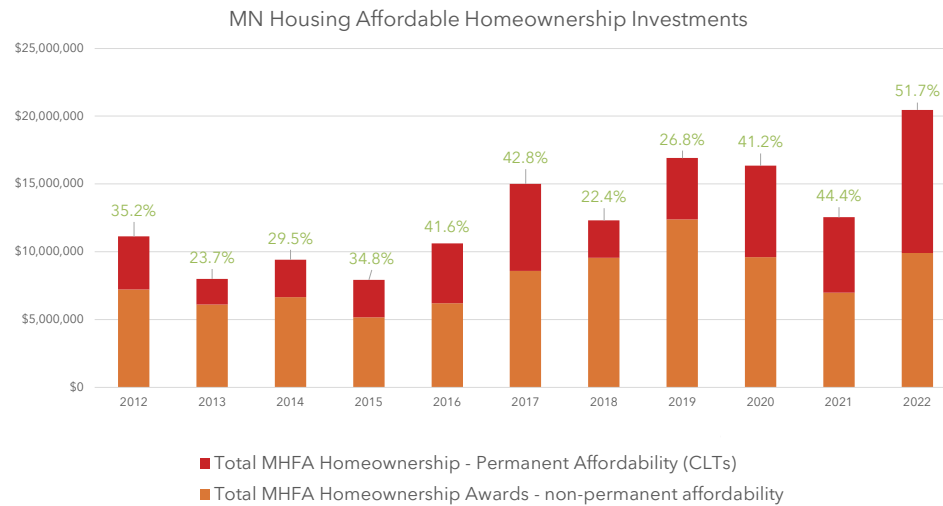


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TOP 10 COMMON CLT MYTHS

- #1: CLT homeowners don't receive any equity when they sell.
- #2: CLT homeownership is second-class homeownership, keeping low-income people poor.
- #3: The CLT receives all the sales proceeds at resale.
- #4 CLTs take the cost of the land out of the transaction.
- #5: CLT homeowners can't use other downpayment assistance programs.
- #6: CLT homeowners are not allowed to make changes to their homes or the land.
- #7: There is no incentive for CLT homeowners to make improvements to their home.
- #8: CLT homes bring down surrounding property values.
- #9: CLT homeowners aren't allowed to refinance nor obtain a home equity loan.
- #10: CLT homeowners aren't allowed to give or will their homes to their children.

STATE FUNDING AWARDS (2012-2022)



2023 SINGLE-FAMILY AWARDS

\$108.4M Statewide; \$73.0M Twin Cities Metro (figures do not include loan funds)

Total of **\$56,569,736** CLTs + Shared Equity Statewide, representing **52.1%** of State SF Funding

Community Land Trust - Metro	Total Funding Received
Carver County CLT	\$100,000
City of Lakes CLT	\$3,294,250
Homes Within Reach	\$9,600,000
Rondo CLT	\$5,916,500
Scott County CDA	\$2,571,000
Twin Cities Habitat for Humanity	\$8,110,000
Two Rivers CLT	\$1,902,966
TOTALS	\$31,494,716



HISTORY

In the fall of 2000 the City of Minnetonka created a Task Force comprised of local citizens, elected officials, and representatives of area community groups, businesses and religious organizations to convene and explore new methods and tools that could be used to increase the number of affordable homeownership opportunities and make efficient use of financial resources. The Task Force landed on the Community Land Trust model and West Hennepin Affordable Housing Land Trust was created in 2001. Its charter defined the service area as the 44 suburban communities of Hennepin County. In 2004, the name Homes Within Reach was introduced to better describe the organization's purpose.



VISION: To transform people's lives through homeownership.

MISSION: To use the Community Land Trust Model to create and preserve homeownership for working families that in suburban Hennepin County.

CORE VALUES: Belief in homeownership - Bringing stability into peoples lives - Creating value for families and communities

WHERE WE ARE AT TODAY...

In recent years, Homes Within Reach has seen significant growth; expanded to more communities, increased grants and charitable gifts, increased housing production, added additional staff and increased community outreach and partnerships with like minded organizations.

- 213 homes in our portfolio
- Serving 16 suburban communities
- 253 families served via resales
- Average Area Median Income served 58%
- 35% of buyers are first time homebuyers
- As of December 2023 HWR holds \$22,829,800 of Land held in trust

WHAT CAN A WORKING FAMILY MAKING 80% AMI AFFORD?

Area Median Income for a family of 4 in the Metro Area is \$97,800

Monthly Gross Income: \$8,150

Average monthly debt: \$1,250

Maximum Loan amount: \$252,943

Average HWR buyer 60% AMI, family of 4 is \$74,520

Monthly Gross Income: \$6,210

Average monthly debt: \$ 300

Maximum Loan amount: \$194,097

HWR BUYER INTERESTED IN LONG LAKE...

Family of 5, married with 3 children. Currently rents in Long Lake. The children attend Orono schools. Their desire to remain in the community where they have lived the past 5 years; it is close to their jobs, they have established friends, have a worship community and an overall sense of pride living in Long Lake. After searching for homes in the community and surrounding communities they discovered Homes Within Reach.

Annual Gross Income \$82,650

Maximum Loan \$224,652

WHAT THEY CAN AFFORD: THE OPEN MARKET VERSUS THROUGH HWR

Agent Single Line - Single Family

#	List #	S	Street Address	Municipality	Price	DOM	Style	Stories	Beds	Bth	TFSF	Built
1	6583769	A	6806 Perry Avenue N	Brooklyn Center	\$209,900	25	SINGL	ONE	2	1	660	1954
2	6586626	A	5322 Dupont Avenue N	Brooklyn Center	\$240,000	11	SINGL	1HALF	3	1	995	1935
3	6576993	A	6318 Perry Avenue N	Brooklyn Center	\$244,900	36	SINGL	ONE	3	1	1,227	1959
4	6545375	A	5415 Dupont Avenue N	Brooklyn Center	\$249,000	96	SINGL	1HALF	4	2	2,019	1950
5	6544360	A	6001 Emerson Avenue N	Brooklyn Center	\$249,500	96	SINGL	1HALF	3	1	1,642	1952
6	6587820	A	5748 Humboldt Avenue N	Brooklyn Center	\$250,000	14	SINGL	1HALF	3	1	1,278	1901
7	6563134	A,j	1730 73rd Avenue N	Brooklyn Park	\$250,000	50	SINGL	3SPLIT	2	1	1,112	1930
8	6592292	A,j	5631 Rhode Island Avenue N	Crystal	\$249,900	8	SINGL	ONE	3	1	1,839	1959
9	6579468	A	4724 Nevada Avenue N	Crystal	\$264,900	33	SINGL	ONE	2	1	954	1955
10	6593827	A	5230 Independence Street	Maple Plain	\$225,000	4	SINGL	1HALF	3	1	1,350	1900
11	6548958	A	5410 Wisconsin Avenue N	New Hope	\$219,900	46	SINGL	ONE	3	1	1,008	1954
12	6582425	A	4256 Unity Avenue N	Robbinsdale	\$210,000	11	SINGL	1HALF	2	1	700	1939
13	6559467	A	3826 Quail Avenue N	Robbinsdale	\$219,900	46	SINGL	ONE	2	1	625	1926
14	6589499	A,j	2604 Zenith Avenue N	Robbinsdale	\$225,000	5	SINGL	1HALF	3	1	916	1949
15	6587588	A	3206 France Avenue N	Robbinsdale	\$250,000	17	SINGL	ONE	4	2	2,378	1953
16	6587655	A	2921 Zenith Avenue N	Robbinsdale	\$264,900	18	SINGL	1HALF	2	2	1,384	1927
17	6536612	A	3749 Regent Avenue N	Robbinsdale	\$265,000	106	SINGL	1HALF	3	1	1,470	1938
18	6587160	A	3527 Rhode Island Avenue S	Saint Louis Park	\$249,900	0	SINGL	ONE	2	1	1,010	1950
19	6573181	A	3984 Colorado Avenue S	Saint Louis Park	\$250,000	4	SINGL	ONE	3	1	1,350	1942

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WHAT THEY CAN AFFORD: THE OPEN MARKET VERSUS THROUGH HWR



5230 Independence St. Maple Plain MN

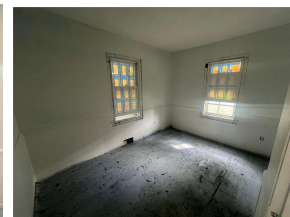
List Price: **\$225,000**

1,350 finished SqFt 3 bed/1 bath

No garage

Year Built 1900

Comments: Fixer Upper in Orono schools. Great potential for a house flipper or someone looking to add sweat equity on their first home. Home has been cleaned out and is ready for someone to take on a project. Potential to build a garage. Basement could possibly be finished for additional square footage.



WHAT THEY CAN AFFORD: THE OPEN MARKET VERSUS THROUGH HWR



■ XXX Inglewood St Long Lake MN

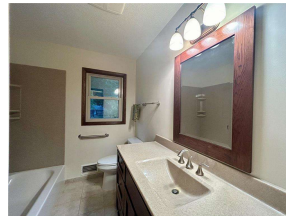
List Price: **\$225,000**

■ 1,07 finished SqFt 4 bed/2 bath

■ Two car attached garage

■ Year Built 1970

■ Comments: HWR CLT home. Orono schools. Newly updated: New HVAC and power vent water heater, radon system installed, new flooring, new concrete, added insulation, new doors, updated electric. Home Energy Rating Certificate Initial 103 after rehab 77 (\$764 annual savings)



HWR RESALE FORMULA...

CLT Model Resale Formula		CLT Model	Open Market - based on your loan amount	Open market
Acquisition costs				
	Market Value Land	\$ 150,000		
	Market Value Home	\$ 190,000		
	Total	\$ 340,000	\$ 190,000	\$ 340,000
Subsidy				
	Subsidy/Affordability Gap	\$ 150,000	\$ -	\$ -
	Sale Price	\$ 190,000	\$ 190,000	\$ 340,000
	House Payment - PITI (7.0% & FHA - 7.25%)	\$ 1,789	\$ 1,696	\$ 2,787
	Payment vs CLT monthly payment	\$ -	\$ (93)	\$ 998
Market Value After 10 Years - 1.5% yearly increase				
	Appraised Value Home	\$ 220,503	\$ 220,503	\$ 394,584
	Appraised Value Land	n/a	Included above	Included above
	Increase in Value	\$ 30,503	\$ 30,503	\$ 54,584
Sale Price Calculation after 10 Years				
	Percentage of Appreciation to Owner	35%	100%	100%
	Owners Share of Appreciation	\$ 10,676	\$ 30,503	\$ 54,584
	New Sale Price of Home	\$ 200,676	\$ 220,503	\$ 394,584
	Un-paid Principal	\$ 163,044	\$ 163,990	\$ 291,762
	Estimated funds to seller	\$ 37,632	\$ 56,513	\$ 102,822
	House payments for 10 years	\$ 214,680	\$ 203,520	\$ 334,440
	Savings vs open market (10 years savings)	\$ 119,760	\$ 11,160	\$ -
	Proceeds plus estimated savings	\$ 157,392	\$ 67,673	\$ 102,822

